


ELDORADO AREA WATER AND SANITATION DISTRICT POLICY

Title of Policy: Leak Adjustments and Payments	Number: P17-06-02
Subject: Policy and procedures for adjusting customer bills for unusually high water meter readings caused by unpreventable and undetectable leaks in service lines, other plumbing, and irrigation systems on the customer's side of the meter and for establishing payment plans and agreements for customers to pay the bills resulting from any such high meter readings.	
Approved Date: June 15, 2017 Replaces: Policy No. P10-08-01 and Resolution No. 07-05-01.	Effective Date: June 16, 2017 Revision Date(s):
Approved by: <i>John Calzada, President, EAWSD Board of Directors</i> 	

- I. **Background.** EAWSD approved Policy No. 06-11-01 in November 2005 regarding abatement of charges caused by leaks on the customer side of the meter. In May 2007, the Board approved Resolution 07-05-01 regarding payment of unusually high water bills due to line leaks and other malfunctions on the customer side of the meter, allowing customers to pay off large bills caused by leaks over an extended period by signing a settlement agreement with the District. In August 2009, the Board approved Policy No. P10-08-01, replacing Policy No. 06-11-01 and providing for adjustment of high bills caused by leaks on the customer side of the meter.

The Eldorado area is in a semi-arid environment, with an average precipitation of only 12 inches per year. Water resources are scarce and maintenance of a sustainable water supply is difficult and expensive. Residents of the Eldorado area have, in general, been conservative in their use of water. Average annual water use equals about 68.5 gallons per person per day. Not only can water conservation and leak prevention and detection practices help to ensure the availability of water, but reducing water consumption can also reduce the amount of energy required to deliver water to consumers and to heat water for home use.

To encourage water conservation, EAWSD has a tiered (increasing block) rate structure consisting of six tiers that raise the unit price of water as a customer's water use increases. EAWSD also imposes a water conservation surcharge for water usage over 10,000 gallons/month during the months of May through August. This rate structure has proved effective in encouraging water conservation. Without a leak adjustment policy, however, the tiered rate structure and conservation surcharge would also magnify the financial impact on customers with unpreventable and undetectable leaks that occur on the customer side of the meter.

II. Purpose of Policy. The purposes of this policy are:

1. to establish standard procedures and guidelines to respond to customer requests for adjustments to bills caused by unusually high meter readings resulting from leaks in service lines, other plumbing, and irrigation systems on the customer side of the meter;
2. to establish payment plans and agreements for customers to pay the bills resulting from any such high meter readings; and
3. to encourage water conservation by providing incentives for customers to avoid preventable and detectable leaks.

III. Policy Statement. The EAWSD water system includes water lines, equipment and facilities in public easements and rights-of-way throughout the District service area. At each property it serves, a District "lateral" service line extends from the water main in or near the street to a utility easement near the edge of the customer's property, where a District water meter is installed. A "straight meter coupling" extends from the meter and is connected to the customer's service line, which runs into the home or business.

The District sells water to its customers at the water meter and in amounts measured by the meter. The customer-owned plumbing and customer's responsibility begins where the District's meter coupling connects to the customer-owned service line.

Any water loss is community water loss. Applicable laws and this policy establish that customers are liable for any damages, including excessive water use and consequently for payment of high water bills, resulting from water pipe breaks or leaks and other plumbing malfunctions and failures causing water loss on the customer's side of the water meter. ***State law does not permit the District to grant total forgiveness for a water bill:*** District customers are required to pay for all water measured by and provided at the water meter.

This policy is intended:

1. to provide billing adjustments for water loss on the customer's side of the meter resulting from unforeseeable pipe breaks and plumbing mechanical failures that cannot be prevented or detected by the customer, so that the customer's cost of the water lost is not negatively impacted by the District's tiered rate structure;
2. to provide for payment agreements and payment plans enabling customers affected by unusually high water meter readings caused by leaks and water loss to pay for such events over an extended period without late fees; and
3. to encourage water conservation by providing incentives for customers to avoid leaks, which can result in extremely high water loss and high water bills.

IV. Policy Specification and Implementation Procedures

A. LEAK ADJUSTMENTS

1. **Customer Responsibilities.** It is the customer's responsibility:
 - a. to identify unusually high water use and, if the customer becomes aware of or suspects water loss caused by a leak, to notify the District immediately;

- b. to promptly repair – or arrange with a plumber to repair – any leaks on the customer's side of the meter;
- c. to pay for all water measured by and provided at the meter in accordance with this policy; and
- d. to provide updated customer contact information to the District, so District staff can promptly notify a customer if they become aware of a problem involving the customer's water service.

2. District Assistance.

- a. If District or operations staff is notified of a potential leak by the customer, a caretaker or a neighbor, or if staff directly observe an apparent leak while performing their normal duties, they will check meter readings and water flow through the meter and attempt to notify the customer of a potential leak. Notification will be made by using the customer contact information on file with the District or, failing that, by placing a door hanger notice in a conspicuous place on the property.
- b. At the request of the customer or, if property damage from a leak is apparent and attempts to contact the customer are not successful, the District may shut off the water supply at the meter. In such circumstances, the District will not be liable for any damage to the customer premises, heating systems or landscaping that a water shut-off might cause.
- c. The General Manager may establish a deadline by which a customer must repair a leak, after which the water will be shut off and/or the customer will not be eligible for a leak adjustment.
- d. District or operations staff may work with the customer and the customer's plumber to verify flow through the meter and provide a water use profile from a radio-read meter, if data are available.
- e. Neither District nor operations staff may inspect a customer's property or inspect or work on a customer's plumbing nor render an opinion to a customer as to the possible source of any potential leak.

3. Leak Identification and Prompt Repair. A customer is not eligible for a leak adjustment unless a leak is identified and promptly repaired.

4. Definition of a Leak. Continuous water flow through the meter when no water is being used by the customer is evidence of a leak.

- a. High water use or loss that has ended and for which a customer cannot identify the source or cause will be considered regular or negligent water use and will not be eligible for a leak adjustment.
- b. Water lost because a hose, spigot or irrigation system is allowed to run while unattended is negligent water use and is not eligible for a leak adjustment.

5. Preventable and Detectable Leaks. To be eligible for a billing adjustment, a customer must have taken steps necessary to avoid a leak that is either preventable or detectable.

- a. A customer leak is considered to be preventable (i) if it could have been avoided through regular and routine maintenance or protection of the customer's plumbing or irrigation systems; (ii) if it was caused by improper installation of plumbing or an irrigation system;

- or (iii) if it was caused by negligent actions or lack of reasonable care by the customer or anyone hired or authorized by the customer to be on the property for any reason.
- b. A customer leak is considered to be detectable (i) if it could have been discovered through a routine inspection of the property; (ii) if it was noticeable from water usage information on a customer's bill; (iii) if a Badger® BEACON® meter was installed that could have notified the customer of constant flow through the meter; (iv) if the customer was notified of a potential leak by a plumber; or (v) if the customer was notified by District or operations staff.
6. **Leak Adjustment Application.** If a leak could not have been reasonably prevented or detected, and if the leak has been repaired promptly, the customer may apply to the District for a leak adjustment on an application form provided by the District.
- a. Proof of repair must be documented with a plumber's invoice or statement, receipts for parts or materials, photographs, or other evidence sufficient to show that the source of water loss has been repaired.
- b. The customer will be asked to provide adequate documentation and written certification of the steps they had taken to avoid a preventable or detectable leak.
- c. The customer has the burden of proving that the leak could not have been reasonably prevented or detected.
- d. Any leak adjustment application must be submitted within thirty days of the leak's detection, unless an extension is granted by the General Manager.
7. **Leak Adjustment Calculation.** Following receipt of an application for a leak adjustment, completed and signed by the customer whose name is on the account, Customer Service & Billing staff will prepare a leak adjustment calculation as follows:
- a. Determine the amount of water lost because of the leak either by using data from a meter profile or the BEACON® meter system or by determining the water use in the same month(s) in the previous year, then subtract that amount from the water use during the occurrence of the leak.
- b. If the leak spanned multiple billing periods, only two consecutive billing periods affected by the leak may be used in the leak adjustment calculation.
- c. If metered information is not available, an alternative calculation may be made, with the approval of the General Manager, using such data as average water use data from similar months in previous years or District-wide average water use for the appropriate months.
- d. Calculate the leak-adjusted bill amount by first applying regular tiered rates to the amount of water use determined to be regular, typical or average water use, and then applying the lowest tiered rate to any water in excess of the amount determined to be regular, typical or average water use.
- e. The difference between the billed amount (prior to adjustment) and the calculation in the above paragraph will constitute the maximum leak adjustment potentially available to the customer.
- f. If the calculation of the leak adjustment in Paragraph 7.e above is less than \$100.00, the application for a leak adjustment will be denied.

8. **Application Review and Approval.** The General Manager will review the circumstances of the leak based on the provisions of this policy and the customer's application and will review the leak adjustment calculation provided by Customer Service & Billing staff. The General Manager will then approve or deny the application and, if approved, confirm the leak adjustment amount.
9. **Customer Acceptance of Leak Adjustment.** The customer whose name is on the account must sign her or his acceptance of the leak adjustment amount and acknowledge that the customer account will not be eligible for another leak adjustment for a period of 12 months, in accordance with Paragraph 12 below.
10. **Payment of Leak-Adjusted Bills.** Whether a leak adjustment application is approved or denied, the customer is responsible for either promptly paying the water bill(s) in question or entering into a settlement agreement for payment of the bill(s) as described in Article IV.B of this policy below.
11. **Additional Adjustments for Catastrophic Leaks.** In the case of an approved leak adjustment involving water loss greater than 100,000 gallons, if the amount associated with the leak is paid by the due date for the bill(s) or by an extension date granted by the General Manager for good cause, the amount due following the adjustment calculation shall be reduced by an additional 25%, applied as a credit to the customer's account. This reduction would be in addition to any adjustment received under Paragraph 7 above.
12. **Time Limit Between Leak Adjustments.** A customer account is eligible for a leak adjustment once in any 12-month period. Once a customer whose name is on the account accepts a leak adjustment, that adjustment cannot be modified or rescinded, and another leak adjustment for that account shall not be approved until at least 12 months after the customer accepted the previous adjustment.

B. SETTLEMENT AGREEMENTS

1. **Payment Amounts.** When a customer with high water use has applied to the District for a Leak Adjustment – whether the application is approved or not – the customer may request a settlement agreement with the District. If this request is approved by the General Manager, the amounts due will be subject to the following provisions and limitations:
 - a. A billed amount of not more than \$1,200.00 must be paid to the District in equal monthly installments over a payment period not to exceed six months.
 - b. A billed amount exceeding \$1,200.00 but not more than \$2,400.00 must be paid in equal monthly installments over a period not to exceed twelve months.
 - c. A billed amount exceeding \$2,400.00 must be paid in installments of at least \$200.00 per month until the entire balance has been paid.
2. **Interest Rate and Lien Requirement.** The interest rate on the balance due for settlement agreements executed under the terms of Paragraph B.1 above shall be 0.5% per month.
 - a. If the monthly payment stated on any settlement agreement is not sufficient to pay the entire outstanding balance due within six months, the District shall record a Notice of

Lien on the real property where the service was provided or on any other real property owned in whole or in part by the customer within Santa Fe County, in accordance with District Policy P13-07-01.

- b. Such Notice of Lien shall be released by the District only upon final payment of all amounts outstanding and owed to the District by the customer in accordance with the terms of the settlement agreement and Policy No. P13-07-01.

3. Terms for Catastrophic Leaks with One-year Repayment. If a customer enters into a settlement agreement under this policy for water loss greater than 100,000 gallons and if the amount associated with the water loss is paid within one year of execution of the agreement, the amount due following the adjustment calculation shall be reduced by an additional 10%, which shall be applied as a credit to the customer's account. This reduction would be in addition to any adjustment received under Article IV.A.7 above.

- a. If the customer does not comply with the terms of the settlement agreement, the full amount of the bill(s) shall be due without the 10% reduction.
- b. For any settlement agreement executed in accordance with this paragraph, the District shall record a Notice of Lien on the real property where the service was provided or on any other real property owned in whole or in part by the customer within Santa Fe County, in accordance with District Policy P13-07-01, for the full amount of the bill(s) without the 10% reduction.
- c. Such Notice of Lien shall be released by the District only upon final payment of all amounts outstanding and owed to the District by the customer in accordance with the terms of this policy, the settlement agreement, and Policy P13-07-01.

4. Timely Payment Requirements. Customers must make timely and regular monthly payments of amounts owed under a settlement agreement as well as for current water service during the payment period. If any payment due to the District is not made by its due date, or if any check/payment submitted to the District is not honored by the financial institution on which it is drawn, the following terms shall apply:

- a. The District may immediately and without further notice discontinue water service on and for the account to which the settlement agreement applies.
- b. Any amount outstanding on the account shall become due and payable immediately, and water service shall not be restored until the entire amount due plus any fees or other charges owed to the District, in accordance with applicable District policies, is paid in full. Payment must be in certified funds (cash, cashier's check, or money order). Personal checks will not be accepted.
- c. The District shall record a Notice of Lien on the real property where the service was provided or on any other real property owned in whole or in part by the customer within Santa Fe County, in accordance with District Policy P13-07-01.

5. Single Settlement Agreement Limitation. There shall be no more than one settlement agreement in effect for any District customer or service address at any time. The District's officers, employees and agents shall not have authority to enter into a new settlement agreement with any customer who is already a party to a prior settlement agreement with the District, unless all amounts owed under the prior settlement agreement have been paid in full.

C. APPEALS

Any customer who wishes to appeal a decision of the General Manager under this policy must appear before the EAWSD Board to make the appeal.

1. Any request for an appeal of a leak adjustment decision or for an adjustment that is at variance with this policy must be made to the General Manager or to the District's Administrative Manager within fourteen days of the customer being notified of the decision.
2. The request for an appeal will be placed on the agenda of a regularly scheduled Board meeting. The President of the Board shall make the final determination as to the meeting at which the appeal will be heard.
3. Once an appeal request has been made, no late fees applicable to the bill(s) associated with any leak adjustment application will be charged to the account, unless, without prior notice and good cause, the customer fails to appear at the Board meeting for which the appeal is scheduled.
4. Any written statements a customer wishes to present to the Board must be submitted to the District Administrative Manager at least one week prior to the meeting at which the appeal is scheduled.
5. Following the appeals hearing, the Board may, in its absolute discretion, grant the customer's request, deny it, grant it subject to such conditions as the Board deems appropriate, or take any other action deemed appropriate by the Board.
6. The decision by the Board on any appeal it hears under this policy is final.