

CHAPTER 18.

PROVISION OF WATER AND SEWER SERVICE BY LESSORS.

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CHAPTER 18

PROVISION OF WATER AND SEWER SERVICE BY LESSORS.

Rule R18-1. APPLICATION.

This Chapter governs charging for the costs of providing water or sewer utility service by a lessor to a lessee as authorized by G.S. 62-110(g).

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-2. DEFINITIONS.

- (a) *Apartment.* A building containing multiple residential dwelling units. For the purposes of these Rules, townhouses, row houses, and/or condominiums shall be considered apartments.
- (b) *Apartment complex.* Premises where one or more buildings under common ownership comprising 15 or more apartments are available for rental to lessees.
- (c) *Contiguous dwelling units.* An apartment complex or manufactured home park located on property that is not separated by property owned by others. Property will be considered contiguous even if intersected by a public thoroughfare if, absent the thoroughfare, the property would be contiguous.
- (d) *Dwelling unit.* A house, mobile home, apartment, building, or other structure used for residential purposes.
- (e) *Leased premises.* A house, mobile home, apartment, building, or any combination thereof which are leased for residential purposes.
- (f) *Lessee.* A person who leases a dwelling unit from the lessor.
- (g) *Lessor.* A person, entity, corporation, or agency who owns 15 or more dwelling units which are available for lease. The lessor is also known as the landlord.
- (h) *Manufactured home park.* Premises where a combination of 15 or more manufactured homes, as defined in G.S. 143-145(7), or spaces for manufactured homes, are rented to or are available for rental to lessees.
- (i) *Provider.* The lessor purchasing water or sewer utility service from a supplier and charging for the costs of providing the service or services to lessees. The provider shall be the owner of the residential premises served.
- (j) *Single-family dwelling.* An individual, freestanding, unattached dwelling unit, typically built on a lot larger than the structure itself, resulting in an area surrounding the house known as a yard, which is rented or available for rental as a residence.
- (k) *Supplier.* A public utility or an agency or organization exempted from regulation from which a provider purchases water or sewer service.
- (l) *Supplier's base charge.* The fixed charge imposed by the supplier for providing water and sewer utility service to the provider. This charge may include charges related to the provision of utility service such as the cost of meter reading, billing, and collecting, but may not include charges not related to the provision of utility service, such as stormwater fees, trash collection, or property taxes.

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-3. UTILITY STATUS; CERTIFICATE; BONDS.

Every provider is a public utility as defined by G.S. 62-3(23)a.2 and shall comply with all applicable provisions of the Public Utilities Act and all applicable rules and regulations of the Commission. No provider shall begin charging for the costs of providing water or sewer service prior to applying for and receiving a certificate of authority from the Commission. No provider shall be required to post a bond pursuant to G.S. 62-110.3.

Every application for authority to charge for the costs of providing water or sewer service by an applicant owning an apartment complex or manufactured home park shall be in such form and detail as the Commission may prescribe and shall include (a) a description of the applicant and the property to be served, (b) a description of the proposed billing method and billing statements, (c) a schedule of the rates charged to the applicant by the supplier(s), (d) the schedule of rates the applicant proposes to charge the applicant's lessees, (e) the administrative fee proposed to be charged by the applicant, (f) the name of and contact information for the applicant and its agents, (g) the name of and contact information for the supplying water or sewer system, and (h) any additional information that the Commission may require.

Every application for authority to charge for the costs of providing water or sewer service by an applicant owning a single-family dwelling shall be in such form and detail as the Commission may prescribe; shall allow the applicant to serve multiple dwellings in the State subject to an approval by the Commission; and shall include (a) a description of the applicant and a listing of the addresses of all properties to be served. An updated listing of addresses served by the applicant shall be provided to the Commission annually, (b) a description of the proposed billing method and billing statements, (c) the administrative fee proposed to be charged by the applicant, (d) the name of and contact information for the applicant and its agents, (e) the name of the water and/or sewer supplier, and (f) any additional information that the Commission may require.

The Commission shall approve or disapprove an application within 30 days of the filing of a completed application with the Commission. In the event an application is found to be incomplete as submitted, the applicant will be notified accordingly. If the Commission has not issued an Order disapproving a completed application within 30 days, the application shall be deemed approved.

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-4. COMPLIANCE WITH RULES.

Every provider shall comply with any applicable rules of local governmental agencies regarding the provision of water or sewer service.

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-5. RECORDS, REPORTS AND FEES.

(a) All records shall be kept at the onsite management office or office(s) of the provider in North Carolina, or shall be made available at its onsite management office in North Carolina upon request, and shall be available during regular business hours for examination by the Commission or Public Staff or their duly authorized representatives. Within three business days after a written request to the provider, a lessee may examine the records pertaining to the lessee's account during regular business hours and may obtain a copy of those records at a reasonable cost, which shall not exceed 25¢ per page. However, if a provider does not have an onsite management office at the multi-unit complex or in close proximity to the leased single-family dwelling, then the provider shall in good faith, upon written request, establish with the lessee a mutually-acceptable arrangement for the lessee to examine the records pertaining to the water and/or sewer service for the leased dwelling unit occupied or previously occupied by the lessee. In the event that a provider and lessee are unable to reach agreement within 10 business days, the lessee may contact the Public Staff – North Carolina Utilities Commission, Consumer Service Division, at (866) 380-9816 (toll-free) or 919-733-9277 or may write to the Public Staff – North Carolina Utilities Commission, Consumer Services Division, at 4326 Mail Service Center, Raleigh, North Carolina 27699-4300 for assistance in resolving the dispute. If the Public Staff determines that it cannot reasonably resolve the disagreement, the matter shall be referred to the Commission.

(b) Providers shall not be required to file an annual report to the Commission as required by Chapter 1, Rule R1-32 of the Rules and Regulations of the North Carolina Utilities Commission except as required by Commission Rule R18-3. Providers shall pay a regulatory fee and file a regulatory fee report as required by Chapter 15, Rule R15-1. Special reports shall also be made concerning any particular matter upon request by the Commission.

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-6. RATES.

(a) The rates shall equal the cost of purchased water or sewer service (The usage rate charged by the provider shall equal the usage rate charged by the supplier.). A Commission-approved administrative fee not to exceed \$3.75 may be added to the cost of purchased water and sewer service to compensate the provider for meter reading, billing, and collection. A provider whose schedule of rates and fees does not include a separate base charge to the lessee may request approval of a pass through of the base charge from the supplier to be included in the administrative fee resulting in a request for approval by the provider of a total monthly administrative fee greater than \$3.75. With the exception of base charges approved before August 1, 2004, all charges other than the administrative fee shall be based on lessees' metered consumption of water. All sewer service shall be measured based on the amount of water metered. Metered consumption of water shall be determined by metered measurement of all water consumed by the lessee, and not by any partial measurement of water consumption (i.e., ratio utility billing system (RUBS) and hot water capture, cold water allocation (HWCCWA) are not allowed), except as permitted in G.S. 62-110(g)(1a) and Commission Rule R18-8).

(b) A provider of water or sewer service may track increases in the unit consumption rate charged by the supplier of such service, and may (subject to limitations imposed by Commission Rules) change its administrative fee, by filing with the Commission a notification of revised schedule of rates and fees. Every notification of revised schedule of rates and fees shall be in such form and detail as the Commission may prescribe and shall include (1) the current schedule of the unit consumption rates charged by the provider, (2) the schedule of unit consumption rates charged by the supplier to the provider that the provider proposes to pass through to the provider's lessees, (3) the schedule of the unit consumption rates proposed to be charged by the provider, (4) the current administrative fee charged by the provider, and, if applicable, (5) the administrative fee proposed to be charged by the provider. Any such notification of revised schedule of rates and fees shall be presumed valid and shall be allowed to become effective simultaneously with the increase in the unit consumption rate of the supplier upon 14 days' notice to the Commission, unless otherwise suspended or disapproved by Commission Order issued within 14 days after filing.

(c) Every request for approval of a monthly fixed administrative fee in excess of \$3.75 shall include (1) the provider's current and proposed cost of meter reading, billing, and collection not to exceed the Commission-approved amount of \$3.75, (2) the current or proposed base charge from the supplier, if applicable, (3) the total proposed monthly fixed administrative fee, and (4) the number of lessees to whom water or sewer service is provided. Any such request shall be suspended for a period of 30 days after filing.

(d) The provider may impose a returned check charge, not to exceed the maximum authorized by G.S. 25-3-506, for a check on which payment has been refused by the payor bank because of insufficient funds or because the lessee did not have an account at that bank.

(e) No provider shall charge or collect any greater or lesser compensation for the costs of providing water or sewer service than the rates approved by the Commission.

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. WR-100, Sub 7, 01/10/12; NCUC Docket No. WR-100, Sub 10; 04/04/2018.)

Rule R18-7. DISCONNECTION; BILLING PROCEDURE; METER READING.

- (a) No charge for connection or disconnection, charge for late payment, or similar charge in addition to the rate specified in Rule R18-6 shall be allowed.
- (b) A returned check charge as provided for in Rule R18-6(d) shall be allowed.
- (c) No provider may disconnect water or sewer service for nonpayment.
- (d) Bills shall be rendered at least monthly.
- (e) The date after which a bill for water or sewer utility service is due, or the past due after date, shall be disclosed on the bill and shall not be less than 25 days after the billing date.
- (f) A provider shall not bill for or attempt to collect for excess usage resulting from a plumbing malfunction or other condition which is not known to the lessee or which has been reported to the provider.
- (g) Every provider shall provide to each lessee at the time the lease agreement is signed, and shall maintain in its business office, in public view, near the place where payments are received, the following:
 - (1) A copy of the rates, rules and regulations of the provider applicable to the premises served from that office.
 - (2) A copy of these rules and regulations.
 - (3) A statement advising lessees that they should first contact the provider's office with any questions they may have regarding bills or complaints about service, and that in cases of dispute, they may contact the Commission either by calling the Public Staff - North Carolina Utilities Commission, Consumer Services Division, at (866) 380-9816 (toll-free) or 919-733-9277, or by appearing in person or writing the Public Staff - North Carolina Utilities Commission, Consumer Services Division, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300.
- (h) Each provider shall adopt some means of informing its lessees as to the method of reading meters. Information on bills shall be governed by Chapter 7, Rule R7-23 and Chapter 10, Rule R10-19. Additionally, the bill shall contain a toll-free phone number for contacting the provider or the agent regarding service or billing matters. Adjustment of bills for meter error shall be governed by Chapter 7, Rule R7-25. Testing of water meters shall be governed by Chapter 7, Rules R7-28 through R7-33.

(NCUC Docket No. WR-100, Sub 5, 08/01/04, 01/20/05; NCUC Docket No. M-100, Sub 140, 12/03/13; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-8. HOT WATER CAPTURE, COLD WATER ALLOCATION.

(a) Pursuant to G.S. 62-110(g)(1a), if the leased premises are contiguous dwelling units built prior to 1989, and the provider determines that, due to the plumbing configuration of the building, measurement of the lessee's total water usage is impractical or is not economical, the provider may estimate each lessee's total water usage based upon the hot water usage of each lessee as a percentage of all of the lessees' hot water usage.

(b) The provider must file the appropriate application (Application for Certificate of Authority to Charge for Water and/or Sewer Service Utilizing the Hot Water Capture, Cold Water Allocation Method and for Approval of Rates for Apartment Complexes and Manufactured Home Parks) and receive Commission authorization prior to commencing utilization of the hot water capture, cold water allocation method of estimating water usage.

(c) The provider shall not include in a lessee's bill the cost of water and sewer service used in common areas or water loss due to leaks in the provider's water mains. A provider shall not bill or attempt to collect for excess water usage resulting from a plumbing malfunction or other condition that is not known to the lessee or that has been reported to the provider. The provider may choose to satisfy the common area water usage exclusion utilizing one of the following methods (the default method is method 1.):

- (1) The provider shall reduce the total water amount of water purchased by 20%;
- (2) Where all common areas are separately metered, the provider shall subtract the actual common area usage from the total amount of water purchased. The provider shall provide the Commission and the Public Staff with a quarterly report (filed 45 days after the end of each quarter) documenting the common area metered usage, the total amount of water purchased, and the computation of the lessees' bills;
- (3) Where no common areas are separately metered, the provider shall subtract 15% from the total amount of water purchased where there is an installed landscape irrigation system and subtract 5% from the total amount of water purchased for each swimming pool or laundry room. The provider shall provide the Commission and the Public Staff with a quarterly report (filed 45 days after the end of each quarter) documenting the common area allocated usage, the total amount of water purchased, and the computation of the lessees' bills; and
- (4) Where some common areas are separately metered and some are not metered, the provider shall subtract the actual common area usage from the total amount of water purchased and shall subtract 15% from the total amount of water purchased where there is an unmetered installed landscape irrigation system and subtract 5% from the total amount of water purchased for each unmetered swimming pool or laundry room. The

provider shall provide the Commission and the Public Staff with a quarterly report (filed 45 days after the end of each quarter) documenting the common area metered usage, common area allocated usage, the total amount of water purchased, and the computation of the lessees' bills.

(d) The provider shall furnish a water/sewer utility bill to the lessees which clearly states that the hot water capture, cold water allocation method of estimating the bill has been utilized and contains the following information for each monthly billing period:

- (1) Total amount of water purchased by the provider;
- (2) Total amount of water purchased less the metered and/or allocated common area usage (utilizing one of the methods above (1-4));
- (3) Total amount of hot water measured for all lessees;
- (4) Amount of hot water measured for the individual lessee;
- (5) Amount of water the individual lessee is being billed;
- (6) Amount owed for the current billing period;
- (7) Beginning and ending dates for the billing period;
- (8) Past due date; and
- (9) A local or toll-free telephone number and address that the lessee can use to obtain more information about the bill.

(e) The provider shall not utilize a ratio utility billing system or other allocation billing system that does not rely on individually submetered hot water usage to determine the allocation of water and sewer usage.

(NCUC Docket WR-100, Sub 7, 01/10/12; NCUC Docket No. WR-100, Sub 10, 04/04/2018.)

Rule R18-9. Reserved.

Rule R18-10. Reserved.

Rule R18-11. Rescinded August 1, 2004.

Rule R18-12. Rescinded August 1, 2004.

Rule R18-13. Rescinded August 1, 2004.

Rule R18-14. Rescinded August 1, 2004.

Rule R18-15. Rescinded August 1, 2004.

Rule R18-16. Rescinded August 1, 2004.

Rule R18-17. Rescinded August 1, 2004.