

# **Recommendations to Stop Unfair Billing of Water & Sewer Charges**

## **Customers:**

### **Pepperell Siding Model Railroad Club, Inc.**

*41 Lomar Park Drive, Unit #4*

*Pepperell, Massachusetts 01463*

### **Lomar Industrial Condominium No 33 Association**

*33 Lomar Park Drive, Unit #33*

*Pepperell, Massachusetts 01463*

*Thursday, June 30, 2022. Town Hall, Pepperell Massachusetts*

*<https://www.unfairbilling.com>*

*Revised June 29, 2022*

# Massachusetts State Law

**MGL Chapter 40N, Section 1:**

***"... fees, rates and charges for water and sewer service within the municipality be established and all consumers ... pay their fair share of the costs of such services;..."***.

**Would it be fair to say that a "*reasonable and prudent person*" would conclude from this citation of law that two customers, using the same water as measured by their respective water meters would be billed about the same? If that is not the case, a persuasive explanation is required.**

# Best Practice

Many Massachusetts municipal water and sewer operators use a single *fair share* rate, based on the water meter reading, to *fairly* serve both low and high use customers.



Pepperell appears to be the only Massachusetts municipal water and sewer operator that uses “Multi Unit” billing.

# Problem Statement

“Multi Unit” billing discriminates against some customers by using an *unfair* revenue raising billing algorithm that arbitrarily *inflates* invoices by billing multiple flat rate charges vastly in excess of the water meter readings.



# 41 Lomar Park Drive Building



Water Meters: **1**  
# of Multi Units: **1** [prior to 2022]  
Building Sizes: **20K** Sq Ft  
CuFt/Yr Water: **8,000**  
Type of Use: **Industrial**

*No "Multi Unit" Billing*  
Water & Sewer Proposed  
Total Billing: **\$1,552**

Water & Sewer Total Rate:  
\$/CuFt: **\$0.1940**

## Is "Multi Unit" Billing *Fair*?

**No "Multi Unit" reports are available by address detailing how many "Multi Units" are being billed and charged.**

**No written definition of a "Multi Unit" exists.**

**No "Multi Unit" reports are available to help determine *fair share* rates.**

**Probabilistic evidence shows that hundreds of "Multi Unit" customers are vastly overbilled by an algorithm that radically departs from logic and common sense.**

# 41 Lomar Park Drive Building



Water Meters: **1**  
# of Multi Units: **13**  
Building Sizes: **20K** Sq Ft  
CuFt/Yr Water: **8,000**  
Type of Use: **Industrial**

Water & Sewer Total Rate:  
\$/CuFt: **\$0.5416**

**"Multi Unit" Billing**  
Water & Sewer Proposed  
Total Billing: **\$4,333**  
**Overbilling = \$2,781**  
Upcharged from: **\$1,552**

## Pepperell Massachusetts Water Quarterly Billing Invoice Calculator

CuFt Quarterly Billing Usage = **2000**, Annualized @ **8000**  
Billing Multi Units = **13**, Base Charge = **\$30**

Step #1 = **\$390** Base Charge(s) = **13**, Rate = **\$30**

Step #2 = **\$109.285** Consumption Up to **10400** CuFt, Rate = **\$.0550** per CuFt

Billing Step #3 = **\$0** Consumption Up to **29900** CuFt, Rate = **\$0.0750** per CuFt

Billing Step #4 = **\$0** Consumption Up to **68900** CuFt, Rate = **\$0.0950** per CuFt

Billing Step #5 = **\$0** Consumption Up to **12987** CuFt, Rate = **\$0.1300** per CuFt

Quarterly Usage Bill Amount = **\$109.285** plus Base Charge of **\$30**

Quarterly Billing Total **\$139.285** [Annualized = **\$557.14**] @ Rate **\$0.0696** per CuFt

Multi Unit Quarterly Additional Overbilling: **\$30** x # Multi Units (**13 - 1**) = **\$360**

Annual Multi Unit Overbilling **\$1440**

Quarterly Billing Total w/Multi Unit **\$499** @ Rate **\$0.2496** per cubic foot

Annual Billing Total w/Multi Unit **\$1,997** @ Rate **\$0.2496** per cubic foot

*Proposed Rates & Rate Calculator: <https://unfairbilling.com/billing/>*



## Pepperell Massachusetts Sewer Quarterly Billing Invoice Calculator

Cubic Foot Quarterly Billing Usage = **2,000**, Annualized @ **8,000**  
Billing Multi Units = **13**, Base Charge = **\$30**

Single Tier Usage Rate = **\$0.0970** per cubic foot

Quarterly Usage Bill Amount = **\$194** plus **1** Base Charge of **\$30**  
Quarterly Billing Total \$224 [Annualized = **\$896**] @ Rate **\$0.1120** per cubic foot

Multi Unit Quarterly Additional Overbilling: **\$30** x # Multi Units (**13 - 1**) = **\$360**  
Annual Multi Unit Overbilling **\$1440**

Quarterly Billing Total w/Multi Unit **\$584** @ Rate **\$0.2920** per cubic foot  
Annual Billing Total w/Multi Unit **\$2,336** @ Rate **\$0.2920** per cubic foot

## Pepperell Massachusetts Water & Sewer Billing Invoice Totals

Annual Total Billing w/Multi Unit **\$4,333.14** @ Rate **\$0.5416**  
Total Annual Multi Unit Overbilling **\$2,880** or **198%**

# 33 & 41 Lomar Park Drive Buildings



Water Meters: **2**  
# of Multi Units: **26**  
Building Sizes: **20K** Sq Ft  
CuFt/Yr Water: **16,000**  
Type of Use: **Industrial**

Water & Sewer Total Rate:  
\$/CuFt: **\$0.5416**  
Upcharged from: **\$0.1940**

**"Multi Unit" Billing**  
Water & Sewer Proposed  
Total Billing: **\$8,666**  
**Overbilling = \$5,563**  
Upcharged from: **\$3,103**

# Base Charges

**Flat rate Base Charges are regressive in nature because these charges represent a larger share of a low use customer's bill and a smaller part of a high use customer's bill.**

**A flat rate water Base Charge is a generally accepted specific customer charge reflecting the cost to install and maintain the water meter and bill customers for services.**

**However, a flat rate sewer Base Charge is generally unacceptable as a *fair share* charge because the customer, not the sewer operator, is responsible to pay for the installation and maintenance of all sewer facilities on the customer's property.**

## ***Analysis of 2021 Year Billings***

### ***Current Rates and Charges Produce Unfair Results***

<b>2021 CuFt</b>	<b>2021 Billed</b>	<b>2021 Average Rate</b>	<b>Average CuFt</b>	<b>Up to Range</b>	<b># Accounts</b>	<b>Cumulative Accounts</b>
54,974	\$26,783.30	<b>\$0.4872</b>	<b>500</b>	1,000	110	110
639,696	\$97,878.46	\$0.1530	1,828	2,500	350	460
2,360,055	\$245,538.19	\$0.1040	3,676	5,000	642	1102
2,706,518	\$236,447.71	\$0.1040	6,137	7,500	441	441
1,952,426	\$168,184.39	\$0.0874	8,601	10,000	227	668
1,792,798	\$155,304.33	\$0.0861	11,873	15,000	151	819
913,018	\$82,360.29	\$0.0866	17,227	20,000	53	872
331,147	\$28,931.06	\$0.0874	22,076	25,000	15	15
270,288	\$22,534.40	\$0.0834	27,029	30,000	10	25
254,758	\$22,564.03	\$0.0886	31,845	35,000	8	33
261,599	\$22,313.47	\$0.0853	37,371	40,000	7	40
356,031	\$33,190.43	\$0.0932	44,504	50,000	8	48
422,761	\$40,736.83	\$0.0964	52,845	60,000	8	56
353,299	\$32,644.05	\$0.0924	70,660	100,000	5	61
784,301	\$70,774.68	\$0.0902	156,860	250,000	5	66
476,053	\$40,940.88	<b>\$0.0860</b>	<b>476,053</b>	500,000	1	67
<b>13,929,722</b>	<b>\$1,327,127</b>	<b>\$0.0953</b>	<b>6,825</b>		<b>2041</b>	<b>54%</b>
						<b>43%</b>
						<b>3%</b>

*Source: 2021 Sewer Billing Report provided by the Business Manager*

**2023 Single Sewer Rate Impact on 2021 Actuals  
Using A New Rate of \$0.10912/CuFt**

<b>2021 CuFt</b>	<b>2021 Billed</b>	<b>2021 Ave Rate</b>	<b>2023 New Billed</b>	<b>2023 v. 2021 Change</b>	<b>Average Change</b>	<b>Average CuFt</b>	<b>Up to Range</b>	<b># Accts</b>	<b>Cum Accts</b>
54,974	\$26,783.30	<b>\$0.4872</b>	\$5,998.76	<b>-\$20,784.54</b>	<b>-\$190.39</b>	500	1,000	110	110
639,696	\$97,878.46	\$0.1530	\$69,803.63	<b>-\$28,074.83</b>	<b>-\$85.46</b>	1,828	2,500	350	460
2,360,055	\$245,538.19	\$0.1040	\$257,529.20	\$11,991.01	\$8.12	3,676	5,000	642	1102
2,706,518	\$236,447.71	\$0.1040	\$295,335.26	\$58,887.55	\$115.90	6,137	7,500	441	441
1,952,426	\$168,184.39	\$0.0874	\$213,048.73	\$44,864.34	\$172.94	8,601	10,000	227	668
1,792,798	\$155,304.33	\$0.0861	\$195,630.12	\$40,325.79	\$232.96	11,873	15,000	151	819
913,018	\$82,360.29	\$0.0866	\$99,628.56	\$17,268.27	\$276.33	17,227	20,000	53	872
331,147	\$28,931.06	\$0.0874	\$36,134.76	\$7,203.70	\$416.83	22,076	25,000	15	15
270,288	\$22,534.40	\$0.0834	\$29,493.83	\$6,959.43	\$618.31	27,029	30,000	10	25
254,758	\$22,564.03	\$0.0886	\$27,799.19	\$5,235.16	\$562.93	31,845	35,000	8	33
261,599	\$22,313.47	\$0.0853	\$28,545.68	\$6,232.21	\$782.97	37,371	40,000	7	40
356,031	\$33,190.43	\$0.0932	\$38,850.10	\$5,659.67	\$579.63	44,504	50,000	8	48
422,761	\$40,736.83	\$0.0964	\$46,131.68	\$5,394.85	\$522.57	52,845	60,000	8	56
353,299	\$32,644.05	\$0.0924	\$38,551.99	\$5,907.94	\$978.63	70,660	100,000	5	61
784,301	\$70,774.68	\$0.0902	\$85,582.93	\$14,808.25	\$2,511.09	156,860	250,000	5	66
476,053	\$40,940.88	<b>\$0.0860</b>	\$51,946.90	\$11,006.02	\$9,638.62	476,053	500,000	1	67
<b>13,929,722</b>	<b>\$1,327,127</b>	<b>\$0.0953</b>	<b>\$1,520,011</b>	<b>\$192,885</b>	<b>\$94.51</b>	<b>6,825</b>		<b>2041</b>	
									54%
									43%
									3%

**Table Basis: \$1,520,000 Sewer Revenue Budget for 2023**

Proposed Rates & Rate Calculator: <https://unfairbilling.com/billing/>

# What Must Be Done Going Forward

**Bill customers *only* by what the water meter measures as usage.**

**Stop "Multi Unit" Base Charge overbilling.**

**Stop using an arbitrary sewer Base Charge that overbills low use customers and discounts high use customers by about 12% which is the exact opposite outcome of encouraging conservation.**

**Establish a single *fair share* single sewer rate of **\$0.10912** per cubic foot and a *fair share* single water rate.**

**Refund all "Multi Unit" overcharges.**

# Massachusetts State Law

**MGL Chapter 40N, Section 9:**

***"... The commission shall hold at least one public hearing on its schedule of fees, rates and charges or any revision thereof prior to adoption."***

# 2022 "Multi Unit" Billing Was Unlawful

There was no public hearing or a vote taken to "adopt" the new February and May 2022 "Multi Unit" sewer billing algorithm.

The "adoption" of this new "Multi Unit" billing process affected 1,100+ property owners who were likely overcharged \$60K.

Accordingly, the "Multi Unit" sewer billings since February 2022 were illegally adopted and need to be refunded to the adversely affected customers.