

SUB-BILLING - LANDLORDS

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 landlord to their tenants for water/wastewater utility services. It allows a landlord to collect from tenants for separately billed utility services without being considered a public utility. If a landlord is sub-billing tenants, compliance with the statutes and rules regarding sub-billing is essential to prevent under or over collecting. Failure to comply could lead to a Commission investigation 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 | ☐ An explanation, which can be readily understood, of all codes and symbols, shown on the sub-bill |
| ☐ The previous balance, if any | ☐ The name and telephone number of a person for tenants to contact about sub-billing and service matters |
| ☐ The amount of the sub-bill | ☐ If tenants' usage is sub-metered, the dates and meter readings of each tenant's sub-meter at the beginning and end of the period for which the sub-bill is rendered |
| ☐ The amount of the tenant's usage, if applicable | ☐ The date on which the sub-bill is due |
| ☐ The amount of an initial setup fee, if any | ☐ The name and address of the tenant being sub-billed, as well as the address of the unit |
| ☐ A reasonable administrative fee, if any, not to exceed the statutory limit of \$4 | |
| ☐ The amount of any insufficient funds fee, if due | |
| ☐ The beginning and end date of the sub-billing period | |
| ☐ 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 landlord must timely remit payment on the master bill.
- 2 If the landlord uses a third-party billing company that is not sub-billing in accordance with the law, the landlord is responsible for the failure to comply.
- 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 Landlords are only allowed to sub-bill to their tenants the amount the landlord is billed by, and pays to, the water/wastewater utility, less the landlord's own use.
- 6 The Landlord 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.

Below are three methods that can be used by landlords to collect utility charges from tenants, 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. A landlord may be the customer of record on the bills from the local water or wastewater utility and pass through the charges to the tenants without falling under the sub-billing laws.

1 RENT

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

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

NO CALCULATION

2 SUB-METER

The landlord may sub-meter, in which each tenant is billed for their usage based on actual meter reads. ***This is the preferred method of sub-billing.***

EXAMPLE: Sunny Side Apartments has 100 apartment homes, and the complex gets one water bill per month from the city. Each month, the landlord or 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 landlord can bill based on RUBS, in which the tenants are billed using occupancy, square footage, or a combination of both, as long as it is calculated correctly.

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

SAMPLE CALCULATIONS:

Resident count example: Total water charges for the apartment complex - \$5,000. Total number of residents - 365. Common area deduction - 10%. \$5,000 minus 10% = \$4,500. \$4,500 divided by number of residents (365) = **\$12.33 per sample resident**

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

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.