

WATER AND WASTEWATER

SUB-BILLING FACT SHEET

INDIANA UTILITY REGULATORY COMMISSION (IURC)

Sub-billing is a form of billing from a landlord to their tenants for water/wastewater utility services. It allows a landlord to collect from tenants for separately billed utility services without being considered a public utility. If a landlord is sub-billing tenants, compliance with the statutes and rules regarding sub-billing is essential to prevent under or over collecting. Failure to comply could lead to a Commission investigation, which can result in a determination that the landlord is operating as a public utility and therefore subject to Commission approval of rates and charges, reporting requirements, and annual utility fees.

All sub-bills must contain the following:

- The sub-billing date.
- The sub-billing rate charged.
- The previous balance, if any.
- The amount of the sub-bill.
- The amount of an initial setup fee, if due.
- A reasonable administrative fee, if any, not to exceed statutory limit of \$4.
- The amount of any insufficient funds fee, if due.
- The date on which the sub-bill is due.
- If it is an estimated sub-bill, a clear and conspicuous coding or other indication identifying the sub-bill as an estimated sub-bill.
- An explanation, which can be readily understood, of all codes and symbols, shown on the sub-bill.
- The name and telephone number of a person for tenants to contact about sub-billing and service matters.
- If tenants' usage is sub-metered, the dates and meter readings of each tenant's sub-meter at the beginning and end of the period for which the sub-bill is rendered.

Additional items to consider under Indiana

Law:

- If the landlord uses a third-party billing company that is not sub-billing in

- accordance with the law, the landlord is responsible for the failure to comply.
- Late fees are not permitted on sub-bills.
- Sub-billing must be done with the same frequency that the landlord is billed/pays its water and wastewater utility.

Below are the three types of sub-billing that can be utilized by landlords to collect utility charges from tenants, as well as an example of each and sample calculation. Please see Indiana Code section 8-1-2-1.2 and the Commission rules in Indiana Administrative Code 170 IAC Article 15 for full requirements.

OPTION ONE: RENT

The landlord may include utility charges in the total monthly rent.

EXAMPLE: Sunny Side Apartments charges \$500 per month for a one-bedroom apartment and includes water and wastewater services as part of that total.

OPTION TWO: SUB-METER

The landlord may sub-meter, in which each tenant is billed for their usage based on actual meter read.

This is the preferred method of sub-billing.

EXAMPLE: Sunny Side Apartments has 100 apartment homes, and the complex gets one water bill per month from the city. Each month, the landlord calculates the rate for all the households based on total water charges and usage. If a resident's sub-meter measured 3,500 gallons for April, he would be charged the calculated rate for each gallon used that month.

SAMPLE CALCULATION:

Master water charges total \$5,000 for the consumption of 4,000 CCF (approx. 3,000,000 gallons).

STEP ONE: \$5,000 total bill divided by 4,000 CCF for that bill, then divided by 750 (there are 750 gallons per CCF) = \$0.001667 per gallon.

STEP TWO: \$0.001667 multiplied by sample resident's 3,500 gallon usage = **\$5.83 total water charges.**

OPTION THREE: RATION UTILITY BILLINGS SYSTEM (RUBS)

****Please note:** meeting the above requirements does not guarantee that you are sub-billing correctly. Please see Indiana Code section 8-1-2-1.2 (iga.in.gov/legislative/laws/2018/ic/titles/001) and the Commission rules in Indiana Administrative Code 170 IAC Article 15 (www.in.gov/legislative/iac/title170.html) to assure compliance with all of the requirements.*

The landlord can bill based on RUBS, in which the tenants are billed using occupancy, square footage, or a combination of both, as long as it is calculated correctly.

EXAMPLE: Sunny Side Apartments has 100 apartment homes and bills based on RUBS. The apartment complex receives a water bill for \$5,000 from the city. The complex has onsite laundry, so the landlord pays 10% of the bill for the common area. Each resident pays a small portion of the remaining water and wastewater bill.

SAMPLE CALCULATIONS:

Resident count example: Total water charges for the apartment complex - \$5,000. Total number of residents - 365. Common area deduction - 10%. \$5,000 minus 10% = \$4,500. \$4,500 divided by number of residents (364) = \$12.36 per sample resident.

Square footage example: Total water charges - \$5,000. Total square footage - 236,904. Common area deduction - 10%. Sample resident apartment square footage - 750. \$5,000 minus 10% = \$4,500. \$4,500 divided by total square footage (236,904) = \$0.018996 per square foot. \$0.018996 multiplied by 750 square foot apt. = **\$14.25 total water charges.**

HAVE QUESTIONS? The Commission's Consumer Affairs Division is available to answer any questions about any of the three types of sub-billing and can help determine whether or not you are sub-billing according to Indiana law. Contact: 317-232-2712 or 800-851-4268.

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