



ALGONA MUNICIPAL UTILITIES

Service Rules for Adjustment of Bills for Overcharges and Undercharges Applicable to All Utilities

Adjustment of Bills for Overcharges and Undercharges

This Service Rule for Algona Municipal Utilities (“Utility”) is intended to establish the maximum time period for (1) the collection of billing undercharges, and (2) the refund or credit for billing overcharges. This Service Rule shall supplement all other applicable Service Rules regarding the calculation of billing overcharges and undercharges, the recovery of undercharges, and the refund or credit for overcharges.

The Board of Trustees of the Algona Municipal Utilities is the governing and regulatory body for the establishment, imposition, adjustment, and collection of rates and charges, including billing adjustments relating to overcharges and undercharges.

Customers and ratepayers (“Customer”) of the Utility shall have a duty to review billing invoices and other billing communications from the Utility, to monitor their utility usage, and to notify the Utility promptly if any billing appears out of the ordinary or excessive in general or relative to prior billings and usage. Such notice shall be given to the Utility’s General Manager. Failure to promptly notify the Utility’s General Manager of a potential or suspected billing overcharge may be a basis for denial of a request for a refund or credit for an overcharge for the time period after the Customer was aware of or suspected the potential overcharge.

The time period for recovery of undercharges and refund or credit of overcharges shall be limited as follows:

- The maximum time period for which an undercharge may be recovered by the Utility, and the maximum time period for which an overcharge may be refunded or credited to the Customer, is three (3) years.
- There shall be no recovery of an undercharge or refund or credit for an overcharge for time periods more than three (3) years prior to the time notice was given by the Customer or the Utility, as applicable.
- In the case of a failure to promptly notify the Utility or the Customer, as applicable, of a potential or suspected overcharge or undercharge, there shall be no recovery of an undercharge or refund or credit for an overcharge for the time period after the Customer suspected or was aware of the potential overcharge or the Utility suspected or was aware of the potential undercharge.
- No interest shall be applied to undercharges or overcharges.

Examples:

- If a meter error results in a Customer being overcharged by 10% for each bill for the most recent two-year period and the Customer gives the Utility prompt notice once the Customer suspects the overcharge, the Customer will receive a full refund or credit of the overcharge.
- If the 10% overcharge has occurred for the most recent 7 years and the Customer gives prompt notice to the Utility once the Customer suspects the overcharge, the Customer will receive a refund or credit for the most recent 3 years of the overcharge.
- If the 10% overcharge occurred for a 7-year period which began 10 years ago and stopped 3 years ago, and the Customer gives prompt notice to the Utility once the Customer suspects the overcharge, the Customer will not receive a refund or credit for the overcharge because the overcharge was more than 3 years ago. The outcome is the

same without regard to whether the Customer knew, should have known, or could have known of the overcharge.

Undercharges payable under these Service Rules may be recovered by the Utility by billing the amount of the undercharge on the Customer's Utility bill in a lump sum or monthly over a period of time up to one year, or through a payment plan, at the Utility's discretion. A Customer's failure to pay an undercharge, or failure to enter into a payment plan, or breach of a payment plan, can result in disconnection of service.

Overcharges payable under these Service Rules may be refunded or credited to the Customer, in the Utility's discretion. If the Utility provides a refund, it may be paid in a lump sum or monthly over a period of time up to one year. If the Utility provides a credit, the credit shall be applied to the Customer's account balance for the applicable utility for each billing cycle thereafter until the credit has been used in full.

Customers of the Utility may request that the Utility or a qualified third party, in the Utility's discretion, test the applicable meter at the Customer's expense, which shall be paid before testing takes place. Meter testing by a third party shall be subject to the Utility's discretion and scheduling. The Utility may be present for such testing and retains control over all Utility property and meters. If meter testing in accordance with this Service Rule shows an overcharge has occurred, the Utility may accept the findings or perform or obtain a second meter testing. If the initial test results showing an overcharge has occurred is accepted by the Utility, or if such findings are confirmed by a second meter test, and if the overcharge is more than \$25.00, the Utility shall refund the amount of the meter testing cost paid by the Customer.

If a Customer gives notice of a suspected or potential overcharge and the Utility does not agree, and if the source of the overcharge involves the meter, the Customer's sole remedy is to request a meter test under the terms of this Service Rule.

Authority: This rule is adopted under the authority reserved for and granted to the Utility by applicable law, including the following:

- Municipal Home Rule authority under the Iowa Constitution, as amended (at the time of adoption of this Service Rule, Article III, Section 38A of the Iowa Constitution);
- Iowa Code section 384.84, as amended regarding the establishment, imposition, adjustment, and collection of rates and charges by the governing body of the city utility;
- Iowa Code Chapter 388; and
- The exemption for municipal utilities from Iowa Code Chapter 476 and regulation by the Iowa Utilities Board thereunder, except where specifically enumerated by the Iowa Legislature within Chapter 476; the exemption for municipal utilities from rate regulation under Chapter 476; and the absence of any express enumeration in Chapter 476 for rate regulation of municipal utilities or the regulation of municipal utilities regarding billing adjustments for overcharges and undercharges which are an essential component of the rate setting and rate collection authority reserved for and granted to municipal utilities by home rule authority, Iowa Code section 384.84 and Iowa Code Chapter 388.

The provisions of this Service Rule are not subject to and shall not be modified by the discovery rule, theories of continuing violations, or other common law, statutory law, provisions of general contract law, or equitable principles which might otherwise have the effect of extending the time period for or the amount of collection of underpayments and refund or credit for overpayments.

Severability. If any part or provision of this Service Rule is legally declared invalid or unenforceable, that part or provision will be construed consistent with applicable law as nearly as possible, and the remaining parts and provisions will remain in full force and effect. Such invalidity or non-enforceability will not invalidate or render unenforceable any other part or provision of this Service Rule.