

SUB-BILLING - ASSOCIATIONS

FOR WATER &
WASTEWATER ONLY



INDIANA UTILITY REGULATORY COMMISSION (COMMISSION OR IURC) | NEW SUB-BILLING RULE EFFECTIVE MAY 18, 2024 (170 IAC 15)

Sub-billing is a form of billing from a condominium/homeowners association (association) to their co-owners/members for water/wastewater utility services. It allows an association to collect from co-owners/members for separately billed utility services without being considered a public utility. If an association is sub-billing co-owners/members, compliance with the statutes regarding sub-billing is essential to prevent under or over collecting. Failure to comply could lead to a Commission investigation and/or becoming a public utility with rates regulated by the IURC.*

ALL SUB-BILLS MUST CONTAIN THE FOLLOWING:

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| ☐ The sub-billing date | ☐ If it is an estimated sub-bill, a clear and conspicuous coding or other indication identifying the sub-bill as an estimated sub-bill |
| ☐ The sub-billing rate charged | |
| ☐ The previous balance, if any | ☐ An explanation, which can be readily understood, of all codes and symbols, shown on the sub-bill |
| ☐ The amount of the sub-bill | |
| ☐ The amount of the co-owners'/members' usage, if applicable | ☐ The name and telephone number of a person for tenants to contact about sub-billing and service matters |
| ☐ The amount of an initial setup fee, if any | ☐ If co-owners'/members' usage is sub-metered, the dates and meter readings of each tenant's sub-meter at the beginning and end of the period for which the sub-bill is rendered |
| ☐ A reasonable administrative fee, if any, not to exceed the statutory limit of \$4 | |
| ☐ The amount of any insufficient funds fee, if due | ☐ The date on which the sub-bill is due |
| ☐ The beginning and end date of the sub-billing period | ☐ The name and address of the co-owner/member sub-billed, as well as the address of the unit |
| ☐ The following statement in full: "If you believe you are being charged in violation of this disclosure or if you believe you are being billed in excess of the utility services provided to you as described in this disclosure, you have a right under Indiana law to file a complaint with the Indiana Utility Regulatory Commission. You may contact the Commission at [(800)-851-4268 or www.in.gov/iurc]" | |

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ADDITIONAL ITEMS TO CONSIDER UNDER INDIANA LAW:

- 1 The association must timely remit payment on the master bill.
- 2 If the association uses a third-party billing company that is not sub-billing in accordance with the law, the association is responsible for the failure to comply.
- 3 Late fees are not permitted on sub-bills, nor are any other fees unless the other fees are for separate services and separately itemized on the bill.
- 4 Sub-bills must be:
 - a. Sent with a consistent frequency, and
 - b. Allow at least 17 days for payment of the sub-bill
- 5 Associations are only allowed to sub-bill their co-owners/members the amount the association is billed by, and pays to, the water/wastewater utility.
- 6 The Association is required to provide information to the IURC sufficient to allow the IURC to investigate compliance with the sub-billing laws.

*Please note: Meeting the above requirements does not guarantee that you are sub-billing correctly. Please see Indiana Code section 8-1-2-1.2 (<https://iga.in.gov/laws/2024/ic/titles/8#8-1-2-1.2>) and the Commission rules in Indiana Administrative Code 170 IAC Article 15 (<http://www.in.gov/legislative/iac/T01700/A00150.PDF>) to assure compliance with all of the requirements.

SUB-BILLING - ASSOCIATIONS (CONTINUED) | FOR WATER & WASTEWATER ONLY

Below are three methods that can be utilized by associations to collect utility charges from co-owners/members, as well as an example and sample calculation. Please see Ind. Code section 8-1-2-1.2 and the Commission rules in Indiana Administrative Code 170 IAC Article 15 for full requirements. An association may be the customer of record on the bills from the local water or wastewater utility and pass through the charges to its co-owners/members without falling under the sub-billing laws.

1 RENT

The association may include utility charges in the total association fees.

EXAMPLE: Sunny Side Condominiums charges \$100 per month for association fees, which includes water and wastewater services.

NO CALCULATION

2 SUB-METER

The association may sub-meter, in which each co-owner/member is billed for their usage based on actual meter reads. ***This is the preferred method of sub-billing.***

EXAMPLE: Sunny Side Neighborhood has 100 residential units, and the community gets one water bill per month from the city. Each month, the association calculates the rate for all of the households based on total water charges and usage. If a resident's sub-meter measured 3,500 gallons for April, they would be charged the calculated rate for each gallon used that month.

SAMPLE CALCULATION: Master water charges total \$5,000 for the consumption of 4,000 CCF (approx. 3,000,000 gallons). This includes tax, fire protection, base fees, and usage. Sample resident usage in this example is 3,500 gallons.

Step 1. \$5,000 total bill divided by 4,000 CCF for that bill, then divided by 750 (there are 750 gallons per CCF) = \$0.001667 per gallon

Step 2. \$0.001667 multiplied by sample resident's 3,500 gallon usage = **\$5.83 total water charges**

3 RUBS (RATIO UTILITY BILLING SYSTEM)

The association can bill based on RUBS, in which the co-owner/member are billed using occupancy, square footage, or a combination of both, as long as it is calculated correctly.

EXAMPLE: Sunny Side Condominiums has 100 units and bills based on RUBS. The association receives a water bill for \$5,000 from the city. Each resident pays a small portion of the remaining water and wastewater bill.

SAMPLE CALCULATIONS:
Resident count example: Total water charges for the community - \$5,000. Total number of residents - 365. \$5,000 divided by number of residents (365) = **\$13.69 per sample resident**

Square footage example: Total water charges - \$5,000. Total square footage - 236,904. Sample resident home square footage - 750. \$5,000 divided by total square footage (236,904) = \$0.021105 per square foot. \$0.021105 multiplied by 750 square foot home = **\$15.83 total water charges**

QUESTIONS?

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