

BILLING, ADJUSTMENTS AND PAYMENT OF BILLS

RULE AND REGULATION 11

A. BILLING UNITS

All metered billing units used for billing purposes shall be determined to the nearest whole unit. Such units may include, kW, kWh, kVA, kVar, hp, Therms, and/or ccf.

B. PAYMENT OF BILLS

CPAU issues bills to its Customers on a regular interval. Bills shall be deemed received upon physical or electronic delivery to Customer, or three calendar days following the deposit of the bill in the United States Mail to the Customer's billing address. Bills for CPAU Services are due and payable 20 calendar days following issuance of the bill statement. Bills unpaid after the 20 day period are considered delinquent ("past due"). If a Customer's payment is not received by CPAU after 25 days of bill issuance, the outstanding balance will be assessed a late payment Charge.

For the convenience of Customers there are a number of ways to pay CPAU bills:

1. By enclosing the bill stub and check and mailing to: CPAU, P.O. Box 10097, Palo Alto, CA 94303-0897.
2. By enrolling in auto-pay bank draft. Payments will be drafted from a Customer's designated checking or saving account and automatically applied to the Customer's Utility Account for each current Billing Period. Customers may enroll by calling Utilities Customer Service at 650-329-2161 or by signing up through the "MyCPAU" on-line portal at <https://mycpau.cityofpaloalto.org/portal/>.
3. By establishing automated clearing house and/or wire transfer payments. To do this, Customers may call Utilities Customer Service at 650-329-2161.
4. By paying in person at the Civic Center, Revenue Collections or the Utilities Customer Service Business counter, Ground Floor, 250 Hamilton Avenue, Palo Alto between the hours of 8:00 a.m. and 4:30 p.m.
 - a. Credit card payments are accepted at both Revenue Collections and the Utilities Customer Service Business counter. Effective March 1, 2022, Customers are limited to a maximum credit card payment of \$5,000 per account, per monthly invoice, without incurring additional cost recovery fees. Customers may call Utilities Customer Service at 650-329-2161 for a current list of acceptable credit cards.
 - b. Effective March 1, 2022, credit card payments over the \$5,000 limit listed in 4(a)

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will be assessed a cost recovery fee of up to 2.7 percent¹ of the amount over \$5,000, to recover the merchant fees imposed upon CPAU for these payments.

- c. Customers can pay delinquent bills with a credit card by phone by calling the Utilities Customer Service Center during business hours.
5. By depositing the payment in the walk-up Night Depository Box in the front of the City Hall building on the Civic Center Plaza, or at the drive-up Night Depository Box in the Civic Center Garage, on “A” Level.
6. By paying online through the “MyCPAU” on-line portal, accessible from the Utilities’ website at <https://www.cityofpaloalto.org/Departments/Utilities>. Payment through the “MyCPAU” on-line portal may be made by credit card or by bank draft.
7. By enrolling at a financial institution or service company that can provide electronic payments to CPAU on behalf of the Customer.
8. By completing a “Revert to Owner (RTO) Agreement” in order to maintain Utilities Service to units during the interim period between tenants (this option is available to Customers who are property managers and landlords).

C. BUDGET BILLING PAYMENT PROGRAM

The Budget Billing Payment Program establishes equalized monthly payments and is available to all Residential Customers who qualify as set forth below:

1. Customers may join the Budget Billing Payment Program at any time providing the Customer Account balance is zero and the Customer has not been previously removed from the Budget Billing Program for non-payment.
2. A Customer electing to utilize the program shall agree to make monthly payments based on CPAU’s forward estimate of the Customers’ Charges for the subsequent twelve-month period.
3. CPAU does not guarantee that the total actual Charges will not exceed, or be less than, its original estimate. Customers should review their Account on an ongoing basis and request

¹ Utilities-related credit card processing fees range between 0.5% and 2.7% of the payment amount, depending on the type of credit card used by the Customer.

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changes to the budget billing amount in response to changes in their household usage. CPAU may require that Customers pay a revised monthly amount as a condition to continuing participation in the plan, if CPAU determines that substantial changes in Customer usage patterns or consumption has occurred.

CPAU will perform an annual true-up on Customer Budget Billing Accounts every twelve months. This will result in either a Customer credit for CPAU over-collection or an outstanding balance due from the Customer for under-collection by CPAU during the prior twelve months.

D. DISCONTINUANCE OF BUDGET BILLING

The Customer's Budget Billing Payment Program shall remain in effect, subject to review of the monthly payment amount, and shall terminate when:

1. The Customer notifies CPAU to terminate participation in the Budget Billing Program;
2. CPAU notifies the Customer of the termination of its Budget Billing Payment Program;
3. The Customer no longer takes Service at the Premises; or
4. The Customer owes an amount of two or more monthly payments. However, if the Customer eliminates the delinquency, removal from the program will not occur.

Upon termination of either Utilities Service or participation in the Budget Billing Payment Program, any amount owed by the Customer for actual Charges shall immediately become due and payable or any amount due to the Customer shall be refunded or credited.

E. INSUFFICIENT FUNDS FOR PAYMENT

1. A Service Charge will be made and collected by the City of Palo Alto for each check returned by a bank to CPAU for the reason of insufficient funds in accordance with Rate Schedule C-1.
2. Unsuccessful bank drafts due to insufficient funds will be subject to late payment fees in accordance with Rate Schedule C-1.

F. PRORATION OF BILLS

1. Bills for Utilities Services will be prepared for each Billing Period in accordance with the applicable Rate Schedules or CPAU contract applicable to the Premises served.

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2. Proration is intended to produce a uniform average unit cost for the commodity regardless of the number of days in the Service period. Services will be prorated if the number of actual Service days differs from the number of days in the applicable Billing Period. Electric Demand (kW) and Electric Power Factor Charges will not be prorated. Proration will not occur for those Rate Schedules that contain Meter fees, connection fees, deposits, and other miscellaneous fees.
3. If Rate Schedules change during the Billing Period, Charges will be prorated on the basis of the number of days covered by the previous Rate Schedule and the number of days covered by the new Rate Schedule.

G. DELINQUENT BILLS AND LATE PAYMENT CHARGES

1. Utilities Charges incurred in the applicable Billing Period are due and payable by the “Due Date” indicated on the front of the bill statement. Bills unpaid by the due date are delinquent and a late payment Charge will be added to the outstanding balance as specified in Rate Schedule C-1.
2. Residential and commercial Accounts having unpaid balances older than 180 days shall be subject to collection action by the City. Collection action may result in notifications to credit reporting agencies.
3. Late payment Charges may be suspended by CPAU if the Customer is withholding full or partial payment pending final resolution of disputed bill. The late payment Charge may be waived by CPAU based upon the ultimate resolution of a disputed Charge.
4. Full or partial payments towards outstanding balances will be applied to the oldest outstanding Charges. Failure to pay outstanding balances will result in late fees and termination of Service for non-payment.
5. In the event that a Customer donating to the ProjectPLEDGE Program has a delinquent bill, the late Charge percentage will not be applied to the amount of the Customer’s pledge. However, the Customer’s participation in ProjectPLEDGE will be discontinued after three consecutive Billing Periods in which the Customer has not included their pledge amount in the bill.
6. Customers whose Utility bills include payments of principal and/or interest on loans from CPAU which are secured by deeds of trust on real property shall be charged a late payment Charge when any current Utility bill includes an unpaid installment on such loan from a prior

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bill. Nothing in this Rule and Regulation shall be construed to alter in any way the duty of the Customer to pay any installment on a loan from CPAU when due, or to alter the rights of CPAU to enforce the payment of such installments.

H. DISPUTED BILLS

If bill accuracy is questioned or disputed by the Customer, Customers shall request an explanation from CPAU within the current Billing Period or as soon as reasonably possible. After reviewing the disputed bill, CPAU will:

1. Issue a corrected bill to the Customer or reflect the correction on the bill in a subsequent Billing Period.
2. Determine if an amortization period (“payment arrangement”) for the Charge-in-question shall be provided by CPAU. If a payment arrangement is offered by CPAU and agreed to by the Customer, Utility Services will not be discontinued for nonpayment while the Customer complies with the payment arrangement for the “past due” balance, and subsequent Utilities bills are paid on time during the payment arrangement period.
3. Advise the Customer that the bill is correct as presented. The Customer may choose, at the Customer’s option, to have the Meter removed for testing under the Provisions of Rule 15 “Metering” and payment of the applicable fee found in Rate Schedule C-1 “Exchange Meter for Accuracy Test”.

I. METERED SERVICE BILLING ERRORS AND ADJUSTMENTS

Where a Customer has been undercharged or overcharged for metered Service, the date and cause of which can be reliably established by CPAU, the retroactive billing adjustment (back bill or refund) shall not exceed three years. The maximum bill adjustment for undercharges shall be \$500 per Account, per incident.

1. When, as a result of either a CPAU or a Customer-initiated accuracy test, an Electric or Gas Meter is found to register more than two percent (2%) fast or a Water Meter is found to register more than one and a half percent (1.5%) fast, CPAU will refund the Customer the overcharge based upon the corrected Meter readings for the period the Meter was in use, or three years, whichever is less. Any applicable late payment will be waived.
2. When, as a result of a test, a Customer’s Electric or Gas Meter is found not to register or to register more than two percent (2%) slow, or a Water Meter is found not to register or to register more than one and half percent (1.5%) slow, CPAU may bill the Customer for the

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undercharge base on an average bill. The bill will be computed based on an estimate of the Customer's consumption during a prior month in the same season or on the consumption in the same period of the prior three years.

3. When, a billing or consumption problem has been investigated and verified, Utilities will attempt to notify the Customer within 30 working days or a reasonable amount of time depending on the complexity of the error.
4. When CPAU is the cause of an error that results in an overcharge, CPAU will refund the full amount of the overcharge, subject to the three year retroactive billing adjustment period described above. Back bills for undercharges will be determined and approved by the General Manager of Utilities, or delegate, and may be waived in an amount up to \$2,500 per Customer Account, per incident, subject to the three year retroactive billing adjustment period described above.

J. UNMETERED SERVICE BILLING ERRORS AND ADJUSTMENTS

Where a Customer has been undercharged or overcharged for unmetered Service, the date and cause of which can be reliably established where a customer has been undercharged or overcharged, the retroactive billing adjustment (back bill or refund) shall not exceed three years.

K. THEFT OF SERVICE

Where there is evidence that meter tampering or theft of Utility Service has occurred, CPAU will retroactively bill, and collect any underpayment or nonpayment of Charges as well as any labor or material costs related to investigating the theft and making any required corrections. The applicable period to assess Charges shall commence from the date it can be reasonably established the theft began to the date in which the underpayment was discovered and initially established. The labor and material costs related to investigating the theft will be calculated in accordance with Utility Rate Schedule C-1 and/or any other applicable Utility Rate schedules. All underpayments or non-payments shall become immediately due and payable. Customers committing theft of Utility Service may also be subject to legal action pursuant to Rule 1, California Penal Code sections 487,496, 498, 591, 592, 593 and California Civil Code sections 1882 through 1882.6.

Customers billed for theft of service can dispute the charges by following the process described in Rule and Regulation 11.H. If that process does not resolve the matter, customers billed for theft of service may, within thirty (30) calendar days, request (by telephone, in writing, or in person) an administrative hearing. If a hearing is requested, the city manager or his designee shall schedule a date and time for said hearing as soon as possible after the request is filed, but no later than ten (10) business days after the filing of such request for hearing.

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At the hearing, the customer billed for theft of service may offer evidence in person or in the form of a written statement, setting forth the reasons why the customer believes the determination of theft is incorrect. Utilities personnel shall also be allowed to offer whatever evidence they may have as to why they have established the customer engaged in utilities theft. The city manager or his designee shall make a determination as to whether the customer is liable for the charges for theft of service.

L. WATER LEAK CREDITS

The General Manager of Utilities, or delegate, may approve Water leak adjustments for Customer's Water and Wastewater Accounts (when Wastewater charges are based on Water consumption) under the following conditions:

1. Customers having higher-than-average Water consumption for a particular billing period due to leaks may request a Water and/or Wastewater Leak bill adjustment, as applicable.
2. Applications for Water and Wastewater leak bill adjustments must be submitted to the Utilities Department within 60 days from the bill's due date, for the bill covering the period in which the higher-than-average Water consumption occurred.
3. Customers are restricted to one Water and/or Wastewater leak billing adjustment in each 36-month period.
4. Higher-than-average Water consumption is defined as the volume of water greater than 100% of the Customer's normal consumption compared to the Customer's historical consumption over the prior three years, calculated by CPAU using prior averages for the relevant billing period(s).
5. Leaking systems must be repaired before the Customer receives a Water or Wastewater leak bill adjustment, to ensure future bills are not impacted by the same leak. Shutting off the source of the leak is not considered a repair. Undetermined or general high water consumption is not eligible for adjustment.
6. Water leak bill adjustments will be applied to Customer bills based on the higher-than-average water volumes calculated by CPAU. Water leak bill adjustments will be applied to 50% of the calculated higher than average water volume, to a limit of \$2,500, using the Tier 1 Commodity Rate cost of the appropriate residential or commercial Water Rate Schedule.
7. Wastewater bill adjustments related to Water leaks will be made based upon the adjusted Water volume, and are not included in the \$2,500 Water leak bill adjustment limit.
8. Utility User Tax (UUT) billing adjustments related to Water leaks will be made based upon the adjusted Water volume and are not included in the \$2,500 Water leak bill adjustment limit.

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9. Administrative decisions regarding Water and Wastewater leak bill adjustments, including eligibility, volume calculations, and adjustment costs will be made by the General Manager of Utilities, or delegate, and are final.

M. REFUSE BILLING ERRORS, DISPUTES AND ADJUSTMENTS

1. Adjustments to the Refuse bill shall be requested to the City's Collector. Customers with adjustments unresolved by the City's Collector, may dispute their claim with the City's Public Works Department, Refuse. Billing adjustments will be resolved by following the City's Rules and Regulations, Chapter 5.20 of the Palo Alto Municipal Code and specific regulations promulgated by the City Manager pursuant to the authority established in Chapter 5.20.
2. When an error in billing has occurred, the date and cause of which can be reliably established where a Customer has been undercharged or overcharged, the retroactive billing adjustment shall not exceed three years.

(END)