


Policy Title:	Back Bill Policy		
	OFFICE OF THE CHIEF FINANCIAL OFFICER	Category	Billing
		Administrative Policy #	
		Revision #	N/A
		Review Frequency	As Needed – no less frequently than triennially
Administrative Division	Billing	Reviewed By	General Counsel, Deputy Finance Director
BOWC Approval		Last Reviewed/Update Date	5/23/19
Implementation Date			

1. AUTHORITY

- 1.1. The City of Detroit is expressly authorized to operate a water and sewer system and to bill for services rendered under numerous laws, ordinances, and charter provisions (e.g., Michigan Constitution, Article VII, Section 24; MCL 117.4a (4)(j); MCL 117.4b(2); MCL 117.4e; MCL 117.4f; MCL 117.5e; MCL 117.35; Chapter 35, Section 7-1501, et seq of the 1997 Detroit Home Rule Charter, and Chapter 56 of the Detroit City Code).

2. OBJECTIVES

- 2.1. To ensure that Detroit Water & Sewerage Department's (DWSD) Customers are billed for previously unbilled or underbilled water, sewerage and drainage services.
- 2.2. To provide a process for Customers to dispute bills for previously unbilled or underbilled water, sewerage and drainage services.

3. PURPOSE

- 3.1. The purpose of this policy and procedure is to ensure accurate billing for water, sewerage, and drainage services. DWSD has a responsibility to develop customer bills based on BOWC-approved rates for water services based on meter reads and meter service charges, sewerage services based on metered water usage and sewer service charges, and drainage services based on impervious acreage.
- 3.2. The purpose of this policy is to establish a fair and equitable means of addressing billing of unbilled or underbilled water, and sewerage, and drainage service charges due to billing errors, oversights, illegal usage, malfeasance, equipment malfunctions, or other causes.

4. DEFINITIONS

“Account refund” means a reimbursement of payment received by DWSD in the form of a payment disbursed to the account owner.

“Account adjustment” means a credit or removal of a charge applied to an existing Customer account under the policies set forth within this document.

“Back bill” means a bill for previous unbilled usage.

“Back Bill Dispute Form” means the DWSD form used to request an account refund or adjustment.

“Customer” means an Owner, Landlord or Tenant that establishes an account for DWSD services and is responsible for payment of DWSD services.

"Owner" means the person that holds legal title to a property.

"Person" means a customer, business, partnership or corporate entity, or a government entity or agency.

"Property" means a parcel or group of parcels treated as one unit for purposes of obtaining services from DWSD.

5. SCOPE

- 5.1. This policy applies to all customers receiving water, sewerage, and drainage services from DWSD.

6. RESPONSIBILITIES

- 6.1. DWSD customers must abide by the DWSD Water and Sewerage Service Terms and Conditions agreement.
- 6.2. The Billing and Collections Divisions work in coordination with other business units to identify accounts with unbilled or underbilled service usage through either DWSD error or Customer's illegal usage or malfeasance. The Billing Division is responsible for issuing back bills for an amount representative of the unbilled or underbilled usage.
- 6.3. The Revenue Protection Unit is responsible for investigating accounts with anomalies in water usage and either visiting the service location to determine the cause of the anomaly and/or referring the matter to Meter Operations' attention for further investigation and/or meter repair or replacement.
- 6.4. The Revenue Protection Unit and Meter Operations are responsible for bringing accounts to the Billing Division's attention where they believe a customer has not been billed properly due to DWSD error or Customer's illegal usage or malfeasance and the Billing Division will issue back bills consistent with this policy.

7. POLICY

7.1. Back Billing, Generally.

- 7.1.1. A customer may be back billed for Water, Sewer, and/or Drainage charges due to Customer's illegal usage or malfeasance or DWSD error.
- 7.1.2. DWSD may back bill customers for any unbilled usage for a period of up to six (6) years in the case of DWSD error and for an indefinite number of years if customer had illegal usage or malfeasance against DWSD.
- 7.1.3. Billing Division will create back bills using the rates that were in effect during the time period of unbilled or underbilled usage.
- 7.1.4. Upon discovery of unbilled or underbilled services, DWSD will send Customer a letter advising Customer of the discovery, that the next regular billing statement will contain a balance due for back billing and Customer's rights to dispute the back billed amount.
- 7.1.5. If DWSD discovers unbilled drainage charges accrued on a Property, DWSD may issue a back bill utilizing the number of unbilled or underbilled impervious acres based on the best available information for the period of unbilled drainage charges.

- 7.1.6. For Class Members who did not opt out of the class in *Michigan Warehousing Group, LLC, et al vs. City of Detroit*, Wayne County Circuit Court Case No. 15-010165-CZ, back bills may not be issued for unbilled or underbilled drainage charges discovered for any period prior to the effective date of the Class Action Settlement Agreement.

7.2. Illegal Usage or Malfeasance.

- 7.2.1. **Actions Constituting Illegal Usage or Malfeasance.** DWSD does not tolerate any illegal usage or malfeasance regarding its water and sewerage services. Examples of illegal usage or malfeasance may include but are not limited to:

- a. Utilizing water service when Customer is aware of unbilled usage;
- b. Connecting pipes from the service line to the indoor plumbing in a manner that water flow does not go through DWSD's meter in order to prevent the meter from measuring usage and DWSD's ability to bill for usage (also referred to as "straight piping");
- c. Meter tampering;
- d. Preventing DWSD's access to a meter for service or replacement and/or failing to respond to DWSD's requests for access to its meter; and/or
- e. Failing to obtain Final Real Estate Closing Bill at the time of selling/buying property.

- 7.2.2. **Basis for Calculating Back Bill.** When DWSD identifies a property with unbilled or underbilled water usage due to DWSD error, DWSD may issue a back bill utilizing the following criteria:

- a. Actual water consumption as recorded by a water meter;
- b. Estimated water consumption as described in Section 7.3 of DWSD's Water, Sewerage and Drainage Charges policy regarding estimated bills;
- c. The time period and dates during which services were unbilled or underbilled;
- d. Rates in effect at time of unbilled or underbilled usage;
- e. No penalties/interest.

- 7.2.3. **Payment Plan Conditions.** If customer is unable to pay entire amount of back bill in a lump sum, DWSD may agree to a payment plan under one or more of the following conditions:

- a. 50% down payment;
- b. Up to 36 months of payments;
- c. Customer stipulates to entry of judgment;
- d. DWSD agrees not to prosecute for water theft.

7.3. DWSD Error.

- 7.3.1. **Actions Constituting DWSD Error.** Examples of DWSD errors causing issuance of a back bill may include, but are not limited to:

- a. Failure to issue bill;

- b. Bill sent to wrong address;
- c. Customer Information System (CIS) errors;
- d. Meter malfunction (no evidence of tampering); (See also, Disputes Regarding Meter Accuracy Policy)
- e. Malfunction of Automated Meter Read (AMR) (no evidence of tampering); (See also, Disputes Regarding Meter Accuracy Policy)
- f. Field service error;
- g. Other circumstances not related to illegal usage or malfeasance.

7.3.2. Basis for Calculating Back Bill. When DWSD identifies a property with unbilled or underbilled water usage due to DWSD error, DWSD may issue a back bill utilizing the following criteria:

- a. Actual water consumption as recorded by a water meter;
- b. Estimated water consumption as described in Section 7.3 of DWSD's Water, Sewerage and Drainage Charges policy regarding estimated bills;
- c. The time period and dates during which services were unbilled or underbilled;
- d. Rates in effect at time of unbilled or underbilled usage;
- e. No penalties/interest.

7.3.3. Payment Plan Conditions. If customer is unable to pay entire amount of back bill in a lump sum, DWSD may agree to a payment plan under one or more of the following conditions:

- a. Participation in 10-30-50 Payment Plan
- b. Up to 48 months of payments.

7.4 Back Bills Due to Parcel Splits or Combinations.

7.4.1 In the event parcel splits or combinations require DWSD to issue a back bill to the appropriate Customer who was responsible for payment, DWSD will calculate the back bill either based upon the latter of the following two dates: (1) the date DWSD received notice of the parcel split/combination or (2) based on the date of the signed deed with updated legal description.

7.5 Disputes Regarding Back Bill.

7.5.1 Eligibility to Dispute Back Bill. Customer may not dispute a back bill if the account is delinquent or Customer is in default on a Payment Plan Agreement. Customer has the right to cure the delinquency or default.

7.5.2 Account Payments While DWSD Considers Customer's Dispute. Customer must continue to make payments on Customer's account in an amount equal to the regular monthly bill until DWSD makes a determination regarding Customer's disputed amount.

7.5.2.1 As long as Customer continues to pay regular monthly bill, Customer will not be subject to service interruption or collection efforts until after DWSD makes a determination regarding the disputed amount.

7.5.3 **Back Bill Dispute Form.** Customer must submit a properly completed Back Bill Dispute Form within twenty-eight (28) days from the date Customer receives a billing statement with the back billed amount. Customer must state reasons why the back bill is improper or in error and Customer may supply information or evidence supporting Customer's position.

7.5.4 **Back Bill Dispute Review Panel.**

7.5.4.1 A Back Bill Dispute Review Panel comprised of one member each from the Office of General Counsel and Finance Department, and other DWSD employees, if necessary, will notify Customer of an informal hearing date to be conducted within thirty (30) days.

7.5.4.2 **Hearing.** Customer may bring new information to the hearing in support of Customer's position and Customer may choose to have attorney representation at the hearing. Alternatively, Customer may decline a hearing and have the Review Panel make a decision based on documents submitted.

7.5.4.3 **Back Bill Dispute Review Panel Decision.** The Back Bill Dispute Review Panel will issue a decision letter within fourteen (14) days from the hearing date or date Customer declines a hearing. If the Panel awards Customer an adjustment, DWSD will post an account refund or adjustment to the Customer's account on the next monthly billing statement after mailing date of decision letter.

7.5.5 **Court Action.** If Customer does not agree with DWSD's Back Bill Dispute Review Panel decision, Customer may file legal action. Upon receipt of a pending lawsuit, DWSD will place a hold on the amounts in question and the account will not be subject to service interruption for non-payment of amount in dispute.

7.5.6 **No Action.** If Customer does not timely file a Back Bill Dispute form, DWSD may initiate collection proceedings for the full amount of the bill and Customer may be subject to service interruption.

7.6 **Collection of Amount Owed on Back Bill**

7.6.1 Refer to the Residential and Non-Residential Collections Policy.

7.7 **Reasonable and Necessary Accommodations**

7.7.1 Management may take reasonable and necessary actions to accomplish the intent of this policy.

8. **PROCEDURE**

8.1 **Discovery Process.**

8.1.1 Customer Service Specialists (CSS), Billing & Collections Divisions, Meter Operations and/or Revenue Protection Unit may discover and/or investigate Customer accounts to determine unbilled or underbilled water/sewerage charges and/or drainage charges.

- 8.1.2 Upon discovery of unbilled or underbilled services, DWSD will send Customer a letter advising Customer of the discovery, that the next regular billing statement will contain a balance due for back billing and Customer's rights to enter into a payment plan and/or dispute the back billed amount.
- 8.2 **Generating Back Bill.** Billing Division will prepare back bill for unbilled or underbilled services consistent with this policy and Section 7.3 of DWSD's Water, Sewerage and Drainage Charges policy regarding estimated bills.
 - 8.2.1 Billing Division *may* issue back bills to Customer for payment of DWSD services prior to foreclosure. (See also, DWSD Foreclosure Policy)
 - 8.2.1.1 Billing Division *may not* issue back bills to purchasers of tax foreclosed properties for time periods prior to the purchase;
 - 8.2.1.2 Billing Division *may not* issue back bills to tenants in foreclosed properties for time periods prior to foreclosure *unless* tenant was Person responsible for payment of DWSD services.
 - 8.2.2 If Customer does not pay billing statement, enter into a payment plan or submit a Back Bill Dispute form, within 28 days from date of billing statement, the Collections Division may take appropriate action.
 - 8.2.3 If a Customer calls to dispute a back bill, CSS will provide a copy of this Policy and a Back Bill Dispute form to Customer or direct Customer to DWSD's website to find a copy of this policy and a downloadable, PDF-fillable copy of the Back Bill Dispute Form.
- 8.3. **Disputing Back Bill.** Upon receipt of a Back Bill Dispute form, the CSS verifies timely submission and whether Customer's account is current for non-back bill amounts.
 - 8.3.1. If Customer's account is not current, CSS will notify Customer they are not eligible to dispute back bill and must pay the outstanding balance due or enter into a payment plan to become eligible.
 - 8.3.2. If Customer did not submit dispute form within 28 days from the date Customer receives a billing statement with back bill amount, CSS will notify Customer they are not eligible to dispute back bill.
 - 8.3.3. If Customer submitted timely dispute form, the Back Bill Dispute Review Panel will notify Customer of a hearing date to be conducted within thirty (30) days.
 - 8.3.4. The Back Bill Dispute Review Panel will issue a decision letter within fourteen (14) days from the hearing date, or fourteen (14) days from the date Customer declined a hearing, based upon proofs presented. The Panel will send a copy of decision letter to Customer Service Division.
 - 8.3.5. A CSS will enter or remove an account refund or adjustment to the Customer's account in the Customer Information System based upon the Back Bill Dispute Review Panel's decision. The action will post on the next monthly billing statement after mailing date of decision letter.