

**CITY OF NEWARK
STORMWATER UTILITY PROGRAM****POLICY: BILLING ADJUSTMENTS****DISCUSSION:**

During the billing system development process, errors will be made and not discovered until after live billing occurs. Depending on the type of error that was made, adjustments will need to be made to a customer's bill. Typically, some of these types of errors are as follows:

- Incorrect master account selected;
- Account number matched with incorrect property;
- Measured impervious area was either too low or too high;
- Incorrect consolidation of adjacent and contiguous properties.

If the database technician had selected an incorrect master account for billing, normally the customer will call and ask that the stormwater charges be billed on another account. The City can either ask the customer to pay the current bill and have the stormwater charges appear on the correct bill the next month, or they can credit the incorrect bill and generate a new bill with the charges appearing on the correct bill. This type of error usually does not require adjustments to the amount billed.

The database technician may have matched an account number to an incorrect property. This type of error is hard to discover unless the stormwater charges far exceed the amount that the customer expected to be billed. Usually these errors are discovered when the customer makes an in-person visit and reviews the aerial photography information. This type of error will affect more than one customer's bill, and usually requires a billing adjustment for both accounts. In most cases, one of the bills needs to be credited due to an overcharge, and the other bill needs to be debited due to being charged incorrectly.

In the event that the measured impervious area was either too high or too low, due mostly to incorrect interpretation of impervious areas by the technician, either a debit or a credit adjustment will need to be made. These errors are also difficult to discover and usually result from either an in-person visit or by the customer having the impervious area measured by an independent party.

Incorrect consolidation of adjacent and contiguous properties can occur, and are usually made by a technician when using less than current ownership data. The database reconciliation process is completed in part with data that is not updated on a daily basis. Property transfers generally cause this type of error. If ownership of a property has changed, the consolidated parcel must be "split" from the consolidation. Billing adjustments will need to be made to at least two accounts. The

previous owner will need to receive a credit, and the new owner will need to receive a debit for stormwater charges.

The main issue that arises when errors are discovered that require billing adjustments, is the amount of time that the City of Newark will accept and make retroactive billing adjustments. The Project Team's knowledge of how these adjustments have been handled by other stormwater programs is quite varied. Some of the approaches used by other stormwater programs are as follows:

- Allow retroactive billing adjustments as an on-going policy, with no time limit;
- Limit retroactive billing adjustments for a specified period of time (usually one year or less);
- Do not allow any retroactive billing adjustments;
- Only allow retroactive billing adjustments for certain types of errors (measurement errors, for example) with no time limit;
- Only allow retroactive billing adjustments for certain types of errors (measurement errors, for example) only for a specified period of time (usually one year or less).

Allowing retroactive billing adjustments will increase the workload of the Utility Billing Department and/or Stormwater Department personnel, at least temporarily. However, allowing customers to receive adjustments and making them retroactive would appear to be a good customer service benefit.

In most cases, the City of Newark will refund overcharges to a customer for the entire timeframe for which they have been overcharged. However, a customer that has underpaid charges will most likely begin paying the corrected charges from the point of discovery, forward. Good customer service should apply to these scenarios. This policy primarily applies to and protects the customer that has been undercharged.

The Project Team understands that a billing adjustment policy currently exists for the water utility in situations where a customer requests a water meter test. If it is determined that a water meter is not registering flow within a 5% tolerance, a customer may receive billing adjustments for up to a one year period. City staff has indicated that a similar policy for stormwater billing adjustments is desired.

RECOMMENDATION:

The Project Team recommends that the City of Newark allow for retroactive billing adjustments for any and all types of discovered billing errors, for a period not to exceed one year following the billing date that precedes discovery of the error. Exceptions and variations to this policy are expected as good customer service benefits should be applied whenever possible.

ACTION:

The Technical Advisory Committee reviewed, discussed and approved this Billing Policy Paper on April 26, 2005.

Approved: Tim Welsert

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Tim Welsert
Director of Public Service
Newark, Ohio 43055