

TEXAS UTILITY BILLING RULES



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**Public Utility Commission Water Billing
Rules - TAA Water Billing Toolkit**

**Tenant Rights for Water Utility Billing -
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**Public Utility Commission Electric Billing
Rules - Project No. 37684**

**Rules for Non-Mastered Electric Utility
Billing - Utility-Facts**

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TEXAS APARTMENT ASSOCIATION

WATER BILLING TOOLKIT

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Water Billing Statutes

Texas Water Code
**SUBMETERING AND NONSUBMETERING [WATER] FOR APARTMENTS,
MOBILE HOME PARKS AND OTHER MULTIPLE USE FACILITIES**
(This statute is enforced by the Public Utility Commission of Texas.)

Section 13.501. DEFINITIONS.

In this subchapter:

- (1) “Apartment house” means one or more buildings containing five or more dwelling units which are occupied primarily for nontransient use, including a residential condominium whether rented or owner occupied, and having rental paid, if a dwelling unit is rented, at intervals of one month or longer.
- (2) “Dwelling unit” means:
 - (A) one or more rooms in an apartment house or condominium, suitable for occupancy as a residence, and containing kitchen and bathroom facilities; or
 - (B) a manufactured home in a manufactured home rental community.
- (3) “Customer” means the individual, firm, or corporation in whose name a master meter has been connected by the utility service provider.
- (4) “Nonsubmetered master metered utility service” means water utility service that is master metered for the apartment house but not submetered, and wastewater utility service based on master metered water utility service.
- (5) “Owner” means the legal title holder of an apartment house, manufactured home rental community, or multiple use facility and any individual, firm, or corporation that purports to be the landlord of tenants in the apartment house, manufactured home rental community, or multiple use facility.
- (6) “Tenant” means a person who is entitled to occupy a dwelling unit or multiple use facility unit to the exclusion of others and who is obligated to pay for the occupancy under a written or oral rental agreement.
- (7) “Multiple use facility” means commercial or industrial parks, office complexes, marinas, and others specifically identified in utility commission rules with five or more units.
- (8) “Manufactured home rental community” means a property on which spaces are rented for the occupancy of manufactured homes for nontransient residential use and for which rental is paid at intervals of one month or longer.

Amended by Acts 1989, 71st Leg., ch. 567, Sec. 43, eff. Sept. 1, 1989; Acts 1999, 76th Leg., ch. 86, Sec. 1, eff. Aug. 30, 1999.

Amended by: Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. 1600), Sec. 2.79, eff. September 1, 2013.
Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. 567), Sec. 79, eff. September 1, 2013.

Section 13.502. SUBMETERING.

- (a) An apartment house owner, manufactured home rental community owner, multiple use facility owner, or condominium manager may provide for submetering of each dwelling unit or rental unit for the measurement of the quantity of water, if any, consumed by the occupants of that unit.
- (b) Except as provided by Subsections (c) and (d), a manager of a condominium or the owner of an apartment house, manufactured home rental community, or multiple use facility, on which

construction begins after January 1, 2003, shall provide for the measurement of the quantity of water, if any, consumed by the occupants of each unit through the installation of:

- (1) submeters, owned by the property owner or manager, for each dwelling unit or rental unit; or
 - (2) individual meters, owned by the retail public utility, for each dwelling unit or rental unit.
- (c) An owner of an apartment house on which construction begins after January 1, 2003, and which provides government assisted or subsidized rental housing to low or very low income residents shall install a plumbing system in the apartment house that is compatible with the installation of submeters for the measurement of the quantity of water, if any, consumed by the occupants of each unit.
- (d) On request by the property owner or manager, a retail public utility shall install individual meters owned by the utility in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the retail public utility determines that installation of meters is not feasible. If the retail public utility determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. A retail public utility may charge reasonable costs to install individual meters.
- (e) An owner of an apartment house, manufactured home rental community, or multiple use facility or a manager of a condominium may not change from submetered billing to allocated billing unless:
- (1) the utility commission approves of the change in writing after a demonstration of good cause, including meter reading or billing problems that could not feasibly be corrected or equipment failures; and
 - (2) the property owner meets rental agreement requirements established by the utility commission.

Amended by Acts 1989, 71st Leg., ch. 567, Sec. 43, eff. Sept. 1, 1989; Acts 1999, 76th Leg., ch. 86, Sec. 1, eff. Aug. 30, 1999; Acts 2001, 77th Leg., ch. 873, Sec. 1, eff. Sept. 1, 2001.

Amended by: Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. 1600), Sec. 2.80, eff. September 1, 2013. Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. 567), Sec. 80, eff. September 1, 2013.

Section 13.503. SUBMETERING RULES.

- (a) The utility commission shall encourage submetering of individual rental or dwelling units by master meter operators or building owners to enhance the conservation of water resources.
- (b) Notwithstanding any other law, the utility commission shall adopt rules and standards under which an owner, operator, or manager of an apartment house, manufactured home rental community, or multiple use facility that is not individually metered for water for each rental or dwelling unit may install submetering equipment for each individual rental or dwelling unit for the purpose of fairly allocating the cost of each individual rental or dwelling unit's water consumption, including wastewater charges based on water consumption. In addition to other appropriate safeguards for the tenant, the rules shall require that, except as provided by this section, an apartment house owner, manufactured home rental community owner, multiple use facility owner, or condominium manager may not impose on the tenant any extra charges, over and above the cost gallon and any other applicable taxes and surcharges that are charged by the retail public utility to the owner or manager, and that the rental unit or apartment house

owner or manager shall maintain adequate records regarding submetering and make the records available for inspection by the tenant during reasonable business hours. The rules shall allow an owner or manager to charge a tenant a fee for late payment of a submetered water bill if the amount of the fee does not exceed five percent of the bill paid late. All submetering equipment is subject to the rules and standards established by the utility commission for accuracy, testing, and record keeping of meters installed by utilities and to the meter-testing requirements of Section 13.140.

- (c) Except as provided by Subsection (c-1), in addition to the charges permitted under Subsection (b), the rules shall authorize the owner or manager of a manufactured home rental community or apartment house to impose a service charge of not more than nine percent of the costs related to submetering allocated to each submetered rental or dwelling unit.
- (c-1) The rules may not authorize the owner or manager of an apartment house to impose a service charge under Subsection (c) on a resident who:
 - (1) resides in a unit of an apartment house that has received an allocation of low income housing tax credits under Subchapter DD, Chapter 2306, Government Code; or
 - (2) received tenant-based voucher assistance under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).
- (d) For purposes of Subsection (c), "costs related to submetering" means water costs as well as any other applicable taxes and surcharges that are charged by the retail public utility to the owner or manager of a manufactured home rental community owner or apartment house.
- (e) The utility commission may authorize a building owner to use submetering equipment that relies on integrated radio based meter reading systems and remote registration in a building plumbing system using submeters that comply with nationally recognized plumbing standards and are as accurate as utility water meters in single application conditions.

Amended by Acts 1989, 71st Leg., ch. 567, Sec. 43, eff. Sept. 1, 1989; Acts 1999, 76th Leg., ch. 86, Sec. 1, eff. Aug. 30, 1999; Acts 2003, 78th Leg., ch. 673, Sec. 1, eff. Sept. 1, 2003.

Amended by: Acts 2009, 81st Leg., R.S., Ch. 151 (S.B. 2126), Sec. 1, eff. September 1, 2009. Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. 1600), Sec. 2.81, eff. September 1, 2013. Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. 567), Sec. 81, eff. September 1, 2013.

Section 13.5031.NONSUBMETERING RULES.

Notwithstanding any other law, the utility commission shall adopt rules and standards governing billing systems or methods used by manufactured rental community owners, apartment house owners, condominium managers, or owners of other multiple use facilities for prorating or allocating among tenants nonsubmetered master metered utility service costs. In addition to other appropriate safeguards for the tenant, those rules shall require that:

- (1) the rental agreement contain a clear written description of the method of calculation of the allocation of nonsubmetered master metered utilities for the manufactured home rental community, apartment house or multiple use facility;
- (2) the rental agreement contain a statement of the average manufactured home rental community, apartment or multiple use facility unit monthly bill for all units for any allocation of those utilities for the previous calendar year.
- (3) except as provided by this section, an owner or condominium manager may not impose additional charges on a tenant in excess of the actual charges imposed on the owner or

- condominium manager for utility consumption by the manufactured home rental community, apartment house or multiple use facility;
- (4) the owner or condominium manager shall maintain adequate records regarding the utility consumption of the manufactured home rental community, apartment house or multiple use facility, the charges assessed by the retail public utility, and the allocation of the utility costs to the tenants;
 - (5) the owner or condominium manager shall maintain all necessary records concerning utility allocations, including the retail public utility's bills, and shall make the records available for inspection by the tenants during normal business hours; and
 - (6) the owner or condominium manager may charge a tenant a fee for late payment of an allocated water bill if the amount of the fee does not exceed five percent of the bill paid late.

Added by Acts 1989, 71st Leg., ch. 567, Sec. 43, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 86, Sec. 1, eff. Aug. 30, 1999; Acts 2003, 78th Leg., ch. 673, Sec. 2, eff. Sept. 1, 2003.

Amended by: Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. 1600), Sec. 2.82, eff. September 1, 2013. Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. 567), Sec. 82, eff. September 1, 2013.

Section 13.504. IMPROPER RENTAL RATE INCREASE.

If, during the 90-day period preceding the installation of individual meters or submeters, an owner, operator, or manager of an apartment house, manufactured home rental community or other multiple use facility has increased rental rates and the increase is attributable to increased costs of utilities, the owner, operator, or manager shall immediately reduce the rental rate by the amount of the increase and refund all of the increase that has previously been collected within the 90-day period.

Amended by Acts 1987, 70th Leg., ch. 539, Sec. 26, eff. Sept. 1, 1987; Acts 1989, 71st Leg., ch. 567, Sec. 43, eff. Sept. 1, 1989; Acts 1999, 76th Leg., ch. 86, Sec. 1, eff. Aug. 30, 1999.

Section 13.505. ENFORCEMENT.

In addition to the enforcement provisions contained in Subchapter K, if an apartment house owner, condominium manager, manufactured home rental community owner, or other multiple use facility owner violates a rule of the utility commission regarding submetering of utility service consumed exclusively within the tenant's dwelling unit or multiple use facility unit or nonsubmetered master metered utility costs, the tenant may recover three times the amount of any overcharge, a civil penalty equal to one month's rent, reasonable attorney's fees, and court costs from the owner or condominium manager. However, an owner of an apartment house, manufactured home rental community, or other multiple use facility or condominium manager is not liable for a civil penalty if the owner or condominium manager proves the violation was a good faith, unintentional mistake.

Amended by Acts 1987, 70th Leg., ch. 539, Sec. 26, eff. Sept. 1, 1987; Acts 1989, 71st Leg., ch. 567, Sec. 43, eff. Sept. 1, 1989; Acts 1999, 76th Leg., ch. 86, Sec. 1, eff. Aug. 30, 1999.

Amended by: Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. 1600), Sec. 2.83, eff. September 1, 2013. Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. 567), Sec. 83, eff. September 1, 2013.

Section 13.506. PLUMBING FIXTURES.

- (a) After January 1, 2003, before an owner of an apartment house, manufactured home rental community, or multiple use facility or a manager of a condominium may implement a program to bill tenants for submetered or allocated water service, the owner or manager must:
 - (1) meet the standards prescribed by Section 372.002, Health and Safety Code, for sink or lavatory faucets, faucet aerators, and showerheads; and
 - (2) perform a water leak audit of each dwelling unit or rental unit and each common area and repair any leaks found.
- (b) Not later than the first anniversary of the date an owner of an apartment house, manufactured home rental community, or multiple use facility or a manager of a condominium begins to bill for submetered or allocated water service under Subsection (a), the owner or manager shall:
 - (1) remove any toilets that exceed a maximum flow of 3.5 gallons of water per flushing; and
 - (2) install toilets that meet the standards prescribed by Section 372.002, Health and Safety Code.
- (c) Subsections (a) and (b) do not apply to a manufactured home rental community owner who does not own the manufactured homes located on the property of the manufactured home rental community.

Added by Acts 2001, 77th Leg., ch. 873, Sec. 2, eff. Sept. 1, 2001.

Amended by: Acts 2009, 81st Leg., R.S., Ch. 1316 (H.B. 2667), Sec. 5, eff. September 1, 2009.



Water Billing Rules

Water allocation and submetering is regulated by the Texas Public Utility Commission (PUC). In accordance with PUC rules, a copy of the applicable rules are provided to you below:

SUBCHAPTER H: WATER UTILITY SUBMETERING AND ALLOCATION

§24.121. General Rules and Definitions.

- (a) Purpose and scope. The provisions of this subchapter are intended to establish a comprehensive regulatory system to assure that the practices involving submetered and allocated billing of dwelling units and multiple use facilities for water and sewer utility service are just and reasonable and include appropriate safeguards for tenants.
- (b) Application. The provisions of this subchapter apply to apartment houses, condominiums, multiple use facilities, and manufactured home rental communities billing for water and wastewater utility service on a submetered or allocated basis.
- (c) Definitions. The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise.
 - (1) Allocated utility service - Water or wastewater utility service that is master metered to an owner by a retail public utility and allocated to tenants by the owner.
 - (2) Apartment house - A building or buildings containing five or more dwelling units that are occupied primarily for nontransient use, including a residential condominium whether rented or owner occupied, and if a dwelling unit is rented, having rental paid at intervals of one month or longer.
 - (3) Customer service charge - A customer service charge is a rate that is not dependent on the amount of water used through the master meter.
 - (4) Dwelling unit - One or more rooms in an apartment house or condominium, suitable for occupancy as a residence, and containing kitchen and bathroom facilities; a unit in a multiple use facility; or a manufactured home in a manufactured home rental community.
 - (5) Dwelling unit base charge - A flat rate or fee charged by a retail public utility for each dwelling unit recorded by the retail public utility.
 - (6) Master meter - A meter used to measure, for billing purposes, all water usage of an apartment house, condominium, multiple use facility, or manufactured home rental community, including common areas, common facilities, and dwelling units.
 - (7) Manufactured home rental community - A property on which spaces are rented for the occupancy of manufactured homes for nontransient residential use and for which rental is paid at intervals of one month or longer.
 - (8) Multiple use facility - A commercial or industrial park, office complex, or marina with five or more units that are occupied primarily for nontransient use and are rented at intervals of one month or longer.
 - (9) Occupant - A tenant or other person authorized under a written agreement to occupy a dwelling.
 - (10) Owner - The legal titleholder of an apartment house, a manufactured home rental community, or a multiple use facility; a condominium association; or any individual, firm, or corporation that purports to be the landlord of tenants in an apartment house, manufactured home rental community, or multiple use facility.
 - (11) Point-of-use submeter - A device located in a plumbing system to measure the amount of water used at a specific point of use, fixture, or appliance, including a sink, toilet, bathtub, or clothes washer.
 - (12) Submetered utility service - Water utility service that is master metered for the owner by the retail public utility and individually metered by the owner at each dwelling unit; wastewater utility service based on submetered water utility service; water utility service measured by point-of-use submeters when all of the water used in a dwelling unit is measured and totaled; or wastewater utility service based on total water use as measured by point-of-use submeters.
 - (13) Tenant - A person who owns or is entitled to occupy a dwelling unit or multiple use facility unit to the exclusion of others and, if rent is paid, who is obligated to pay for the occupancy under a written or oral rental agreement.

- (14) Utility service - For purposes of this subchapter, utility service includes only drinking water and wastewater.

§24.122. Owner Registration and Records.

- (a) Registration. An owner who intends to bill tenants for submetered or allocated utility service or who changes the method used to bill tenants for utility service shall register with the commission in a form prescribed by the commission.
- (b) Water quantity measurement. Except as provided by subsections (c) and (d) of this section, a manager of a condominium or the owner of an apartment house, manufactured home rental community, or multiple use facility, on which construction began after January 1, 2003, shall provide for the measurement of the quantity of water, if any, consumed by the occupants of each unit through the installation of:
 - (1) submeters, owned by the property owner or manager, for each dwelling unit or rental unit; or
 - (2) individual meters, owned by the retail public utility, for each dwelling unit or rental unit.
- (c) Plumbing system requirement. An owner of an apartment house on which construction began after January 1, 2003, and that provides government assisted or subsidized rental housing to low or very low income residents shall install a plumbing system in the apartment house that is compatible with the installation of submeters for the measurement of the quantity of water, if any, consumed by the occupants of each unit.
- (d) Installation of individual meters. On the request by the property owner or manager, a retail public utility shall install individual meters owned by the utility in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction began after January 1, 2003, unless the retail public utility determines that installation of meters is not feasible. If the retail public utility determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. A retail public utility may charge reasonable costs to install individual meters.
- (e) Records. The owner shall make the following records available for inspection by the tenant or the commission or commission staff at the on-site manager's office during normal business hours in accordance with subsection (g) of this section. The owner may require that the request by the tenant be in writing and include:
 - (1) a current and complete copy of TWC, Chapter 13, Subchapter M;
 - (2) a current and complete copy of this subchapter;
 - (3) a current copy of the retail public utility's rate structure applicable to the owner's bill;
 - (4) information or tips on how tenants can reduce water usage;
 - (5) the bills from the retail public utility to the owner;
 - (6) for allocated billing:
 - (A) the formula, occupancy factors, if any, and percentages used to calculate tenant bills;
 - (B) the total number of occupants or equivalent occupants if an equivalency factor is used under §24.124(e)(2) of this title (relating to Charges and Calculations); and
 - (C) the square footage of the tenant's dwelling unit or rental space and the total square footage of the apartment house, manufactured home rental community, or multiple use facility used for billing if dwelling unit size or rental space is used;
 - (7) for submetered billing:
 - (A) the calculation of the average cost per gallon, liter, or cubic foot;
 - (B) if the unit of measure of the submeters or point-of-use submeters differs from the unit of measure of the master meter, a chart for converting the tenant's submeter measurement to that used by the retail public utility;
 - (C) all submeter readings; and
 - (D) all submeter test results;
 - (8) the total amount billed to all tenants each month;

- (9) total revenues collected from the tenants each month to pay for water and wastewater service; and
 - (10) any other information necessary for a tenant to calculate and verify a water and wastewater bill.
- (f) Records retention. Each of the records required under subsection (e) of this section shall be maintained for the current year and the previous calendar year, except that all submeter test results shall be maintained until the submeter is permanently removed from service.
- (g) Availability of records
- (1) If the records required under subsection (e) of this section are maintained at the on-site manager's office, the owner shall make the records available for inspection at the on-site manager's office within three days after receiving a written request.
 - (2) If the records required under subsection (e) of this section are not routinely maintained at the on-site manager's office, the owner shall provide copies of the records to the on-site manager within 15 days of receiving a written request from a tenant or the commission or commission staff.
 - (3) If there is no on-site manager, the owner shall make copies of the records available at the tenant's dwelling unit at a time agreed upon by the tenant within 30 days of the owner receiving a written request from the tenant.
 - (4) Copies of the records may be provided by mail if postmarked by midnight of the last day specified in paragraph (1), (2), or (3) of this subsection.

§24.123. Rental Agreement.

- (a) Rental agreement content. The rental agreement between the owner and tenant shall clearly state in writing:
- (1) the tenant will be billed by the owner for submetered or allocated utility services, whichever is applicable;
 - (2) which utility services will be included in the bill issued by the owner;
 - (3) any disputes relating to the computation of the tenant's bill or the accuracy of any submetering device will be between the tenant and the owner;
 - (4) the average monthly bill for all dwelling units in the previous calendar year and the highest and lowest month's bills for that period;
 - (5) if not submetered, a clear description of the formula used to allocate utility services;
 - (6) information regarding billing such as meter reading dates, billing dates, and due dates;
 - (7) the period of time by which owner will repair leaks in the tenant's unit and in common areas, if common areas are not submetered;
 - (8) the tenant has the right to receive information from the owner to verify the utility bill; and
 - (9) for manufactured home rental communities and apartment houses, the service charge percentage permitted under §24.124(d)(3) (related to Charges and Calculations) of this title that will be billed to tenants.
- (b) Requirement to provide rules. At the time a rental agreement is discussed, the owner shall provide a copy of this subchapter or a copy of the rules to the tenant to inform the tenant of his rights and the owner's responsibilities under this subchapter.
- (c) Tenant agreement to billing method changes. An owner shall not change the method by which a tenant is billed unless the tenant has agreed to the change by signing a lease or other written agreement. The owner shall provide notice of the proposed change at least 35 days prior to implementing the new method.
- (d) Change from submetered to allocated billing. An owner shall not change from submetered billing to allocated billing, except after receiving written approval from the commission after a demonstration of good cause and if the rental agreement requirements under subsections (a), (b), and (c) of this section have been met. Good cause may include:
- (1) equipment failures; or
 - (2) meter reading or billing problems that could not feasibly be corrected.
- (e) Waiver of tenant rights prohibited. A rental agreement provision that purports to waive a tenant's rights or an owner's responsibilities under this subchapter is void.

§24.124. Charges and Calculations.

- (a) Prohibited charges. Charges billed to tenants for submetered or allocated utility service may only include bills for water or wastewater from the retail public utility and must not include any fees billed to the owner by the retail public utility for any deposit, disconnect, reconnect, late payment, or other similar fees.
- (b) Dwelling unit base charge. If the retail public utility's rate structure includes a dwelling unit base charge, the owner shall bill each dwelling unit for the base charge applicable to that unit. The owner may not bill tenants for any dwelling unit base charges applicable to unoccupied dwelling units.
- (c) Customer service charge. If the retail public utility's rate structure includes a customer service charge, the owner shall bill each dwelling unit the amount of the customer service charge divided by the total number of dwelling units, including vacant units, that can receive service through the master meter serving the tenants.
- (d) Calculations for submetered utility service. The tenant's submetered charges must include the dwelling unit base charge and customer service charge, if applicable, and the gallonage charge and must be calculated each month as follows:
- (1) water utility service: the retail public utility's total monthly charges for water service (less dwelling unit base charges or customer service charges, if applicable), divided by the total monthly water consumption measured by the retail public utility to obtain an average water cost per gallon, liter, or cubic foot, multiplied by the tenant's monthly consumption or the volumetric rate charged by the retail public utility to the owner multiplied by the tenant's monthly water consumption;
 - (2) wastewater utility service: the retail public utility's total monthly charges for wastewater service (less dwelling unit base charges or customer service charges, if applicable), divided by the total monthly water consumption measured by the retail public utility, multiplied by the tenant's monthly consumption or the volumetric wastewater rate charged by the retail public utility to the owner multiplied by the tenant's monthly water consumption;
 - (3) service charge for manufactured home rental community or the owner or manager of apartment house: a manufactured home rental community or apartment house may charge a service charge in an amount not to exceed 9% of the tenant's charge for submetered water and wastewater service, except when:
 - (A) the resident resides in a unit of an apartment house that has received an allocation of low income housing tax credits under Texas Government Code, Chapter 2306, Subchapter DD; or
 - (B) the apartment resident receives tenant-based voucher assistance under United States Housing Act of 1937 Section 8, (42 United States Code, § 1437f); and
 - (4) final bill on move-out for submetered service: if a tenant moves out during a billing period, the owner may calculate a final bill for the tenant before the owner receives the bill for that period from the retail public utility. If the owner is billing using the average water or wastewater cost per gallon, liter, or cubic foot as described in paragraph (1) of this subsection, the owner may calculate the tenant's bill by calculating the tenant's average volumetric rate for the last three months and multiplying that average volumetric rate by the tenant's consumption for the billing period.
- (e) Calculations for allocated utility service.
- (1) Before an owner may allocate the retail public utility's master meter bill for water and sewer service to the tenants, the owner shall first deduct:
 - (A) dwelling unit base charges or customer service charge, if applicable; and
 - (B) common area usage such as installed landscape irrigation systems, pools and laundry rooms, if any, as follows:
 - (i) if all common areas are separately metered or submetered, deduct the actual common area usage;
 - (ii) if common areas that are served through the master meter that provides water to the dwelling units are not separately metered or submetered and there is an installed landscape irrigation system, deduct at least 25% of the retail public utility's master meter bill;

- (iii) if all water used for an installed landscape irrigation system is metered or submetered and there are other common areas such as pools or laundry rooms that are not metered or submetered, deduct at least 5% of the retail public utility's master meter bill; or
 - (iv) if common areas that are served through the master meter that provides water to the dwelling units are not separately metered or submetered and there is no installed landscape irrigation system, deduct at least 5% of the retail public utility's master meter bill.
- (2) To calculate a tenant's bill:
- (A) for an apartment house, the owner shall multiply the amount established in paragraph (1) of this subsection by:
 - (i) the number of occupants in the tenant's dwelling unit divided by the total number of occupants in all dwelling units at the beginning of the month for which bills are being rendered; or
 - (ii) the number of occupants in the tenant's dwelling unit using a ratio occupancy formula divided by the total number of occupants in all dwelling units at the beginning of the retail public utility's billing period using the same ratio occupancy formula to determine the total. The ratio occupancy formula will reflect what the owner believes more accurately represents the water use in units that are occupied by multiple tenants. The ratio occupancy formula that is used must assign a fractional portion per tenant of no less than that on the following scale:
 - (I) dwelling unit with one occupant = 1;
 - (II) dwelling unit with two occupants = 1.6;
 - (III) dwelling unit with three occupants = 2.2; or
 - (IV) dwelling unit with more than three occupants = $2.2 + 0.4$ per each additional occupant over three; or
 - (iii) the average number of occupants per bedroom, which shall be determined by the following occupancy formula. The formula must calculate the average number of occupants in all dwelling units based on the number of bedrooms in the dwelling unit according to the scale below, notwithstanding the actual number of occupants in each of the dwelling unit's bedrooms or all dwelling units:
 - (I) dwelling unit with an efficiency = 1;
 - (II) dwelling unit with one bedroom = 1.6;
 - (III) dwelling unit with two bedrooms = 2.8;
 - (IV) dwelling unit with three bedrooms = $4 + 1.2$ for each additional bedroom; or
 - (iv) a factor using a combination of square footage and occupancy in which no more than 50% is based on square footage. The square footage portion must be based on the total square footage living area of the dwelling unit as a percentage of the total square footage living area of all dwelling units of the apartment house; or
 - (v) the individually submetered hot or cold water usage of the tenant's dwelling unit divided by all submetered hot or cold water usage in all dwelling units;
 - (B) a condominium manager shall multiply the amount established in paragraph (1) of this subsection by any of the factors under subparagraph (A) of this paragraph or may follow the methods outlined in the condominium contract;
 - (C) for a manufactured home rental community, the owner shall multiply the amount established in paragraph (1) of this subsection by:
 - (i) any of the factors developed under subparagraph (A) of this paragraph; or
 - (ii) the area of the individual rental space divided by the total area of all rental spaces; and
 - (D) for a multiple use facility, the owner shall multiply the amount established in paragraph (1) of this subsection by:
 - (i) any of the factors developed under subparagraph (A) of this paragraph; or
 - (ii) the square footage of the rental space divided by the total square footage of all rental spaces.
- (3) If a tenant moves in or out during a billing period, the owner may calculate a bill for the tenant. If the tenant moves in during a billing period, the owner shall prorate the bill by calculating a bill as if the tenant were there for the whole month and then charging the tenant for only the number of days the tenant lived in the unit divided by the number of days in the month multiplied by the calculated bill. If a tenant moves out during a billing period before the owner receives the bill for that period from the retail public utility, the owner may calculate a final bill. The owner may calculate the tenant's bill by calculating the tenant's average bill for the last three months and multiplying that average bill by the number of days the tenant was in the unit divided by the number of days in that month.
- (f) Conversion to approved allocation method. An owner using an allocation formula other than those approved in subsection (e) of this section shall immediately provide notice as required under §24.123(c) of this title (relating to Rental Agreement) and either:
- (1) adopt one of the methods in subsection (e) of this section; or
 - (2) install submeters and begin billing on a submetered basis; or
 - (3) discontinue billing for utility services.

§24.125. Billing.

- (a) Monthly billing of total charges. The owner shall bill the tenant each month for the total charges calculated under §24.124 of this title (relating to Charges and Calculations). If it is permitted in the rental agreement, an occupant or occupants who are not residing in their rental unit for a period longer than 30 days may be excluded from the occupancy calculation and from paying a water and sewer bill for that period.
- (b) Rendering bill.
 - (1) Allocated bills shall be rendered as promptly as possible after the owner receives the retail public utility bill.
 - (2) Submeter bills shall be rendered as promptly as possible after the owner receives the retail public utility bill or according to the time schedule in the rental agreement if the owner is billing using the retail public utility's rate.
- (c) Submeter reading schedule. Submeters or point-of-use submeters shall be read within three days of the scheduled reading date of the retail public utility's master meter or according to the schedule in the rental agreement if the owner is billing using the retail public utility's rate.
- (d) Billing period.
 - (1) Allocated bills shall be rendered for the same billing period as that of the retail public utility, generally monthly, unless service is provided for less than that period.
 - (2) Submeter bills shall be rendered for the same billing period as that of the retail public utility, generally monthly, unless service is provided for less than that period. If the owner uses the retail public utility's actual rate, the billing period may be an alternate billing period specified in the rental agreement.
- (e) Multi-item bill. If issued on a multi-item bill, charges for submetered or allocated utility service must be separate and distinct from any other charges on the bill.
- (f) Information on bill. The bill must clearly state that the utility service is submetered or allocated, as applicable, and must include all of the following:
 - (1) total amount due for submetered or allocated water;
 - (2) total amount due for submetered or allocated wastewater;
 - (3) total amount due for dwelling unit base charge(s) or customer service charge(s) or both, if applicable;
 - (4) total amount due for water or wastewater usage, if applicable;
 - (5) the name of the retail public utility and a statement that the bill is not from the retail public utility;
 - (6) name and address of the tenant to whom the bill is applicable;
 - (7) name of the firm rendering the bill and the name or title, address, and telephone number of the firm or person to be contacted in case of a billing dispute; and

- (8) name, address, and telephone number of the party to whom payment is to be made.
- (g) Information on submetered service. In addition to the information required in subsection (f) of this section, a bill for submetered service must include all of the following:
 - (1) the total number of gallons, liters, or cubic feet submetered or measured by point-of-use submeters;
 - (2) the cost per gallon, liter, or cubic foot for each service provided; and
 - (3) total amount due for a service charge charged by an owner of a manufactured home rental community, if applicable.
- (h) Due date. The due date on the bill may not be less than 16 days after it is mailed or hand delivered to the tenant, unless the due date falls on a federal holiday or weekend, in which case the following work day will be the due date. The owner shall record the date the bill is mailed or hand delivered. A payment is delinquent if not received by the due date.
- (i) Estimated bill. An estimated bill may be rendered if a master meter, submeter, or point-of-use submeter has been tampered with, cannot be read, or is out of order; and in such case, the bill must be distinctly marked as an estimate and the subsequent bill must reflect an adjustment for actual charges.
- (j) Payment by tenant. Unless utility bills are paid to a third-party billing company on behalf of the owner, or unless clearly designated by the tenant, payment must be applied first to rent and then to utilities.
- (k) Overbilling and underbilling. If a bill is issued and subsequently found to be in error, the owner shall calculate a billing adjustment. If the tenant is due a refund, an adjustment must be calculated for all of that tenant's bills that included overcharges. If the overbilling or underbilling affects all tenants, an adjustment must be calculated for all of the tenants' bills. If the tenant was undercharged, and the cause was not due to submeter or point-of-use submeter error, the owner may calculate an adjustment for bills issued in the previous six months. If the total undercharge is \$25 or more, the owner shall offer the tenant a deferred payment plan option, for the same length of time as that of the underbilling. Adjustments for usage by a previous tenant may not be back billed to a current tenant.
- (l) Disputed bills. In the event of a dispute between a tenant and an owner regarding any bill, the owner shall investigate the matter and report the results of the investigation to the tenant in writing. The investigation and report must be completed within 30 days from the date the tenant gives written notification of the dispute to the owner.
- (m) Late fee. A one-time penalty not to exceed 5% may be applied to delinquent accounts. If such a penalty is applied, the bill must indicate the amount due if the late penalty is incurred. No late penalty may be applied unless agreed to by the tenant in a written lease that states the percentage amount of such late penalty.

§24.127. Submeters or Point-of-Use Submeters and Plumbing Fixtures.

- (a) Submeters or point-of-use submeters
 - (1) Same type submeters or point-of-use submeters required. All submeters or point-of-use submeters throughout a property must use the same unit of measurement, such as gallon, liter, or cubic foot.
 - (2) Installation by owner. The owner shall be responsible for providing, installing, and maintaining all submeters or point-of-use submeters necessary for the measurement of water to tenants and to common areas, if applicable.
 - (3) Submeter or point-of-use submeter tests prior to installation. No submeter or point-of-use submeter may be placed in service unless its accuracy has been established. If any submeter or point-of-use submeter is removed from service, it must be properly tested and calibrated before being placed in service again.
 - (4) Accuracy requirements for submeters and point-of-use submeters. Submeters must be calibrated as close as possible to the condition of zero error and within the accuracy standards established by the American Water Works Association (AWWA) for water meters. Point-of-use submeters must be calibrated as closely as possible to the condition of zero error and within the accuracy standards established by the American Society of Mechanical Engineers (ASME) for point-of-use and branch-water submetering systems.
 - (5) Location of submeters and point-of-use submeters. Submeters and

- point-of-use submeters must be installed in accordance with applicable plumbing codes and AWWA standards for water meters or ASME standards for point-of-use submeters, and must be readily accessible to the tenant and to the owner for testing and inspection where such activities will cause minimum interference and inconvenience to the tenant.
- (6) Submeter and point-of-use submeter records. The owner shall maintain a record on each submeter or point-of-use submeter which includes:
 - (A) an identifying number;
 - (B) the installation date (and removal date, if applicable);
 - (C) date(s) the submeter or point-of-use submeter was calibrated or tested;
 - (D) copies of all tests; and
 - (E) the current location of the submeter or point-of-use submeter.
- (7) Submeter or point-of-use submeter test on request of tenant. Upon receiving a written request from the tenant, the owner shall either:
 - (A) provide evidence, at no charge to the tenant, that the submeter or point-of-use submeter was calibrated or tested within the preceding 24 months and determined to be within the accuracy standards established by the AWWA for water meters or ASME standards for point-of-use submeters; or
 - (B) have the submeter or point-of-use submeter removed and tested and promptly advise the tenant of the test results.
- (8) Billing for submeter or point-of-use submeter test.
 - (A) The owner may not bill the tenant for testing costs if the submeter fails to meet AWWA accuracy standards for water meters or ASME standards for point-of-use submeters. PROJECT NO. 42190 PROPOSAL FOR ADOPTION PAGE 345 OF 379.
 - (B) The owner may not bill the tenant for testing costs if there is no evidence that the submeter or point-of-use submeter was calibrated or tested within the preceding 24 months.
 - (C) The owner may bill the tenant for actual testing costs (not to exceed \$25) if the submeter meets AWWA accuracy standards or the point-of-use submeter meets ASME accuracy standards and evidence as described in paragraph (7)(A) of this subsection was provided to the tenant.
- (9) Bill adjustment due to submeter or point-of-use submeter error. If a submeter does not meet AWWA accuracy standards or a point-of-use submeter does not meet ASME accuracy standards and the tenant was overbilled, an adjusted bill must be rendered in accordance with §24.125(k) of this title (relating to Billing). The owner may not charge the tenant for any underbilling that occurred because the submeter or point-of-use submeter was in error.
- (10) Submeter or point-of-use submeter testing facilities and equipment. For submeters, an owner shall comply with the AWWA's meter testing requirements. For point-of-use meters, an owner shall comply with ASME's meter testing requirements.
- (b) Plumbing fixtures. After January 1, 2003, before an owner of an apartment house, manufactured home rental community, or multiple use facility or a manager of a condominium may implement a program to bill tenants for submetered or allocated water service, the owner or manager shall adhere to the following standards:
 - (1) Texas Health and Safety Code, §372.002, for sink or lavatory faucets, faucet aerators, and showerheads;
 - (2) perform a water leak audit of each dwelling unit or rental unit and each common area and repair any leaks found; and
 - (3) not later than the first anniversary of the date an owner of an apartment house, manufactured home rental community, or multiple use facility or a manager of a condominium begins to bill for submetered or allocated water service, the owner or manager shall:
 - (A) remove any toilets that exceed a maximum flow of 3.5 gallons per flush; and
 - (B) install toilets that meet the standards prescribed by Texas Health and Safety Code, §372.002.
- (c) Plumbing fixture not applicable. Subsection (b) of this section does not apply to a manufactured home rental community owner who does not own the manufactured homes located on the property of the manufactured home rental community.



PUC Registration Form



Registration of Submetered OR Allocated Utility Service

NOTE: Please **DO NOT** include any person or protected information on this form (ex: tax identification #'s, social security #'s, etc.)

Date: _____
 By: _____
 Docket No. _____
 (this number to be assigned by the PUC after your form is filed)

PROPERTY OWNER: Do not enter the name of the owner's contract manager, management company, or billing company.

Name					
Mailing Address:			City	State	Zip
Telephone# (AC)			Fax # (if applicable)		
E-mail					

NAME, ADDRESS, AND TYPE OF PROPERTY WHERE UTILITY SERVICE IS PROVIDED

Name					
Mailing Address:			City	State	Zip
Telephone# (AC)			Fax # (if applicable)		
E-mail					

<input type="checkbox"/> Apartment Complex	<input type="checkbox"/> Condominium	<input type="checkbox"/> Manufactured Home Rental Community	<input type="checkbox"/> Multiple-Use Facility
--	--------------------------------------	---	--

If applicable, describe the "multiple-use facility" here: _____

INFORMATION ON UTILITY SERVICE

Tenants are billed for	<input type="checkbox"/> Water	<input type="checkbox"/> Wastewater	<input type="checkbox"/> Submetered OR	<input type="checkbox"/> Allocated ★★★
Name of utility providing water/wastewater				
Date submetered or allocated billing begins (or began)				Required

METHOD USED TO OFFSET CHARGES FOR COMMON AREAS Check one line only.

<input type="checkbox"/> Not applicable, because	<input type="checkbox"/> Bills are based on the tenant's actual submetered consumption
<input type="checkbox"/>	<input type="checkbox"/> There are neither common areas nor an installed irrigation system

All common areas and the irrigation system(s) are metered or submetered:
 We deduct the actual utility charges for water and wastewater to these areas then allocate the remaining charges among our tenants.

This property has an installed irrigation system that is not separately metered or submetered:
 We deduct percent (**we deduct at least 25 percent**) of the utility's total charges for water and wastewater consumption, then allocate the remaining charges among our tenants.

This property has an installed irrigation system(s) that is/are separately metered or submetered:
 We deduct the actual utility charges associated with the irrigation system(s), then deduct at least 5 percent of the utility's total charges for water and wastewater consumption, then allocate the remaining charges among our tenants.

This property does not have an installed irrigation system:
 We deduct at least 5 percent of the retail public utility's total charges for water and wastewater consumption, and then allocate the remaining charges among our tenants.

★★★IF UTILITY SERVICES ARE ALLOCATED, YOU MUST ALSO COMPLETE PAGE TWO OF THIS FORM ★★★

Send this form by mail with a total of (3) copies to:
 Filing Clerk, Public Utility Commission of Texas
 1701 North Congress Avenue
 P.O. Box 13326
 Austin, Texas 78711-3326



METHOD USED TO ALLOCATE UTILITY CHARGES

Check the box or boxes that describe the allocation method used to bill tenants.

<input type="checkbox"/>	Occupancy method: The number of occupants in the tenant's dwelling unit is divided by the total number of occupants in all dwelling units at the beginning of the month for which bills are being rendered.
--------------------------	--

<input type="checkbox"/> Ratio occupancy method: The number of occupants in the tenant's dwelling unit is adjusted as shown in the table to the right. This adjusted value is divided by the total of these values for all dwelling units occupied at the beginning of the retail public utility's billing period.	Number of Occupants	Number of Occupants for Billing Purposes
	1	1.0
	2	1.6
	3	2.2
	>3	2.2 + 0.4 for each additional occupant

<input type="checkbox"/> Estimated occupancy method: The estimated occupancy for each unit is based on the number of bedrooms as shown in the table to the right. The estimated occupancy in the tenant's dwelling unit is divided by the total estimated occupancy in all dwelling units regardless of the actual number of occupants or occupied units.	Number of Bedrooms	Number of Occupants for Billing Purposes
	0 (Efficiency)	1
	1	1.6
	2	2.8
	>3	4.0 + 1.2 for each additional bedroom

<input type="checkbox"/> Occupancy and size of rental unit	<input type="checkbox"/>	percent (in which no more than 50%) of the utility bill for water/wastewater consumption is allocated using the occupancy method checked above. The remainder is allocated according to either:
<ul style="list-style-type: none"> • the size of the tenant's dwelling unit divided by the total size of all dwelling units, OR • the size of the space rented by the tenant of a manufactured home divided by the size of all rental spaces. 		

<input type="checkbox"/>	Submetered hot water:
The individually submetered hot water used in the tenant's dwelling unit is divided by all submetered hot water used in all dwelling units.	

<input type="checkbox"/>	Submetered cold water is used to allocate charges for hot water provided through a central system:
The individually submetered cold water used in the tenant's dwelling unit is divided by all submetered cold water used in all dwelling units.	

<input type="checkbox"/>	As outlined in the condominium contract. Describe:

<input type="checkbox"/>	Size of manufactured home rental space:
The size of the area rented by the tenant divided by the total area of all the size of rental spaces.	

<input type="checkbox"/>	Size of the rented space in a multi-use facility:
The square footage of the space rented by the tenant divided by the total square footage of all rental spaces.	





PUC Tenant Guide

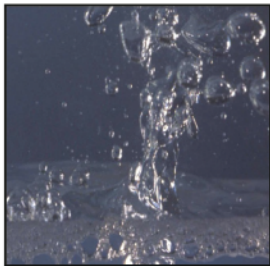
for Allocated Water

UTILI-FACTS

Tenant Guide to Allocated Water or Wastewater Service

What is allocated utility service?

Under a lease agreement, a property owner or designated allocated service provider will bill you for water and perhaps wastewater using an allocation method. The owner or allocated service provider receives water and sewer service from the local utility and passes



through the cost of one or both of these services to each dwelling unit on the property. At the time you discuss a rental agreement, the property owner must provide you with a free copy of the rules on utility allocation [Texas Administrative Code, Title 16 (16 TAC), Chapter 24, Subchapter H], or a copy of this

summary of the rules that has been prepared by the Public Utility Commission of Texas (PUCT).

How does allocation work?

You will receive a bill from the property owner or a billing company, not from the local utility company. The allocated bill is not based on your actual usage. Instead, the property owner has a master meter, which is used by the utility to measure all water used by the entire property. The property owner gets a master meter bill from the utility. From this bill, the owner or billing company calculates each tenant's share of the charges for water or wastewater using an allocation method. This method was approved by either the Texas Commission on Environmental Quality (TCEQ) prior to September 1, 2014, or by the PUCT, thereafter.

How will my allocated bill be determined?

The TCEQ approved several methods for allocating utility bills, effective September 27, 2000. Any property using a different method had until September 27, 2001, to switch to one of the newly approved methods. Effective September 1, 2014, the PUCT will be responsible for administration of the allocated billing program under the same methods formerly approved by the TCEQ. Those methods include various combinations of occupancy level, square footage and number of bedrooms, as well as the submetering of the hot or cold water. Alternatively, the owner may install submeters and begin billing on a submetered basis, or discontinue billing for utility service.

If you have questions about your bill, ask your property owner to explain what allocation method was used and how the bill was calculated (see "What records must be made available to me concerning allocated service?" in this publication).

For more information on submetered water and wastewater billing, see PUCT fact sheet titled Tenant Guide to Submetered Water or Wastewater Service."

Is this practice legal?

Yes, Texas law allows owners or allocated service providers to bill tenants for water and wastewater service.

Under this law, the PUCT has adopted rules designed to provide safeguards for you, the tenant. The rules require the property owner to provide you with specific information about your bills and to include disclosures about their billing practices in your rental agreement. It is important for you to be familiar with these requirements, because any billing disputes that arise must be resolved by you and the property owner, usually by working with the on-site manager.

What should my rental agreement include concerning allocated water or wastewater service?

Your rental agreement, lease, or a lease addendum, should disclose the following information:

- Disputes about the calculation of your bill are between you and the property owner,
- You will be billed on an allocated basis,
- You will be billed for water and/or wastewater,
- You have the right to receive information from the owner to verify your utility bill,
- A clear description of the allocation method the property owner will use to calculate your bill,
- The average monthly water/wastewater bill for all dwelling units in the previous calendar year, and the highest and the lowest bill in that year,
- The date bills are usually issued,
- The date bill payments are usually due,
- The number of days it will take to repair a leak in your dwelling unit, after you have reported it in writing, and
- The number of days it will take to repair a leak in an unmetered common area that you report in writing.

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QUESTIONS:

Call: 512-936-7405

Write:

Public Utility Commission
Water Utilities Division
1701 N. Congress Ave.
P.O. Box 13326,
Austin, TX 78711-3326

(continued from front)

What utility charges can be passed through to tenants?

Allocated bills for water and wastewater may only include utility charges for water, wastewater, and surcharges directly related to those services. Tenants may not be charged for fees the utility has billed the owner for a deposit, disconnect, reconnect, late payment, or other similar fee. Texas law does not allow property owners to profit from allocated billing by adding extra fees or hidden charges to water and wastewater bills.

What about water or wastewater that is used outside dwelling units in common areas?

Common areas include pools, laundry rooms, and installed irrigation systems for landscaping. Before applying the selected allocation method, the owner must first subtract charges related to common areas, as required by PUCT rules.

What records must be made available to me concerning allocated service?

The PUCT rules require property owners to make the following billing records available to you for inspection at the manager's office during normal business hours. The owner or manager may ask you to submit a written request to view this information. Records routinely kept at the on-site manager's office should be made available within three days.

Records routinely kept elsewhere must be made available within 15 days of receiving your written request. If there is no on-site manager's office, the owner must make copies of requested information available at your dwelling unit, at a time agreed to by you, within 30 days of receiving your written request.

Information that must be made available to you includes:

- Statute that allows owners to bill tenants for water and wastewater service (Texas Water Code, Chapter 13, Subchapter M),
- PUCT rules that regulate this practice [16 TAC, Chapter 24, Subchapter H],
- Rates charged to the property by the utility,
- Bills from the utility to the property,
- Data on occupancy and square footage used to calculate allocated bills,
- Calculations showing deductions for common areas (if applicable),
- Total amount billed to tenants each month for water/wastewater,
- Total amount collected from tenants each month for water/wastewater,
- Any other information you may need to calculate and verify your water/wastewater bill, and
- Conservation tips.

What information must be included on my allocated bill?

- Tenant's name and address,

- Amount due for dwelling unit base charge or customer service charge, or both, if applicable,
- Amount due for water and/or wastewater,
- Payment due date,
- Name of the retail public utility and a statement that the bill is not from the retail public utility,
- Name of the billing company, if applicable,
- Name, address, and telephone number of the party to whom payment is to be made, and
- Name or title, address, and phone number of the company or person to be contacted about a dispute.

How do I dispute an allocated bill?

Disputes about the calculation of your bill are between you and the property owner. You are encouraged to file billing disputes in writing with the person identified on your bill to contact about disputes—usually the owner, the on-site manager, or a billing company. The owner or designated person must then investigate the dispute and report the results of the investigation to you in writing.

The investigation and report must be completed within 30 days from the date you provide written notification. If you find that a PUCT rule has been violated, please document your findings and contact the PUCT at the address provided at the end of this publication.

When is my allocated bill due?

Your bill is due on receipt. Your payment will be considered late if it is not received within 16 days after the bill is mailed or hand-delivered to you.

Can my water or wastewater service be disconnected for nonpayment?

No, your service cannot be disconnected for nonpayment.

Can the owner or allocated service provider change the way I am billed?

No, not unless:

- The owner gives you notice of the proposed change at least 35 days prior to implementing the new method,
- Your existing lease expired, or you are willing to sign a new lease before the current lease expires, and
- You agreed to the change by signing a lease or other written agreement.

For more information

This guide summarizes only some of the PUCT rules regarding allocated billing. A property owner must be familiar with, and comply with, all applicable state laws and rules. Tenants are encouraged to refer to those sources for additional, detailed information.

Violations of PUCT rules should be documented in writing and sent to: Public Utility Commission of Texas, Water Utilities Division, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.



PUC Tenant Guide

for Submetered Water

UTILI-FACTS

Tenant Guide to Submetered Water or Wastewater Service

What is submetered utility service?

Under a lease agreement, a property owner or designated submetered service provider will bill you for water and perhaps wastewater using a method called submetering. The property owner or submeter service provider receives water and sewer service from a local utility, and has installed a submeter or point-of-use submeter for each unit to measure each tenant's water use. At the time you discuss a rental agreement, the property owner must provide you with a free copy of either the rules on utility submetering [Texas Administrative Code, Title 16 (16 TAC), Chapter 24, Subchapter H], or a copy of this summary of the rules that has been prepared by the Public Utility Commission of Texas (PUCT).

How does submetering work?

You will receive a bill from the property owner or a billing company, not from the local utility company. Submetered facilities have individual submeters or point-of-use submeters that are installed and owned by the property owner, not by the local utility. The owner or a billing company reads your submeter and determines your actual water consumption to calculate your bill.

How will my submetered bill be determined?

Under submetering, the property owner or a billing company uses your actual water consumption, as read on your submeter, and multiplies it by either:

- The owner's cost per gallon, liter, or cubic foot for water, as computed from the utility's bill; or
- The utility's charge per gallon, liter, or cubic foot for water, as shown on the utility's rate schedule.

The owner may also calculate sewer charges the same way - again using your water consumption, since sewer service is not metered.

A manufactured home rental community or apartment house that bills on a submetered basis may also assess a service charge. This charge must not exceed nine percent of the tenant's charge for water and sewer service.

If you have questions about your bill, ask your property owner or submeter service provider to explain submetering and how the bill was calculated (see "What records must be made available to me concerning submetered service?" in this publication).

Is this practice legal?

Yes, Texas law allows owners or submetered service providers to bill tenants for water and sewer service. Under this law, the PUCT has adopted rules designed to provide safeguards for you, the tenant. The rules require the property owner to provide you with specific infor-

mation about your bills and to include disclosures about their billing practices in your rental agreement. It is important for you to be familiar with these requirements, because any billing disputes that arise must be resolved by you and the property owner, usually by working with the on-site manager.

What should my rental agreement include concerning submetered water or sewer service?

Your rental agreement, lease, or a lease addendum, should disclose the following information:

- Disputes about the calculation of your bill or the accuracy of a submeter are between you and the property owner;
- You will be billed for submetered service;
- You will be billed for water and/or sewer service, and perhaps for hot water from a central system;
- You have the right to receive information from the owner to verify your submetered bill;
- The average monthly water/wastewater bill for all dwelling units in the previous calendar year, and the highest and lowest bill in that year;
- The date submeters are usually read;
- The date bills are usually issued;
- The date bill payments are usually due;
- The number of days it will take to repair a leak in your dwelling unit, after you have reported it in writing; and
- The number of days it will take to repair a leak in an unmetered common area that you report in writing.

What utility charges can be passed through to tenants?

Submetered bills for water and sewer service may only include utility charges for water, sewer service, and surcharges directly related to those services. Tenants may not be charged for fees the utility has billed the owner for a deposit, disconnect, reconnect, late payment, or other similar fee. Texas law does not allow property owners to profit from submetered billing by adding extra fees or hidden charges to water and wastewater bills.

What records must be made available to me concerning submetered service?

The PUCT rules require property owners to make the following records available to you for inspection at the manager's office during normal business hours. The owner or manager may ask you to submit a written request to view this information. Records routinely kept at the on-site

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manager's office should be made available within three days.

Records routinely kept elsewhere should be made available within 15 days of receiving your written request. If there is no on-site manager's office, the owner must make copies of requested information available at your dwelling unit, at a time agreed to by you, within 30 days of receiving your written request.

Information that must be made available to you includes:

- The statutes that let owners bill tenants for water and sewer service (Texas Water Code, Chapter 13, Subchapter M);
- PUCT rules that regulate this practice [16 TAC, Chapter 24, Subchapter H];
- Rates charged to the property by the utility;
- Bills from the utility to the property;
- Total amount billed to tenants each month for water/sewer service
- Total amount collected from tenants each month for water/sewer service;
- All submeter readings;
- All submeter test results;
- Calculation of the average cost per gallon, liter, or cubic foot;
- Chart showing how the utility's unit of measure is converted to the unit of measure used by the tenant's submeter (if applicable);
- Any other information you would need to calculate and verify your water/sewer service bill; and
- Conservation tips.

What information must be included on my submetered bill?

- Tenant's name and address;
- Amount due for dwelling unit base charge or customer service charge, or both, if applicable;
- Amount due for water and/or sewer service;
- Payment due date;
- Number of gallons, liters, or cubic feet you used;
- Cost per gallon, liter, or cubic foot for each service provided;
- Dates and readings of the submeter at the beginning and end of the period for which the bill is rendered;
- Name of the retail public utility and a statement that the bill is not from the retail public utility;
- Name of the billing company, if applicable;
- Name, address, and telephone number of the party to whom payment is to be made;
- Name or title, address, and phone number of the company or person to be contacted about a dispute; and
- Amount due for a service charge assessed by a manufactured home rental community.

How do I dispute a submetered bill?

Disputes about the calculation of your bill or the accuracy of a submeter

are between you and the property owner. You are encouraged to file billing disputes in writing with the person identified on your bill to contact about disputes--usually the owner, the on-site manager, or a billing company. The owner or designated person must then investigate the dispute and report the results of the investigation to you in writing. The investigation and report must be completed within 30 days from the date you provide written notification. If you find that a PUCT rule has been violated, please document your findings and contact the PUCT at the address provided at the end of this publication.

When is my submetered bill due?

Your bill is due on receipt. Your payment will be considered late if it is not received within 16 days after the bill is mailed or hand-delivered to you.

Can my water or wastewater service be disconnected for nonpayment?

No, your service cannot be disconnected for nonpayment.

Can the owner or submetered service provider change the way I am billed for submetered service?

No, not unless:

- The owner has received PUCT approval to bill on an allocated, rather than on a submetered basis (for more information on allocated utility bills, see PUCT publication, Tenant Guide to Allocated Water or Wastewater Service, G1276);
- The owner has given you notice of the proposed change at least 35 days prior to implementing the new method; or
- You have agreed to the change by signing a lease or other written agreement.

Who is responsible for the submeter or point-of-use submeter?

The property owner or submetered service provider is responsible for installing, maintaining, and testing all submeters or point-of-use submeters. If you ask for a meter test in writing, the owner must do either one of two things at no charge to you:

- Provide evidence that the meter was calibrated or tested and shown to be accurate within the preceding 24 months, in accordance with standards established by the American Water Works Association for submeters or the American Society of Mechanical Engineers for point-of-use and branch water submetering systems; or
- Remove and test your meter and promptly advise you of the test results. If you request additional testing, you may be billed up to \$25 for the actual testing cost.

This guide summarizes only some of the PUCT rules regarding submetered and point-of-use submetered billing. A property owner must be familiar with, and comply with, all applicable state laws and rules. Tenants are encouraged to refer to those sources for additional, detailed information.

Violations of PUCT rules should be documented in writing and sent to: Public Utility Commission of Texas, Attention: Water Utilities Division, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

You may also call the PUCT's Water Utilities Division at (512) 936-7405, or visit the PUCT's Web site at <www.puc.texas.gov>.



Water Billing Audit Checklist

Water Billing Audit

Note: This audit is a summary of applicable PUC rules as of October 1, 2016 and this document is not legal advice. To ensure compliance, owners should refer back to the Texas Water Code and PUC rules.

Before water billing is initiated

Water Efficiency (for properties that begin water billing after January 1, 2003)

Do fixtures meet efficiency standards?

- Faucets and aerators do not exceed 2.2 gpm (at 60 PSI).
- Showerheads do not exceed 2.5 gpm (at 80 PSI).
- Toilets do not exceed 3.5 gpf. (If toilets do exceed 3.5 gpf, they must be replaced within one year after billing began with toilets that don't exceed 1.6 gpf.)
- Has a water leak audit of each dwelling and all common areas been performed?
- Any leaks detected have been fixed?

Registration

- Does the property have a current registration form including up-to-date **email contact information** on file with the PUC?

Note: A new registration form must be filed upon change of ownership or if the billing formula/methodology has changed.

Regulation of water billing transferred to the PUC from the Texas Commission on Environmental Quality (TCEQ) in September 2014. If the property previously registered with the TCEQ and there have been no changes, it is not necessary to re-register with the PUC.

Lease Addendum

(Note: The TAA Lease Addendum for Allocating Water/Wastewater Costs and the TAA Water and Wastewater Submetering Addendum comply with these requirements)

- Is a water billing addendum attached to all leases?

Does the addendum include (all are required):

- A statement that the resident will be billed for allocated or submetered water, as appropriate
- Details about what utility services will be included in the bill
- The average monthly bill for all units based on the prior calendar year and the highest/lowest bills during that same period
- The expected time period for repairing leaks in units and nonsubmetered common areas
- A provision that disputes about how the bill is calculated or the accuracy of submeters are between the owner and resident, and
- A statement that the resident can receive information to verify the bill

*If the property is **allocated**, does the addendum:*

- Contain a description of the PUC-approved formula that will be used

*If the property is **submetered**, does the addendum:*

- Include the amount of the service charge (up to 9 percent) if the submetered property is charging a service charge. (**Note:** Service charges cannot be included at tax credit properties or for residents who receive Section 8 housing assistance vouchers.)

PUC Rules Attached

- Do all leases have a complete copy of the PUC water billing rules?

Required Records

Are the following records available for residents or the PUC to inspect at the onsite manager's office during normal business hours? (All required)

- A copy of the water billing statute
- A complete copy of the PUC water billing rules
- A copy of the water utility's current rate card, which is available from the utility company
- A checklist of ideas for water conservation for residents
- The apartment community's water utility bills for the current year, as well as the previous calendar year
- The total amount billed to all residents each month
- Total revenue collected from residents each month to pay for water/wastewater, and
- "Any other information necessary" for a resident to be able to calculate and verify a water/wastewater bill.

*If the property is **submetered**, are the following records available? (All required)*

- The calculation of the average cost per gallon (or liter or cubic foot, if appropriate), and
- A chart to convert resident submeter measurements to those used by the public utility if the property and utility mastermeter use different units of measurement

*If the property is **allocated**, are the following records available? (All required)*

- The formula, occupancy factors, if any, and percentages used to calculate resident bills
- The total number of occupants or equivalent occupants if the equivalent occupant ratio is used, and
- The square footage of the resident's dwelling unit and the total square footage of all units in the apartment community, used for billing if dwelling unit size is used as part of the formula

Additional Records for Submetered Properties

Does the owner have the following record for each submeter? (All required)

- An identifying number
- The installation date (and removal date, if applicable)
- The date the meter was calibrated/tested
- Copies of all tests, and
- The submeter's current location

Record Retention

- Are all required records maintained for the current year and the previous calendar year?

Billing

- Is billing done monthly?

- Are bills rendered as soon as possible after receipt from the public utility?

- Does the resident's monthly water bill cover the same billing period as the utility company? (It must.)

- Is the resident's water bill separate from any invoice for rent or bill for other services?

- If part of a multi-item bill, is the utility billing information separate from the other billing information? (It must be.)

Does the bill include the following information?

- The resident's name and address
- The amount due for any **utility** dwelling base charge and/or customer service charge
- The amount due for water
- The amount due for wastewater
- The total amount due
- The payment due date
- The amount of the late fee (up to 5 percent)
- The public utility's name
- A statement that the bill is not from the public utility
- The name, address and telephone number of who is collecting payment, and
- The name of the company that is rendering the bill and the name or title, address and phone of where to contact the company if there's a billing dispute

In addition, if it is a submetered bill, does it include:

- The total number of gallons (or other unit of measurement) submetered
- The cost per gallon (or other measurement), and
- The total amount of any service charge by the owner

Billing due date

- Do residents have at least 16 days after the date the bill is mailed or hand-delivered to pay the bill? (They must.)
- Is the date the bill is mailed or hand-delivered recorded?

Note: If the due date falls on a federal holiday or weekend, the following work day is the due date.

The resident's payment shall be applied first to rent and then to utilities, unless

- The bill is paid directly to a third-party billing company.
- The resident clearly designates that the payment is for water.

Calculating Bills

- Use the public utility's total water bill, including water/wastewater costs, any surcharges and tax.
- The bill can not include deposits, late charges, reconnection fees, etc. charged by the utility to the owner.
- The owner may not bill residents for any dwelling unit base charges for unoccupied units.
- Any service charge must be divided by the total number of dwelling units, including vacant units
- Before calculating an allocated bill, the owner must subtract charges to account for common areas

Water/wastewater service

- To calculate the average water cost per gallon or other unit of measurement, divide the public utility's total water service charge (not including any unit base or customer services charges) by the month's total water consumption. Multiply the average water cost by the resident's monthly consumption.
- A similar calculation should be done for wastewater charges.
- Add any applicable service charge up to 9 percent

Deductions before calculating allocation bills

- At least 25 percent if there is an irrigation system that is not separately metered/submetered, or
- At least 5 percent if the property has an irrigation system that is separately metered/submetered or there is no irrigation system.
- Common area deductions are not required if all common areas and irrigation systems are separately metered or submetered, meaning the owner is entirely responsible for these bills

Note: If all common areas and irrigation are submetered, the owner is responsible for paying those costs.

Calculating Allocated Bills

Is the allocated bill calculated using one of using of the PUC-approved formulas?

- Actual occupancy
- Ratio occupancy
 - PUC formula for average number of occupants in unit
- Average occupancy
 - PUC formula for average number of bedrooms in unit
- Combination of actual occupancy and square feet of the apartment, or
- Submetered hot/cold water, ratio to total

Responding to Resident Inquiries/Complaints

- When responding to a resident complaint or disputed bill, is an investigation done and are the findings reported back in writing to the resident?
- Is the investigation completed and results provided to the resident within 30 days after the resident has given the owner written notice of the dispute?
- Are residents able to view onsite records at the onsite office during business hours within required timeframes?

Timeline for responding

- Three days if the records are kept onsite
- 15 days if the records are kept offsite, or
- If there isn't an onsite office, the records must be made available at the residence within 30 days.

Note: The PUC also has the right to review records.

When responding to resident request to test submeter accuracy, the owner must show:

1. That the meter was calibrated or tested within the past 24 months in accordance with AWWA or ASME standards. **If not,**
2. The meter has to be removed and tested at the owner's cost for the initial test.

Note: The owner may charge the actual testing cost up to \$25 for any subsequent tests provided it is allowed under the addendum.

Changing Allocation Formulas

- Before changing allocation formulas, have residents been given at least 35 days' notice (as required)?
- Has the resident signed a new lease or other agreement?
- Has the owner filed a new registration with the PUC?

Before Switching from Submetering to Allocation

- Can the owner show good cause, such as equipment failures or meter reading/billing problems that can't feasibly be corrected? (Required)
- Has the owner requested and received PUC approval?
- Have residents been given at least 35 days' notice as required?
- Did the resident sign a new lease or other agreement as required?
- Has the owner filed a new registration with the PUC?

PROJECT NO. 37684

RULEMAKING PROCEEDING	§	PUBLIC UTILITY COMMISSION
RELATING TO ELECTRIC	§	
SUBMETERING AND MASTER-	§	OF TEXAS
METERED APARTMENT BUILDINGS	§	

**ORDER ADOPTING AMENDMENTS TO §25.141 AND §25.142
AS APPROVED AT THE DECEMBER 16, 2010 OPEN MEETING**

The Public Utility Commission of Texas (commission) adopts an amendment to §25.141, relating to Central System or Nonsubmetered Master Metered Utilities with no changes to the proposed text as published in the October 29, 2010 issue of the *Texas Register* (35 TexReg 3599), and §25.142, relating to Submetering for Apartments, Condominiums, and Mobile Home Parks with changes to the proposed text as published in the October 29, 2010 issue of the *Texas Register* (35 TexReg 3599). The amendments implement certain provisions of Texas House Bill 882, 81st Leg. (2009) (HB 882), which amended Texas Property Code §92.008(b) to provide that a landlord may not interrupt or cause the interruption of water, wastewater, gas, or electric service furnished to a tenant by the landlord as an incident of the tenancy or by other agreement unless the interruption results from bona fide repairs, construction, or an emergency. The amendments reflect that a landlord of an apartment house or landlord that leases mobile homes in a mobile home park can no longer disconnect electric service because of a tenant's nonpayment for that service.

No public hearing on the proposed amendments was requested by any person. The commission received one comment on the amendments, from the Texas Apartment Association. The amendments are adopted under Project Number 37684.

Comments

The Texas Apartment Association, which represents more than 10,500 members that own or manage more than 1.7 million rental units in Texas, supported the amendments to §25.141 and §25.142.

Commission Response

The commission appreciates the Texas Apartment Association's comments and adopts the amendments with changes to §25.142(f)(9)(A) and (f)(11) to clarify the references to American National Standards Institute (ANSI) standards.

These sections are adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (Vernon 2007 and Supp. 2010) (PURA), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction, and specifically, Texas Utilities Code §§184.011-184.014, which authorizes the commission to adopt rules relating to submetering of electricity by the owner, operator, or manager of an apartment house or mobile home park, and §§184.051-184.052, which authorizes the commission to adopt rules governing billing systems or methods used by an apartment house owner; and Texas Property Code §92.008(b), which prohibits a landlord or a landlord's agent from interrupting or causing the interruption of utility service, except in connection with repairs, construction or emergencies.

Cross Reference to Statutes: Public Utility Regulatory Act §14.002, Texas Utilities Code §§184.011-184.014, §§184.051-184.052: and Texas Property Code §92.008(b).

§25.141. Central System or Non-submetered Master Metered Utilities.

- (a) **Purpose.** This section implements Texas Utilities Code §184.052.
- (b) **Definitions.** The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
 - (1) **Apartment house** -- One or more buildings containing two or more dwelling units rented primarily for nontransient use with rent paid at intervals of one week or longer.
 - (2) **Apartment house owner** -- The legal titleholder of an apartment house or an individual, firm, or corporation purporting to be the landlord of tenants in the apartment house.
 - (3) **Central system utilities** -- Electricity consumed by a central air conditioning system, central heating system, central hot water system, or central chilled water system in an apartment house. The term does not include utilities directly consumed by a dwelling unit.
 - (4) **Customer** -- The individual, firm, or corporation in whose name a master meter is connected by a utility or that is served by a retail electric provider.
 - (5) **Dwelling unit** -- One or more rooms that are suitable for occupancy as a residence and that contain kitchen and bathroom facilities.
 - (6) **Nonsubmetered master metered utility service** -- Electric utility service that is master metered for an apartment house but is not submetered.

- (7) **Utility** -- A public, private, or member-owned utility furnishing electricity service to an apartment house served by a master meter.
- (c) **Records and reports.**
- (1) The apartment house owner shall maintain and make available for inspection by the tenant during normal business hours:
- (A) the billing from the utility to the apartment house owner for the current month and the 12 preceding months; and
- (B) the calculation of the average cost per kilowatt-hour for the current month and the 12 preceding months which was used in assessing tenant utility billings. The average cost per kilowatt-hour shall be equal to the charges for the electric service plus applicable tax, less any penalties charged by the utility or retail electric provider to the apartment house owner for disconnect, and reconnect, late payment or other similar service charges, divided by the total number of billing units.
- (2) All records shall be made available to the commission upon request.
- (3) Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling unit of the tenant at the convenience of both the apartment house owner and the tenant.
- (d) **Calculation of costs.** Central system utilities costs shall be calculated based on metered kilowatt-hour of the central system during the same billing period as that of the utility. The metered kilowatt-hour of the central system shall be multiplied by the average cost per billing calculated according to all applicable industry standards. The cost of

nonsubmetered master metered utilities shall be the total charges for electric service to the apartment house less any penalties charged by the utility or the retail electric provider to the apartment house owner for disconnect, reconnect, late payment or other similar service charges.

- (e) **Billing.** All rental agreements between the apartment house owner and the tenants shall provide a clear written description of the method of the allocation of central system utilities or non-submetered master metered utilities for the apartment house. The method of allocation may be changed only after 90 days notice of the change to the tenants. The rental agreement for each apartment unit shall contain a statement of the average monthly bill for the previous calendar year for that apartment unit. If there is no rental agreement, apartment house owners shall provide the method of allocation in a separate written document.

(1) **Rendering and form of bill.**

- (A) Bills shall be rendered for the same billing period as that of the utility or retail electric provider, generally monthly, unless service is rendered for less than that period.
- (B) The allocation of central system utilities costs or nonsubmetered master metered utilities costs to tenants shall be based on one or a combination of the following methods.
- (i) the total square footage living area of the dwelling unit as a percentage of the total square footage living area of all dwelling units of the apartment house and all heated and/or air-conditioned

common areas. This percentage shall be stated in the rental agreement for each dwelling unit; and

- (ii) the individually metered or submetered utility usage of the dwelling unit as a percentage of the sum of the individually metered or submetered usage of all dwelling units.
- (C) Methods to allocate central system utility costs or nonsubmetered master metered utilities to tenants, other than the method outlined in this section, must be approved by the commission.
 - (D) Billings to the tenant shall not be included as part of the rental payment or as part of billings for any other service to the tenant. A separate billing must be issued or, if issued on a multi-item bill, utility billing information must be separate and distinct from any other charges on the bill. The bill may not include a deposit, late penalty, reconnect charge, or any other charges unless otherwise provided for by this chapter. A one-time penalty not to exceed 5.0% may be made on delinquent accounts. If such penalty is applied, the bill shall indicate the amount due if paid by the due date and the amount due if the late penalty is incurred. No late penalty may be applied unless agreed to by the tenant in a written lease which states the exact dollar or percentage amount of such late penalty.
 - (E) An apartment house owner may not impose additional charges on a tenant in excess of the actual charges imposed on the apartment house owner for utility consumption by the apartment house.

- (2) **Due date.** The due date of the bill shall not be less than seven days after issuance. A bill for service is delinquent if not received by the party indicated on the bill by the due date. The postmark date, if any, on the envelope of the bill or on the bill itself shall constitute proof of the date of issuance. An issuance date on the bill shall constitute proof of the date of issuance if there is no postmark on the envelope or bill. If the due date falls on a holiday or weekend, the due date for payment purposes shall be the next workday after the due date.
- (3) **Overbilling and underbilling.** If billings are found to be in error, the apartment house owner shall calculate a billing adjustment. If the tenant is due a refund, an adjustment shall be made for the entire period of the overcharges. If the tenant was undercharged, the apartment house owner may backbill the tenant for the amount which was underbilled. The backbilling is not to exceed six months unless the apartment house owner can produce records to identify and justify the additional amount of backbilling. If the underbilling is \$25 or more, the apartment house owner shall offer to such tenant a deferred payment plan option, for the same length of time as that of the underbilling. Furthermore, adjustments for usage by a previous tenant may not be backbilled to the current tenant.
- (4) **Discontinuance of electric service.** Disconnection of a dwelling unit by the apartment house owner is governed by Texas Property Code §92.008(b). Disconnection of electric service by a retail electric provider is governed by §25.483(k) of this title (relating to Disconnection of Service). Disconnection of service by an electric utility that is not a transmission and distributed utility is governed by §25.29(j) of this title (relating to Disconnection of Service).

- (5) **Disputed bills and complaints.** In the event of a dispute between the tenant and the apartment house owner regarding any bill, the apartment house owner shall immediately make such investigation as shall be required by the particular case, and report the results thereof to the tenant. The investigation and report shall be completed within 30 days from the date the tenant notified the apartment house owner of the dispute. If the tenant is dissatisfied with the results of the investigation, the apartment house owner shall inform the tenant of the Public Utility Commission of Texas complaint process, giving the tenant the address and telephone number of the commission's Office of Customer Protection.

§25.142. Submetering for Apartments, Condominiums, and Mobile Home Parks.**(a) Purpose.**

This section implements Texas Utilities Code §184.052.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) **Apartment house** -- One or more buildings containing more than five dwelling units, each of which is rented primarily for non-transient use with rent paid at intervals of one week or longer. The term includes a rented or owner-occupied residential condominium.
- (2) **Dwelling unit** -- One or more rooms suitable for occupancy as a residence and that contain kitchen and bathroom facilities, or a mobile home in a mobile home park.
- (3) **Master meter** -- A meter used to measure, for billing purposes, all electric usage of an apartment house or mobile home park, including common areas, common facilities, and dwelling units.
- (4) **Month or monthly** -- The period between any two consecutive meter readings by the utility, either actual or estimated, at approximately 30-day intervals.
- (5) **Owner** -- Any owner, operator, or manager of any apartment house or mobile home park engaged in electric submetering.
- (6) **Electric submetering** -- Individual dwelling unit metering of electric service performed by the owner.

(c) **Records and reports.**

- (1) The owner shall maintain and make available for inspection by the tenant the following records:
 - (A) the billing from the utility or retail electric provider to the apartment owner for the current month and the 12 preceding months;
 - (B) the calculation of the average cost per billing unit, *i.e.*, kilowatt-hour for the current month and the 12 preceding months;
 - (C) all submeter readings and tenant billings for the current month and the 12 preceding months;
 - (D) all submeter test results for the current month and the 12 preceding months.
- (2) Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling unit of the tenant at the convenience of both the apartment owner and tenant.
- (3) All records shall be made available to the commission upon request.

- (d) **Billing.** All rental agreements between the owner and the tenants shall clearly state that the dwelling unit is submetered, that the bills will be issued thereon, that electrical consumption charges for all common areas and common facilities will be the responsibility of the owner and not of the tenant, and that any disputes relating to the computation of the tenant's bill and the accuracy of the submetering device will be between the tenant and the owner. Each owner shall provide a tenant, at the time the lease is signed, a copy of this section or a narrative summary as approved by the

commission to assure that the tenant is informed of his rights and the owner's responsibilities under this section.

(1) **Rendering and form of bill.**

- (A) Bills shall be rendered for the same billing period as that of the electric utility, generally monthly, unless service is rendered for less than that period. Bills shall be rendered as promptly as possible following the reading of the submeters. The submeters shall be read within three days of the scheduled reading date of the electric utility's master meter.
- (B) The billing unit shall be that used by the electric utility in its billing to the owner.
- (C) The owner shall be responsible for determining that the energy billed to any dwelling unit shall be only for that submetered and consumed within that unit.
- (D) Submetered billings shall not be included as part of the rental payment or as part of billings for any other service to the tenant. A separate billing must be issued or, if issued on a multi-item bill, submetered billing information must be separate and distinct from any other charges on the bill and conform to information required in subparagraph (H) of this paragraph. The submetered bill must clearly state "submetered electricity."
- (E) The bill shall reflect only submetered usage. Utility consumption at all common facilities will be the responsibility of the owner and not of the tenant. Allocation of central systems for air conditioning, heating and hot

water is not prohibited by this section as set forth in §25.141 of this title (relating to Central System or Nonsubmetered Master Metered Utilities).

- (F) The owner shall not impose any extra charges on the tenant over and above those charges which are billed by the retail electric provider or utility to the owner. The bill may not include a deposit, late penalty, reconnect charge, or any other charges unless otherwise provided for by these sections.
- (i) A one-time penalty not to exceed 5.0% may be made on delinquent accounts. If the penalty is applied, the bill shall indicate the amount due if paid by the due date and the amount due if the late penalty is incurred. No late penalty may be applied unless agreed to by the tenant in a written lease which states the exact dollar or percentage amount of the late penalty.
- (ii) In a mobile home park a reconnect fee may be applied for a mobile home not leased by the mobile home park owner if service to the pad site tenant is disconnected for non-payment of submetered bills in accordance with subsection (e)(1) of this section. Such reconnect fee shall be calculated based on the average actual cost to the owner for the expenses associated with the reconnection, but under no circumstances shall exceed \$10. No reconnect charge may be applied unless agreed to by the tenant in a written lease which states the exact dollar amount of such reconnect charge.

- (G) The tenant's submeter bills shall be calculated in the following manner: after the electric bill is received from the utility or retail electric provider, the owner shall divide the net total charges for electrical consumption, plus applicable tax, by the total number of kilowatt-hours to obtain an average cost per kilowatt-hour. The average kilowatt-hour cost shall then be multiplied by each tenant's kilowatt-hour consumption to obtain the charge to the tenant. The computation of the average cost per kilowatt-hour shall not include any penalties charged by the utility or the retail electric provider to the owner for disconnect, reconnect, late payment, or other similar service charges.
- (H) The tenant's electric submeter bill shall show all of the following information:
- (i) the date and reading of the submeter at the beginning and at the end of the period for which the bill is rendered;
 - (ii) the number of billing units metered;
 - (iii) the computed rate per billing unit;
 - (iv) the total amount due for electricity used;
 - (v) a clear and unambiguous statement that the bill is not from the utility or retail electric provider, which shall be named in the statement;
 - (vi) the name and address of the tenant to whom the bill is applicable;

- (vii) the name of the firm rendering the submetering bill and the name or title, address, and telephone number of the person or persons to be contacted in case of a billing dispute;
 - (viii) the date by which the tenant must pay the bill; and
 - (ix) the name, address, and telephone number of the party to whom payment is to be made.
- (2) **Due date.** The due date of the bill shall not be less than seven days after issuance. A bill for submetered service is delinquent if not received by the party indicated on the bill by the due date. The postmark date, if any, on the envelope of the bill or on the bill itself shall constitute proof of the date of issuance. An issuance date on the bill shall constitute proof of the date of issuance if there is no postmark on the envelope or bill. If the due date falls on a holiday or weekend, the due date for payment purposes shall be the next work day after the due date.
- (3) **Disputed bills.** In the event of a dispute between the tenant and the owner regarding any bill, the owner shall promptly make an investigation as shall be required by the particular case, and report the results to the tenant. The investigation and report shall be completed within 30 days from the date the tenant notified the owner of the dispute.
- (4) **Tenant access to records.** The tenants of any dwelling unit whose electrical consumption is submetered shall be allowed by the owner to review and copy the master billing for the current month's billing period and for the 12 preceding months, and all submeter readings of the entire apartment house or mobile home park for the current month and for the 12 preceding months.

- (5) **Estimated bills.** Estimated bills shall not be rendered unless the meter has been tampered with or is out of order, and shall be distinctly marked “estimated bill”.
- (6) **Overbilling and underbilling.** If submetered billings are found to be in error, the owner shall calculate a billing adjustment. If the tenant is due a refund, an adjustment shall be made for the entire period of the overcharges. If the tenant was undercharged, the owner may backbill the tenant for the amount which was underbilled. The backbilling is not to exceed six months unless the owner can produce records to identify and justify the additional amount of backbilling. If the underbilling is \$50 or more, the owner shall offer to the tenant a deferred payment plan option, for the same length of time as that of the underbilling. However, in a mobile home park, the mobile home park owner may not disconnect electric service to a mobile home not leased by the mobile home park owner if the pad site tenant fails to pay charges arising from an underbilling more than six months prior to the date the tenant was initially notified of the amount of the undercharges and the total additional amount due. Furthermore, adjustments for usage by a previous tenant may not be backbilled to the current tenant.
- (7) **Level and average payment plans.** An owner may offer a level payment plan or average payment plan consistent with this paragraph.
- (A) The payment plan may be one of the following methods:
- (i) A level payment plan allowing eligible tenants to pay on a monthly basis a fixed billing rate of one-twelfth of that tenant’s estimated annual consumption at the appropriate rates, with provisions for quarterly adjustments as may be determined based on actual usage.

- (ii) An average payment plan allowing tenants to pay on a monthly basis one-twelfth of the sum of that tenant's current month's consumption plus the previous 11 month's consumption (or an estimate thereof, for a new customer) at the appropriate customer class rates, plus a portion of any unbilled balance. Provisions for annual adjustments as may be determined based on actual usage shall be provided. If at the end of a year the owner determines that he has collected an amount different than he has been charged by the utility or retail electric provider, the owner must refund any overcollection and may surcharge any undercollection over the next year.
- (B) Under either of the plans outlined in subparagraph (A) of this paragraph the owner is prohibited from charging the tenant any interest that may accrue. Any seasonal overcharges or undercharges will be carried by the owner of the complex.
- (C) A mobile home park owner may disconnect service to a mobile home not leased by the mobile home park owner, pursuant to subsection (e) of this section, if the pad site tenant does not fulfill the terms of a level payment plan or an average payment plan.
- (D) The owner may collect a deposit from all tenants entering into level payment plans or average payment plans; the deposit will not exceed an amount equivalent to one-sixth of the estimated annual billing. Notwithstanding any other provision in these sections, the owner may

retain said deposit for the duration of the level or average payment plan; however, the owner shall pay interest on the deposit as is provided in §25.24 of this title (relating to Credit Requirements and Deposits).

(e) **Discontinuance of electric service.**

(1) **Application.** This subsection applies only to mobile homes in a mobile home park that are not leased by the mobile home park owner. Disconnection of any other dwelling unit by the owner is governed by Texas Property Code §92.008(b).

(2) **Disconnection for delinquent bills.**

(A) Electric service may be disconnected only for nonpayment of electric bills.

A pad site tenant's electric service may be disconnected if a bill has not been paid within 12 days from the date of issuance and proper notice has been given. Proper notice shall consist of a separate mailing or hand delivery at least five days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The notice shall include the office or street address where a tenant can go during normal working hours to make arrangements for payment of the bill and for reconnection of service.

(B) Under these provisions, a pad site tenant's electric service may be discontinued only for nonpayment of electric service.

(3) **Disconnection on holidays or weekends.** Unless a dangerous condition exists, or unless the pad site tenant requests disconnection, electric service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel

of the mobile home park are not available for the purpose of making collections and reconnecting electric service.

(4) **Disconnection under special circumstances.**

(A) **Disconnection of ill and disabled.** A mobile home park owner shall not disconnect electric service to a pad site tenant when that tenant establishes that disconnection of electric service will cause some person residing at the tenant's mobile home to become seriously ill or more seriously ill;

(i) Each time a pad site tenant seeks to avoid disconnection of electric service under this subparagraph, the tenant must accomplish all of the following by the stated date of disconnection:

(I) have the person's attending physician (for purposes of this subsection, the term "physician" shall mean any public health official, including medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the mobile home park owner by the stated date of disconnection;

(II) have the person's attending physician submit a written statement to the mobile home park owner; and

(III) enter into a deferred payment plan.

(ii) The prohibition against electric service termination provided by this subparagraph shall last 63 days from the issuance of the

electric bill or a shorter period agreed upon by the mobile home park owner and the customer or physician.

- (B) **Disconnection of energy assistance clients.** A mobile home park owner shall not disconnect electric service to a pad site tenant for a billing period in which the mobile home park owner receives a pledge, letter of intent, purchase order, or other notification that the energy assistance provider is forwarding sufficient payment to continue service; and
- (C) **Disconnection during extreme weather.** A mobile home park owner shall not disconnect electric service to a pad site tenant on a day when:
 - (i) the previous day's highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours, according to the nearest National Weather Service (NWS) reports; or
 - (ii) the NWS issues a heat advisory for any county in which the mobile home park is located, or when such advisory has been issued on any one of the preceding two calendar days.

(f) **Submeters.**

(1) **Submeter requirements.**

- (A) **Use of submeter.** All electrical energy sold by an owner shall be charged for by meter measurements.
- (B) **Installation by owner.** Unless otherwise authorized by the commission, each owner shall be responsible for providing, installing, and maintaining

all submeters necessary for the measurement of electrical energy to its tenants.

- (2) **Submeter records.** Each owner shall keep the following records:
 - (A) **Submeter equipment record.** Each owner shall keep a record of all of its submeters, showing the tenant's address and date of the last test.
 - (B) **Records of submeter tests.** All submeter tests shall be properly referenced to the submeter record provided in this section. The record of each test made shall show the identifying number of the submeter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy), and sufficient data to permit verification of all calculations.
- (3) **Submeter unit indication.** Each meter shall indicate clearly the kilowatt-hours consumed by the tenant.
- (4) **Submeter tests on request of tenant.** Each owner shall, upon the request of a tenant, and if the tenant so desires, in the tenant's or the tenant's authorized representative's presence, make a test of the accuracy of the tenant's submeter. The test shall be made during reasonable business hours at a time convenient to the tenant desiring to observe the test. If the submeter tests within the accuracy standards for self-contained watt-hour meters as established by the latest edition of American National Standards Institute, Incorporated, (ANSI), Standard C12 (American National Code for Electricity Metering), a charge of up to \$15 may be charged the tenant for making the test. However, if the submeter has not been tested within a period of one year, or if the submeter's accuracy is not within the

appropriate accuracy standards, no charge shall be made to the tenant for making the test. Following completion of any requested test, the owner shall promptly advise the tenant of the results of the test.

- (5) **Bill adjustment due to submeter error.** If any submeter is found not to be within the accuracy standards in subsection (f)(4) of this section proper correction shall be made of previous readings. An adjusted bill shall be rendered in accordance with subsection (d)(6) of this section. If a submeter is found not to register for any period, unless bypassed or tampered with, the owner may make a charge for units used, but not metered, for a period not to exceed one month based on amounts used under similar conditions during periods preceding or subsequent thereto, or during the corresponding period in previous years.
- (6) **Bill adjustment due to conversion.** If, during the 90-day period preceding the installation of meters or submeters, an owner increases rental rates, and such increase is attributable to increased costs of electric service, then such owner shall immediately reduce the rental rate by the amount of such increase and shall refund all of the increase that has previously been collected within the 90-day period.
- (7) **Location of submeters.** Submeters, service switches, or cut-off valves in conjunction with the submeters shall be installed in accordance with the latest edition of ANSI, Standard C12, and will be readily accessible for reading, testing, and inspection, with minimum interference and inconvenience to the tenant.

- (8) **Submeter testing facilities and equipment.**
- (A) **Qualified expert.** Each owner engaged in electric submetering shall engage an independent qualified expert to provide such instruments and other equipment and facilities as may be necessary to make the submeter tests required by this section. Such equipment and facilities shall generally conform to the ANSI, Standard C12, unless otherwise prescribed by the commission, and shall be available at all reasonable times for the inspection by its authorized representatives.
- (B) **Portable standards.** Each owner engaged in electrical submetering shall, unless specifically excused by the commission, provide or utilize a testing firm which provides portable test instruments as necessary for testing billing submeters.
- (C) **Reference standards.** Each owner shall provide or have access to suitable indicating instruments as reference standards for insuring the accuracy of shop and portable instruments used for testing billing submeters.
- (D) **Testing of reference standards.** All reference standards shall be submitted once each year or on a scheduled basis approved by the commission to a standardizing laboratory of recognized standing, for the purpose of testing and adjustment.
- (E) **Calibration of test equipment.** All shop and portable instruments used for testing billing submeters shall be calibrated by comparing them with a reference standard at least every 120 days during the time such test

instruments are being regularly used. Test equipment shall at all times be accompanied by a certified calibration card signed by the proper authority, giving the date when it was last certified and adjusted. Records of certifications and calibrations shall be kept on file in the office of the owner.

(9) **Accuracy requirements for submeters.**

(A) **Limits.** No submeter that exceeds the test calibration limits for self-contained watt-hour meters as set by the ANSI, Standard C12, shall be placed in service or left in service. All electrical current transformers, potential transformers, or other such devices used in conjunction with an electric submeter shall be considered part of the submeter and must also meet test calibration and phase angle limits set by the ANSI Standard C12 and the ANSI Standard C57.13 for revenue billing. A nameplate shall be attached to each transformer and shall include or refer to calibration and phase angle data and other information required by the ANSI Standard C12 and the ANSI Standard C57.13 for revenue billing. Whenever on installation, periodic, or other tests, an electric submeter or transformer is found to exceed these limits, it shall be adjusted, repaired, or replaced.

(B) **Adjustments.** Submeters shall be adjusted as closely as possible to the condition of zero error. The tolerances are specified only to allow for necessary variations.

(10) **Submeter tests prior to installation.** No submeter shall be placed in service unless its accuracy has been established. If any submeter is removed from actual

service and replaced by another submeter for any purpose whatsoever, it shall be properly tested and adjusted before being placed in service again.

- (11) **Testing of electric submeters in service.** Standard electromechanical single stator watt-hour meters with permanent braking magnets shall be tested in accordance with the ANSI Standard C12 for periodic, variable interval, or statistical sampling testing programs. All other types of submeters shall be tested at least annually unless specified otherwise by the commission.
- (12) **Restriction.** Unless otherwise provided by the commission, no dwelling unit in an apartment house or mobile home park may be submetered unless all dwelling units are submetered.
- (13) **Same type meters required.** All submeters which are served by the same master meter shall be of the same type, such as induction or electronic.

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority. It is therefore ordered by the Public Utility Commission of Texas that §25.141, relating to Central System or Nonsubmetered Master Metered Utilities is hereby adopted with no changes to the text as proposed and §25.142, relating to Submetering for Apartments, Condominiums, and Mobile Home Parks is hereby adopted with changes to the text as proposed.

SIGNED AT AUSTIN, TEXAS this the 17th day of DECEMBER 2010.

PUBLIC UTILITY COMMISSION OF TEXAS

BARRY T. SMITHERMAN, CHAIRMAN

DONNA L. NELSON, COMMISSIONER

KENNETH W. ANDERSON, JR., COMMISSIONER

UTILI-FACTS

Central system or Nonsubmetered Master Metering

Texans living in apartments, condominiums, mobile home parks, and other multiple unit complexes have their electric power meters read by the complex or park management rather than by the electric company. This arrangement is known as submetering. Some other apartment residents don't have a separate meter for their unit but pay their share of the complex's total power bill based on the size of their apartment or condo.



This is known as central system or nonsubmetered master metering. Customers with either metering arrangement should know their rights and the landlord's responsibilities.

Rental Agreement Requirements

The rental agreement for every central system or nonsubmetered master metered residence shall include information on central system or nonsubmetered master metering as provided in this narrative or a copy of the Public Utility Commission rules (Section 25.141) that cover central system or nonsubmetered master metering <http://www.puc.texas.gov/agency/rules-laws/subrules/electric>.

The lease must also clearly state that the tenant is responsible for the cost of electricity serving their unit and all heated and/or air conditioned common areas, such as laundry rooms, community centers, and workout facilities.

Methods Used to Calculate Costs

Central system or nonsubmetered master metering utility bills are based on one or a combination of the following: 1. either the total square footage living area of the dwelling unit as a percentage of the total square footage living area of all dwelling units of the apartment house and all heated and/or air conditioned common areas or as the usage of the dwelling unit as a percentage of the sum of the individually metered or 2. submetered usage of all dwelling units.

If the percentage of area method is used, the percentage must be stated in each tenant's rental agreement.

Electric Bills

Electric bills for central system or nonsubmetered master metering customers should be sent out monthly, unless service is rendered for less than that period. The bill must use the same billing unit as used by the electric provider in its bill to the complex. The bill must include the payment due date, the meter reading, the rate per kilowatt hour and the total amount due for that billing period. Charges for central system or nonsubmetered master metering electricity must be billed separately from a tenant's bill for rent or any other charges. If electric charges are issued on a multiitem bill, utility billing information must be separate and distinct from any other charges on the bill. If a tenant's rental agreement requires him/her to pay a portion of the electricity costs for common areas, these costs must be billed separately and not included in the central system or non-submetered master metering electric bill.

If a tenant's payment is late, the landlord may charge a one-time, late payment penalty of no more than 5% of the amount due. It is a violation for a tenant's electric service to be disconnected for non-payment of rent. Disconnection of a dwelling unit by the apartment owner is governed by Texas Property Code §92.008(b). Disconnection of electric service by a retail electric provider is governed by PUC Substantive Rule §25.483(k).

Disconnection of service by an electric utility that is not a transmission and distributed utility is governed by §25.29(j) of this title (relating to Disconnection of Service).

If a central system or nonsubmetered master metering bill is found to have over or under charged a tenant, the landlord must calculate an adjustment. If a tenant is due a refund, the adjustment must be made for the entire period of the overcharges. If the complex under bills a tenant, the property owner may back bill the tenant for the amount of the underbilling for up to six months, unless the owner can provide records that justify back billing for a longer period. If the underbilling is \$25 or more, the apartment owner must offer the tenant a deferred payment plan option for the same length of time as the underbilling.

The property manager must keep records of the complex's electric bills, calculation of average cost of electricity,

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(continued from front)
submetering reports, and submeter tests for the current month plus the previous 12 months. Tenants have the right to inspect any of these reports during normal business hours or at a time mutually arranged between the tenant and the property manager.

Disputes

In the event of a dispute between the tenant and the owner

regarding any bill, the tenant can file a complaint with the owner. The owner has 30 days from the date of dispute notification to investigate and report the results to the tenant. If the tenant is dissatisfied with the results of the investigation, the owner shall inform the tenant of the Public Utility Commission of Texas complaint process, giving the tenant the address and telephone number of the Commission's Customer Protection Division.

QUESTIONS:

Call: 1-888-782-8477, in Austin 512-936-7120
(TTY 512-936-7136) (FAX 512-936-7003)

Write: PUC - Customer Protection Division
P.O. Box 13326, Austin, TX 78711-3326

Online: <http://www.puc.texas.gov/consumer/complaint/Complaint.aspx>



