



Utility Billing and Customer Account Management Policy and Procedure

POLICY

The City of Newfolden will maintain positive customer relations with residents of Newfolden during the connection, disconnection, billing, and payment collections of utility services. The City Administrator will work with customers to provide service information, scheduling of services, billing for services, and securing payments on utility accounts. Utility billing may include electric, water, sewer, refuse, and mosquito spray.

A. Establishing an Account

When a customer requests utility services with the City of Newfolden, they are agreeing to abide by the terms and conditions for the Sale of Utilities and this Service Policy.

1. Requesting Utility Service:

Request for utility service can be done at the City Office or via the telephone. Customers will need to provide the following:

- 1.1. Name
- 1.2. Service Address
- 1.3. Mailing Address
- 1.4. Phone Number
- 1.5. Employer
- 1.6. A signed Utility agreement form

2. Security Deposit:

- 2.1. The City of Newfolden shall require a customer utility deposit for establishing water, wastewater, electrical, and refuse accounts. The customer utility deposit shall be a flat rate of \$200.00.
- 2.2. The security deposit shall accrue interest at an annual rate of 3%. A refunded security deposit will include interest accrued to the date of the refund.
- 2.3. The utility deposit will be applied to the utility account upon closeout of the account; any remaining balance will be refunded to the customer.
- 2.4. *Grandfather clause* – The security deposit will be waived if the following conditions are met:
 - 2.4.1. If the property owner has been recorded as the primary payer of an electric, water, sewer, and/or refuse utility, **for that specified account or unit**, for a period of twelve (12) or more consecutive months, and;
 - 2.4.2. Prior to August 1, 2006, the property owner has never been imposed a security deposit fee, and;
 - 2.4.3. Utility service contracts with the property owner have been in good standing for the previous twelve (12) consecutive months.

3. Service Contracts:

- 3.1 *Owner responsibility* – Effective September 1, 2006, utility service may only be placed in the property owner’s name.
- 3.2 *Rental property* – At the property owner’s request, the City will mail monthly utility bills directly to the tenant(s); payment reminders and notices of disconnection will be mailed to the property owner and tenant.
- 3.3 *Vacant rentals, vacant homes, vacations* – owner shall be charged the basic rate for electric, water, and wastewater regardless of dwelling occupancy. The owner may request that water and electricity be disconnected; in this instance a basic rate will not be applied monthly. A water reconnection fee of \$25.00 and an electric reconnection fee of \$25.00 will be applied when service is reinstated.
- 3.4 *Snowbird provision* – a ‘paper’ disconnection can be arranged for those residents whose home will be vacated for a period of time exceeding three consecutive months. All rates will be applied to any usage indicated by the water and/or electric meter. A \$25.00 reconnect fee will apply when service is reinstated.
- 3.5 *Refuse* – at a tenant’s request, refuse fees will be waived to any account vacated for a minimum of 30 days.

4. Service:

- 4.1 Sewer, water, electric, refuse, mosquito, and CI Fees. Each single-family dwelling shall be considered one ERU (Equivalent Residential Unit). Each school building, church building, or other public buildings shall be considered one ERU. Apartment buildings or multi-family dwellings will be deemed one ERU per apartment unit or family residence. Each single business building shall be considered one ERU for billing purposes.
- 4.2 Each ERU may have multiple water or electric meters. Each additional meter will be coded as a dual meter Base rate with additional usage rates applied as defined by the utility rate structure.

5. Utility Connection:

- 5.1 Utilities shall be turned on only if the account balance at the service address is current and only if the customer has no other outstanding utility accounts. The accounts must be paid in full prior to connection.
- 5.2 Customers must allow two business days for completion of a utility service request. Service may occur sooner.

6. Meter Charges:

- 6.1 The City of Newfolden retains ownership of all electric and water meters. However, the property owner will be held liable for the repair of meters that are carelessly or intentionally damaged. If a resident believes there is a problem with their meter and, after routine inspection, requests further testing and verification, the following applies:
 - 6.1.1 If testing reveals a problem with the said meter, the City will pay for the associated costs of testing and subsequent repair, however;
 - 6.1.2 If testing reveals a correctly functioning meter, the home-owner is responsible for associated costs of testing.

B. Billing Cycle

- 1. **Meter Reading Dates** – Meters will be read on or about the 20th day of each month.
 - 1.1. Meters will be manually read and documented for calculation of consumption.
 - 1.2. Customers may contact the City Office to obtain the meter readings used to calculate the consumption amounts reflected on their monthly bills.
 - 1.3. *Estimated Bills* - If meters are not accessible to the meter reader (i.e. dogs, fences, locked gates, etc.) the consumption will be estimated and the customer will be asked to provide the accurate meter reading. Resulting over or under charges shall be accounted for in a subsequent month when the meter can be read.
 - 1.4. *Leaks* – If a customer receives a higher than normal reading and the reading has been verified for accuracy. The customer may wish to evaluate explanations for higher water consumption or leaks in their system. Leaks are not uncommon, and the following things should be checked;
 - 1.4.1.1. Toilet valves

1.4.1.2.Drips from faucets

1.4.1.3.Wet spots outside

1.4.1.4.Cracks in the underground pipes

Leaks should be repaired promptly to prevent water loss and high water bills. Leaks from the water main or curb-stop, to the dwelling, are the responsibility of the customer or home-owner.

2. **Billing Dates** – Bills will be sent out in the first week of every month.
3. **Due Dates** – Payment for utility services is due on or before the 20th of each month. If payment is not received by the due date, a \$10.00 late fee will be applied to the amount due.
4. **Shutoff Date** –
 - 4.1. See section E, referencing late payments.
 - 4.2. Once notification is received that an account will be disconnected or shifted to another customer's name, a final reading will be conducted on the date specified. The final billing will reflect the consumption to this date.

C. Payment Options

Utility services may be paid by cash, checks, and money orders. For your convenience, the City of Newfolden accepts payment a variety of ways:

1. **Mail** – If you choose to mail a check each month, please include your bill stub for more accurate service. Please do not mail cash. Payments may be mailed to: City of Newfolden
P.O. Box 188
Newfolden, MN 56738
2. **In Person** – Utility payments can be made in person at the Newfolden City Office. Hours the office is open to the public is 8:30 AM to 1:00PM. Please indicate if you would like a written receipt for your payment.
3. **Drop-Box** – We have one drop-box located in the entrance of the Newfolden Community Center, located at 145 East First Street. Cash payment is discouraged when using this method of payment.

D. Returned Payment Items

If a payment is returned to the City of Newfolden by your financial institution, we will require immediate repayment. The repayment must be made by cash, cashier's check, or money order at the City Office. You will be charged a \$30.00 processing fee for the returned payment item.

E. Late Payments

Unlike many things a customer buys, payment for utility service occurs after it has been used. Payment is therefore, requested upon receipt of the bill.

1. Delinquency Process:

- 1.1.1. The bill is considered past due after the 20th date of each month.
- 1.1.2. A notice of delinquent status will be reviewed the first Monday of each month. Delinquent notices and related information, including customer rights and responsibilities, energy assistance resources, Inability to Pay Forms, Third Party Notice, and contact information will be mailed to customers the following Tuesday.
- 1.1.3. A shut-off list will be confirmed the third Monday of each month. Accounts not paid in full will be disconnected on or after this date. A reconnection fee of \$75.00 and the total amount due, including penalty must be paid before service will be resumed. The City of Newfolden reserves the right to disconnect any or all of a customer's services for non-payment of past due bills or for utility payment items returned unpaid by a financial institution.
- 1.1.4. A customer, in delinquent bill status, may contact the City Office to make payment arrangements or receive information regarding agencies that may provide assistance. Without acceptable arrangements or payment, service will be disconnected until payment is received. Late fees will continue to accrue on past due amounts.
- 1.1.5. Former customers who have not paid their bill in full to the City of Newfolden may have their account referred to a collection agency. At the time the account is referred, a collection fee equal to the amount of the collection's agency's charge for collecting the account will be added to the customer's account. Most collection agencies charge a fee which is a percentage of the amount collected, generally about 50%.

F. Billing Errors

- 1. When a customer has been overcharged as a result of incorrect meter readings, incorrect application of the rate schedule, incorrect connection of the meter, faulty meter or other similar reasons, the amount of the overcharge shall be credited to the customer or refunded to "final" accounts. Billing adjustments shall be limited to a maximum three-year period from the time of discovery except for cases involving the misapplication of a rate schedule, which shall be limited to a maximum one-year period. Billing adjustments resulting in a credit balance that is greater than three (3) months' average billing will be refunded by check. Other billing adjustments will remain as a credit balance on the account.
- 2. When a customer has been undercharged as a result of the same reasons as in Section 1, the amount of undercharge shall be billed to the customer. The revised billing shall be incorporated with the regular bills and the charges explained in detail. These shall be for a maximum two-year period from the time of discovery allowed for recalculating undercharges except for cases involving fraud or misrepresentation. There shall be a one-year back-billing period for undercharges as the result of the misapplication of a rate schedule.

G. Utility Rate Structure

The attached table identifies the various utility rates for each utility service. Definitions are provided for the following:

- 1. **Residential rate** – this applies to homeowners and rental property.
- 2. **Commercial rate** – this applies to business enterprises.
- 3. **Dual Meter rate** – this applies to physical accounts with more than one electric or water meter.

4. **Exempt rate** – this applies to rates which are exempt from taxation. Residents who receive heat via electric or electric backup are exempt from electrical service taxation during the months of November through April of each year. Certain businesses or organizations are exempt from payment of taxes on utility services.
5. **Industrial rate** - this applies to Sewer utility service with multiple access lines. This rate is determined by the City Administrator.
6. **Senior rate** – this applies to the Refuse utility service. Individual’s 62 years of age and older are eligible to receive this rate.
7. **Monthly Base or Fixed rate** – this refers to a fixed fee or minimum rate applied to a service.
8. **Monthly Usage rate** – this refers to utility fees calculated on the amount of service (i.e. electricity or water) used by the account.
9. **Electric** – refers to those accounts who receive electrical service, most accounts are monitored through use of an electrical meter.
10. **Water** – refers to those accounts who receive water service, most accounts are monitored through use of a water meter.
11. **Sewer** – refers to those accounts who receive solid waste management through sanitary sewer services. Each home or single rental unit will receive one fee for this service.
12. **Refuse** – refers to those accounts who receive garbage collection services on a weekly basis. Each home or single rental unit will receive one fee for this service.
13. **Mosquito Spray** – refers to a fee applied for mosquito control aerial spray. Each physical account will be assessed this fee.

H. Accounting Practices/Recordkeeping

The City of Newfolden will keep computer and paper records of utility accounts.

1. *Computer:*
 - 1.1. A back-up of the Our Town Utility Software program will be performed on a monthly basis and kept at a secure location.
2. *Paper:*
 - 2.1. The manually read route sheets, an account Billing Register, and a daily (if applicable) Payment Report will be printed and filed for each monthly utility billing cycle.
3. Deposits for utility services will be documented as Security Deposit.
4. Any change to a utility rate structure must be approved by the Newfolden City Council. A letter informing residents of the approved change shall be mailed prior to effecting the change.
5. An annual notice to all residential customers will be mailed between the dates of August 15 and October 15 to provide information regarding Minnesota’s “Cold Weather Rule”.

Policy Approval:

(Mayor of Newfolden)

(Date)

Established: June 10, 2005

Revised: July 20, 2006

Revised: February 1, 2007