CITY OF HENDERSONVILLE

CUSTOMER ACCOUNT AND BILLING POLICY

OCTOBER 1, 2026

Section 1 – General

1.1 Introduction

The policies and procedures contained in this document are intended to define the relationship between the customer of enterprise services including water, wastewater, stormwater and solid waste collection (collectively one or more sometimes referred to in this policy as "utility service" or "utility services") and the City of Hendersonville with respect to the establishment of utility accounts for each of these services, as applicable, ("Utility Service Account" or "utility service account" or "account") and with respect to billing and collection of all such accounts. With the exception of stormwater services, utility services are provided on a contract basis between the City and the customer. Customers receiving water, sewer or environmental services must have an active utility service account and must enter into the City's standard utility service agreement in order to receive any or all of these three utility services.

1.2 Authority

The City Council shall establish and approve utility service rates, fees, and other matters requiring Council action. The Finance Department is responsible for administering this Policy and maintaining the Policy in accordance with applicable City Council actions, ordinances, resolutions, and changes in applicable law.

1.3 Office and Service Hours

The Finance Department is located at 160 6th Avenue East and is open to the public from 9 a.m. to 5 p.m. Monday through Friday, except for City holidays. Routine customer service and administrative work will be performed from 8 a.m. to 5 p.m. Monday through Friday except for City holidays. Utility field services and other operational services may follow separate schedules established by the responsible department. A 24-hour drop box is available for customer payments in the City Hall 6th Avenue parking lot. Payments made after 8:00 am at the drop box are posted the next business day.

1.4 Privacy and Customer Information

The City is committed to protecting customer information obtained in connection with the establishment and administration of utility accounts. Customer utility billing information is not a public record pursuant to N.C.G.S. § 132-1.1(c) and in most cases will only be disclosed where, in the discretion of the city, it is necessary to assist the city in maintaining the integrity of the services provided, to assist with collection on accounts, to assist law enforcement, public safety, fire protection, and other emergency service providers or judicial officers in the performance of their duties, or for the purposes of securing bond financing for the improvement of utilities infrastructure. Social Security numbers and other personally identifying information collected by the City will be maintained and protected, and will be used or disclosed only as allowed by N.C.G.S. § 132-1.10 and other applicable law. The City will take reasonable measures to safeguard customer information from unauthorized access, use, or disclosure.

Section 2 – Establishing Water or Sewer Service

All connections to the City of Hendersonville water or sewer system must have an active utility services account and an active utility services agreement in place ("Utility Services Agreement" or "USA"). Customers establishing a new account (excluding stormwater service) on or after October 1, 2026, must enter into the City's standard utility services agreement revised effective October 1, 2026 (the "2026 Utility Service Agreement" or "2026 USA"). Existing customers may continue under their existing Utility Services Agreement with the City until one of the following circumstances occurs: (1) a customer voluntarily enters into the 2026 Utility Services

Agreement; or (2) A utility service is requested for a new or different property. All existing USAs and all 2026 USAs entered will be deemed to incorporate and include by reference the terms of Chapter 52 of the City of Hendersonville Code of Ordinances, including all amendments thereto.

Where this Policy requires the submission of a New Application for Service, water service may be disconnected for any property, connection or utility services account if a New Application for Service is not received within 5 consecutive working days of a property owner, tenant or customer being notified in writing by customer service that a New Service Application is required for a property, for a connection (new or existing), or for an account (new or existing). For purposes of this notification, email shall qualify as a notification in writing.

To apply for water or sewer service, a customer must complete the City's standard application for utility service revised effective October 1, 2026 ("New Service Application" or "Application") and must submit all required documentation for review and approval by the City of Hendersonville Customer Service Department. Completion and submission of a New Service Application is the customer's agreement to be bound by the terms and conditions of the City's 2026 Utility Services Agreement which include this Customer Account and Billing Policy ("Policy"), which is specifically incorporated by reference into the 2026 USA, and those standard terms and conditions that are a part of the New Service Application and which may be found at :_____. By submitting a New Service Application, the customer accepts responsibility for payment of all applicable rates, charges, fees, and other amounts associated with the account and agrees to comply with this Policy, applicable City ordinances, regulations, and other City requirements governing utility service. Approval of the New Service Application by the City will complete the legally binding agreement (the USA) between the customer and the City of Hendersonville for the provision of utility services. One or more accounts may be assigned to a single USA as explained in more detail below. Once a utility service account is established in a customer's name, the customer will remain liable for all usage and base charges incurred until 1) the customer completes the appropriate documentation to terminate service, or 2) a New Service Application is received and approved for the property or connection receiving service.

If any connection to the City's water or sewer system has been made without an account being timely established, the person(s) for whose benefit the connection is made will be corrective billed for all utility services received from the date the connection was made through the date the account is established.

2.1 Application

A completed New Service Application must be submitted to and approved by the Customer Service Department before new service is established. Utility service accounts are non-transferable. A New Service Application is required when a property is sold, transferred, leased, or otherwise occupied by a new customer. For the avoidance of doubt, except as stated otherwise in this Policy, a New Service Application and a Utility Service Account is required for each service connection, regardless of prior service at the property, prior customer history, or previous account status. For customers subject to the 2026 USA, establishment of a new utility service connection is subject to the applicant satisfying all previously incurred and legally collectible utility obligations owed to the City; therefore such a customer who has an unpaid balance on any other utility service account with the City must pay the outstanding balance before new service may be established at another address.

A. Valid Government Issued Identification and Social Security Number (All customers)

As part of the application process, an applicant must provide a valid government issued identification document (driver's license, passport, state identification card, military identification card, etc.). The City may request the applicant's Social Security number or federal tax identification number for purposes related to establishing and administering a utility services account, including verification of identity, credit evaluation, fraud prevention, and collection of delinquent utility balances. Social Security numbers shall be collected, maintained, used, and protected in accordance with N.C.G.S. § 132-1.10 and other applicable law.

A customer is not required to provide a Social Security or federal tax identification number (as applicable) as a condition of receiving utility service; however a deposit will be required to obtain water or sewer service if neither is provided (see Subsection 2.3 below). . Additionally, the City may require other information or documentation reasonably necessary to verify the applicant's identity, evaluate applicable account requirements, prevent fraud, and protect the interests of the City and its utility customers. Failure to provide a social security number does not relieve a customer of responsibility for charges incurred for utility services.

B. Closing Statement or Deed (Property Owners)

Property Owners shall provide a copy of their deed or other information as may be reasonably requested by customer service to verify ownership of the property that will receive water or sewer service. From and after October 1, 2026, property owners will be required to enter into the new 2026 USA under when any of the following occur: 1) they request new service for any property that they own; or 2) a tenant or other occupant at any one of the properties or residential units they own requests a new service. Under the terms of the new 2026 USA, property owners may have accounts and water/sewer service at more than one owned location if all accounts for all properties remain in good standing with the City; however any delinquency on an account at any location may prevent a property owner from establishing new service.

Typically, accounts are established in the name of the tenant or non-owner occupant of a property. Pursuant to the 2026 USA, property owners with rental property (or property otherwise occupied by a third party) are required to have all accounts for utility service automatically revert to them when the non-owner occupant requests services to be discontinued and their account terminated. Property owners may elect to have all of their owned properties served under one USA, and if they elect to do so, they will not have to submit a new application for a property each time a tenant or third party occupant terminates service water or sewer service. For properties acquired after entering the 2026 USA, owners will only have to complete and submit a "Request for Service – Newly Acquired Property" form to customer service, with a copy of their recorded deed for the property attached. Upon receipt of this form, customer service will attach the account established for the newly acquired property to the owner's existing 2026 USA.

Please note: a separate utility services account will be established for each property served, or if more than one connection is present on a property, for each utility service connection at that property.

C. Lease/Rental/Occupancy Agreement (Non-owner Applicants)

Non-Property Owner occupants of a property requesting water or sewer service shall provide the City with a copy of a lease/rental/occupancy agreement along with their New Service Application so the City can verify their right to establish an account for the property. In the event their occupancy is pursuant to a verbal agreement with the property owner, both the occupant and the property owner will be required to sign a notarized "Verification of Right to Occupancy" form and submit it to customer service prior to their being eligible to receive water or sewer service. In the event any tenant or non-owner occupant named in the lease, occupancy agreement, or Verification of the Right to Occupancy form has any outstanding utility debt with the City, that debt must be paid in full prior to their being eligible for water or sewer service. If a lease/rental/occupancy agreement or Verification of Right to Occupancy cannot be provided, a New Service Application may be denied. Non-owner occupants shall not be eligible to have more than one active utility service account in their name at the same time without the approval of the Utility Revenue Manager.

D. Multi-Unit Residencies

Owners of duplex, triplex, quadraplex, or other multi-unit establishments (whether residential or commercial) shall provide the City with documents to allow verification of ownership, listing all units by street address and unit number, if applicable. Owners of the property shall provide the City with a list of authorized agents who act on their behalf (e.g. site managers, real estate agents). A federal identification number or social security number may be requested for access to account information and use in the collection of any delinquencies owed to the City. Multi-unit establishments with individually metered units are required to have all accounts automatically revert to the owner when a tenant requests that services be discontinued in their name pursuant to the terms of the 2026 USA. Also, pursuant to the 2026 USA, multi-unit owners or agents may have utilities connected at more than one location if all owner accounts remain in good standing with the City. Under the terms of the 2026 USA, any owner delinquency for utility services at any service location may prevent an owner from establishing new service. Delinquencies in a tenant or non-owner occupant utility services account will not affect a property owner's ability to receive water or sewer service at any property.

Multi-unit establishments having a master meter require that the account for the establishment be in the name of the property owner.

E. Revert-To-Owner Contract for Continuous Utility Service

The Revert-to-Owner terms of the 2026 USA provide property owners and managers with the ability to maintain continuous utility service at a non-owner occupied unit while the unit is vacant. Pursuant to these terms, property owners may attach more than one owned property to the 2026 USA. The listing of all premises (service addresses) that a property owner wishes to be included in a 2026 USA must be entered and submitted by the Owner(s) or Property Manager(s). In this way, when the unit becomes vacant, the account can automatically be put in the Owner's name until a non-owner occupant establishes new service and disconnection/reconnection fees can be avoided for the property owner. By signing the 2026 USA, the owner(s) or manager(s) agree that the owner will be responsible for payment for all utility services and related costs between the time service to outgoing tenants or non-owner occupants is terminated and service to incoming tenants or occupants is initiated, including both usage fees and all base

charges incurred during that period of time. Upon completion of the 2026 USA, customer service staff shall attach the 2026 USA to the property owner's account, attach all service addresses to a Revert-to-Owner Property Listing for the Owner, set up owner information in the utility billing system, and file accordingly. (The Premise Visit Fee will only be charged to an account if utility service has not been previously established at a premises or service address in the name of the account applicant.) Utility bills for all properties included in the USA may, at the request of the Owner, be sent to the mailing address provided on the USA, which may or may not be the same as one of the properties covered in the USA.

Service under the 2026 USA will automatically revert to a property owner upon notification of customer service by a tenant to discontinue service in their name. Upon reversion, the owner is responsible for all fees and charges incurred from the date service reverts forward; however, the owner is not responsible for any prior uncollected balance on the tenant's or non-owner occupant's account. As stated in the 2026 USA, no separate notification to the owner or manager is required in such a situation.

Notwithstanding the foregoing, if a utility service is discontinued by the City due to non-payment of an account by a tenant or non-owner occupant, or interference with normal service (i.e. meter tampering) occurs, service shall not automatically revert to the owner. Once service has been terminated for non-payment, or meter tampering has occurred, service at the premises will be reinstated only if (1) arrangements are made to pay in full all amounts due on the account in accordance with these policies; or (2) proof is provided to the City of Hendersonville that the non-paying or meter tapering tenant no longer occupies the premises.

2.2 Reasons for Denial of Service

New Service Applications may be denied for any one of the following reasons:

- The applicant is unable to provide a valid lease, rental agreement, occupancy agreement, or other documentation, such as the notarized Right to Occupancy Form, establishing the applicant's legal right to occupy the premises.
- The validity or authenticity of the lease, rental agreement, occupancy agreement, or other documentation is in question and the property owner or authorized representative cannot be reached to verify the applicant's right to occupy the premises.
- The applicant is unable to provide valid, government-issued identification or the identification provided cannot be reasonably verified.
- Under the terms of the 2026 USA , as applicable, there is an outstanding balance due on any current or previous utility services account for the new service applicant or the property owner.

2.3 Customer Deposit

The purpose of a customer deposit is to help ensure payment of utility fees and charges. All new customer accounts may be required to pay a deposit in accordance with the most recently adopted City Rate and Fee Schedule as follows:

- Property owners will not be required to post a deposit for non-owner-occupied properties.
- Tenants or non-owner occupants of a property refusing to provide a social security number or federal tax identification number will be required to post a deposit upon submission of a New Service Application.

- Tenants or non-owner occupants of a property unable to demonstrate satisfactory creditworthiness will be required to post a deposit upon submission of a New Service Application.
- A deposit may also be required when an existing customer establishes an additional account

Deposit amounts may vary based on the type of service requested and the results of any credit evaluation conducted as part of the application process. Deposit amounts shall be established and amended by City Council through the City's Rate and Fee Schedule.

2.4 Application of Deposit

The City may retain customer deposits for the duration of the utility account to help ensure payment of utility fees and charges. No interest shall be paid to the customer for utility service account deposits, and deposits will be intermingled with City funds; however they shall be accounted for separately. Deposits may be applied to an account based on the following conditions:

A. Active Accounts

A deposit held on an active account may be applied to the customer's account after the customer has maintained 24 consecutive months of good payment history. For purposes of this subsection, good payment history means no Utility Bill Late Fee, Returned Payment Fee, or Delinquent Account Fee during the applicable 24-month period.

B. Inactive Accounts

Upon termination of service and closure of the customer's account, the City shall apply the deposit to any outstanding balance owed on the account. Any remaining deposit balance after all outstanding fees and charges have been satisfied may be refunded to the customer in accordance with this Policy.

2.5 Temporary/Voluntary Disconnection of Services

A customer who will be away from a residence for an extended period may request temporary disconnection of water service at the meter. Temporary disconnection does not relieve the customer of applicable utility base fees for water or sewer service, or for stormwater or environmental service fees during this period of temporary disconnection, as provided by City ordinance and the applicable Rate and Fee Schedule. A premise visit fee will apply when City staff are requested to disconnect service at the meter under this section 2.5.

2.6 Permanent or Indefinite Disconnection of Services

A. Water and/or Sewer Services

When a residence or other structure has been demolished, condemned, or ordered abandoned by a court (hereinafter any of the foregoing may be referred to as "unusable structure"), and there are no other structures receiving water service from the meter providing service to the unusable structure, the customer, property owner, or authorized legal representative may request permanent or indefinite disconnection of water service and removal of the water meter. Documentation demonstrating to the reasonable satisfaction of the City that the structure is an unusable structure must be submitted and approved before the meter may be removed. A meter removal fee may be charged in accordance with the most recently adopted City Rate and Fee Schedule.

Once the meter has been removed and water service has been permanently disconnected from the unusable structure, the applicable water service base fees and sewer fees will no longer be assessed for the unusable structure. Provided there are no other separately metered structures on the property, environmental service fees will no longer be assessed per subsection 2.6(B) below.

If the meter remains in place and water service is not permanently disconnected, the City retains the right to bill for all utility services provided to the property. If service is subsequently resumed the City may bill for previously unbilled utility services for a period not to exceed two years, subject to applicable law. If unauthorized water usage occurs, the City will proceed in accordance with Section 2.9 below to collect all fees and penalties owed, and to pursue collection for any damages caused by such unauthorized use.

The City may require additional site visits to verify continued eligibility for discontinuation. A premise visit fee may be charged for each additional visit in accordance with the most recently adopted City Rate and Fee Schedule.

B. Environmental Services Discontinuance

A customer, property owner, or authorized legal representative may request discontinuation of environmental services and removal of sanitation containers for an unusable structure. Documentation demonstrating to the reasonable satisfaction of the City that the structure is an unusuable structure must be submitted to and approved by the Customer Service Division before environmental services may be discontinued or containers removed. A container removal fee may be charged in accordance with the most recently adopted City Rate and Fee Schedule.

Environmental Services fees will be discontinued effective the date the required documentation is received and approved by the Customer Service Division. All fees and charges shall remain applicable until the discontinuation is approved. If environmental services are not discontinued and the customer subsequently resumes use of the service, the City retains the right to bill for previously unbilled environmental services for a period not to exceed two years, subject to applicable law. The City may require additional site visits to verify continued eligibility for discontinuation. A premise visit fee may be charged for each additional visit in accordance with the most recently adopted City Rate and Fee Schedule.

C. Stormwater Fees Discontinuation

A customer, property owner, or authorized legal representative may request discontinuation of stormwater fees for an unusable structure if all impervious surfaces have been removed from the property. Documentation demonstrating to the reasonable satisfaction of the City that the structure is an unusuable structure, and that all impervious surfaces have been removed, must be submitted to and approved before stormwater fees may be discontinued. The Stormwater Division or its authorized designee shall review and approve all requests for discontinuation of stormwater fees. The City may require a site visit to verify that all applicable requirements have been satisfied.

Stormwater fees will be discontinued effective the date the required documentation is received and approved by the Customer Service Division. All fees and charges shall remain applicable until the discontinuation is approved.

If the requirements for discontinuation are not satisfied, the City retains the right to continue billing stormwater fees and to bill for previously unbilled fees and charges for a period not to exceed two years, subject to applicable law.

The City may require additional site visits to verify continued eligibility for discontinuation. A premise visit fee may be charged for each additional visit in accordance with the most recently adopted City Rate and Fee Schedule.

2.7-2.8 Reserved

2.9 Meter Tampering

No unauthorized person shall open a meter box or interfere with, alter, tamper with, or bypass a meter installed for the purpose of measuring water use, or knowingly use water passing through any such tampered meter or bypassing a meter provided by the City. See City of Hendersonville Ordinance § 52.13. Any person who violates these provisions may be liable to the City for all losses and shall receive a notification of violation and a cost recovery invoice for losses and damages sustained. If the cost recovery invoice is not paid, the City may pursue remedies available under North Carolina General Statute § 14-151.

A. Water Turned on After Disconnection by the City

If water is turned on without authorization from the City after disconnection by the City for any reason, the City may remove the water meter and assess additional charges in accordance with the fee schedule. Reestablishing service will require payment of all outstanding fees and charges on the account, applicable deposits, fines, and any other fees before reconnection.

Section 3 – Utility Billing Procedures

The City of Hendersonville Finance Department bills for all utility services (Water, Sewer, Environmental and Stormwater services) for an account on a single invoice. Please visit the City of Hendersonville website to view the most current billing calendar schedule and related information.

3.1 Billing

A. Billing Cycle

Bills shall be prepared monthly for each billing cycle. Billing cycle dates shall be established based on service area and shall be as close to 30 days as practicable.

B. Bill Due Date

Bills shall be due 20 calendar days from the billing date. Payment may be made by check, credit card, money order, ACH, cash at the Customer Service office, through the City's online payment portal (See _____) or using other payment methods authorized by the City.

C. Late Fees

A late fee shall be assessed on the first day following due date on any bill that remains unpaid. The late fee shall be $10.00 or 5% of the unpaid balance, whichever is greater.

D. Delinquent Fees and Disconnection

Bills not paid within 28 consecutive calendar days of the billing date shall be subject to disconnection (the "Pay to Avoid Disconnection Date"). If payment is not received by 5:00 p.m. on the Pay By To Avoid Disconnection Date, a Delinquent Account Fee, in accordance with the most recently adopted City Rate and Fee Schedule, will be assessed and the account shall be subject to disconnection. The Pay to Avoid Disconnection Date shall be printed on the customer's bill for transparency. (Please Note: the Delinquent Account Fee is a separate fee from the late fee, and is intended to partially defray the City's costs in making the disconnection.)

To restore service following disconnection for nonpayment, the customer shall be required to pay the entire past-due balance, including applicable fees and charges.

E. Returned Bills

If a bill is returned to the City as undeliverable, the Customer Service Department shall make reasonable efforts to obtain a forwarding address or otherwise update the customer's billing information. If the account becomes delinquent, fees and charges will be assessed in accordance with this Section 3 and the Finance Department shall follow the collection procedures established in Subsection 3.3, Collection of Past Due Utility Fees and Charges. Customers are responsible for all fees and charges incurred on their accounts regardless of whether a monthly bill is received.

F. Payment Application Sequence

Payments received by the City shall be applied to amounts due on the customer's account in the order established by City of Hendersonville Code of Ordinance in Chapter 52. The order of application of payment is stated below:

1. Fees and Miscellaneous Fees and Charges
2. Stormwater Fees and Charges
3. Environmental Fees and Charges
4. Sewer Fees and Charges
5. Water Fees and Charges

The payment application sequence does not constitute a waiver or satisfaction of any remaining balance owed to the City. Any fees, charges, penalties, or other amounts remaining outstanding after application of payments shall remain due and may be collected through the collection remedies and procedures established by this Policy, City ordinance, and applicable law.

G. Environmental Services Fees

Accounts located within the City limits will be assessed a monthly Environmental Services Fee in accordance with the most recently adopted City Rate and Fee Schedule.

Multi-unit residential, commercial, and industrial accounts meeting the criteria established by City ordinance may contract for private collection services upon approval by the City. The Environmental Services Fee may be waived upon receipt and approval of required documentation.

H. Stormwater Fees

Accounts for improved properties (properties having any impervious surface) located within the City limits will be assessed a monthly Stormwater Fee in accordance with the most recently adopted City Rate and Fee Schedule.

Applicable non-residential credits or caps shall be applied in accordance with City ordinances and the most recently adopted City Rate and Fee Schedule.

I. Customer's Responsibility Regarding Billing Address and Updates

The property owner, account holder, or authorized designee is responsible for providing the City with accurate billing and contact information for both the property owner and the customer, if different, and for notifying the City of any changes to such information.

Only the account holder or an authorized representative may request changes to billing information or account status on an account, subject to the City's verification requirements.

J. Corrective Billing

If the City determines that a customer has been overcharged or undercharged for utility service, the City will correct the billing error in accordance with this Policy and applicable law.

1. **Overcharged Customer**

   If the City determines that a customer has been overcharged for utility service, the City will credit the customer's account for the excess amount, without interest, for the period of overcharge, not to exceed two (2) years. The City shall notify the customer of the billing correction. A customer may request a refund of an account credit that exceeds three (3) months of the customer's normal billed activity, in accordance with the City's refund procedures.

2. **Undercharged Customer**

   If the City determines that a customer has been undercharged for utility service, the City will bill the customer for the additional amount due for the underbilled period not to exceed two (2) years. The City may offer a payment plan for amounts due as a result of underbilling in accordance with this Policy. If a customer receives notice of an undercharge and does not contact the City to request an authorized payment plan by the subsequent due date, the account may be subject to disconnection for nonpayment in accordance with this Policy.

   If an undercharge results from meter tampering, meter bypass, fraud, or other intentional or willfully misleading action by the customer, the City will require payment of the entire undercharged amount and pursue any other rights or remedies available under applicable law, and Subsection 2.9.

K. Disputed Bill

A customer who disputes a bill , fee or charge may submit a written request for review to the Customer Service Department. The request must identify the bill or charge being disputed, explain the reason for the dispute, and include any supporting documentation or other evidence the customer believes is relevant to the request.

The Utility Revenue Manager, or designee, shall review the disputed bill and supporting information and may conduct additional research or request additional information as necessary to determine whether an adjustment or other action is warranted. Following the review, the Utility Revenue Manager, or designee, will contact the customer regarding the outcome of the request and any applicable adjustment or other action.

Submission of a disputed bill request does not automatically suspend applicable payment deadlines, late fees, delinquency procedures, or disconnection procedures unless otherwise authorized by this Policy, or City ordinance.

The Utility Revenue Manager, or designee, shall complete the review and provide a response to the customer within thirty (30) calendar days of receiving the dispute request, or within a reasonable time if additional information is required.

3.2 Returned Payments

A. Returned Payment Fee

Payments returned due to insufficient funds, closed accounts, or other reasons not attributable to a City error will be assessed a fee in accordance with the most recently adopted City Rate and Fee Schedule. If a payment is returned due to a City error, the returned payment fee will be waived.

B. Payment Method Restriction

If a customer's payment by check is returned due to insufficient funds, a closed account, or another reason not attributable to a City error, the City may restrict the customer's use of payment by check for a period of two (2) years if the customer has two (2) such returned payments within a twelve (12)-month period.

C. Returned Payment is Nonpayment

A returned payment that is not resolved, including payment of any applicable returned payment fee, will be treated as nonpayment. The customer's account may be subject to applicable late fees, collection procedures, and disconnection of utility service in accordance with this policy.

D. Customer Notification

The Finance Department will notify the customer in writing of the returned payment and any resulting fees, restrictions, or account requirements and will request replacement funds. Emailed correspondence shall be considered a notification in writing.

E. Outstanding Return Fees

Returned payment fees will be added to the customer's account and must be paid, along with all other applicable past due charges, in order to maintain or restore utility service, as applicable.

F. Disconnection for Returned Payment

A returned payment submitted to satisfy an amount due in order to avoid disconnection may result in immediate disconnection of utility service. Before utility service is reconnected, all past due charges, applicable fees, the returned payment amount, and any Delinquent Account Fee must be paid in full, unless otherwise authorized under this policy.

3.3 Collection of Past Due Utility Fees and Charges

A. Accounts 28 Days Past Due

The City may provide customers with account and delinquency notifications by telephone, text message, and email using the contact information associated with the customer's account. Customers may opt out of text message notifications. Customers with an email address on file may also receive notifications when a bill is generated and, if a balance remains unpaid, before and after the payment due date.

If payment is not received by 5:00 p.m. on the Pay By to Avoid Disconnection Date, a Delinquent Account Fee, as established in the most recently adopted City Rate and Fee Schedule, will be added to the customer's account, and water service will be disconnected for nonpayment in accordance with this Policy.

B. Accounts With Unpaid Balances

The City may use one or more of the following collection methods, as appropriate to collect amounts past due on any utility service account:

1. **Collection Agency or Debt Setoff**
   The City may refer delinquent accounts to a collection agency, attorney, or other authorized collection service, or submit eligible debts to the North Carolina Debt Setoff Program, in accordance with applicable law and City procedures.

2. **Credit Reporting**
   The City may report delinquent utility accounts to consumer reporting agencies in accordance with applicable Federal and State laws and any applicable reporting requirements.

3. **Disconnection or Denial of Utility Service**
   The City may disconnect water services for nonpayment of a balance owed on an account within 28 consecutive calendar days of the due date as provided in this Policy. Once water service has been disconnected, a person who is responsible for a delinquent utility account will be required to satisfy the delinquent account, including all past-due fees and charges and all other applicable fees before the City establishes or restores service on that account.

Additionally, for customers subject to the 2026 USA, new service applications will be denied if the customer has outstanding amounts past due on any other utility services account in the customer's name or in the property owner's name, if different.

4. **Legal Action**
   The City may refer delinquent utility accounts to the City Attorney or other authorized legal counsel for collection and may pursue any legal remedies available under applicable law.
   If the City obtains a judgment for delinquent utility charges, fees, costs, or other amounts owed, the judgment will accrue interest as provided by North Carolina law. The City may also pursue recovery of any court costs, attorney fees, and other fees, costs or charges authorized by applicable law.

5. **Constructive Eviction.** The City will not terminate service to any property occupied by a tenant or other non-owner occupant upon the request of the property owner where (1) the utility account is in the tenant's or non-owner occupant's name; or (2) the property is occupied by a tenant or non-owner occupant but the account is in the property owner's name, unless termination of service is also requested by the tenant or third party occupant, or the tenant or third party occupant submits a New Service Application for the property and enters into a USA for the property, resulting in the account being placed in the tenant or third party occupant's name. (Nothing herein shall preclude the City from pursuing its normal collection remedies, including disconnection of utility service where the non-owner occupant is also the account holder and is delinquent for nonpayment.)

   Where the account for utility services for a non-owner-occupied property is in the property owner's name, and the account becomes delinquent, the non-owner occupant may apply to have an account for the property established in their own name to avoid disconnection for non-payment by the owner. In such event, the non-owner occupant shall not be liable for the period of nonpayment by the property owner, nor for the delinquent account fee or late fees or other penalties accrued due to the property owner's nonpayment.

3.4 Payment Plans

Payment plans are available only for past-due balances resulting from a qualifying leak adjustment or corrective billing for previously unbilled utility usage. Past-due balances resulting from regular monthly billing are not eligible for a payment plan.

A. Eligibility and Approval

All customers that are (1) eligible for a leak adjustment or (2) are subject to corrective billing resulting in account balances owed are eligible for a payment plan.

B. Payment Plan Requirements

All customers entering a payment plan will be required to sign the City's standard Utility Service Payment Plan and Promissory Note form. The duration of a payment plan shall be determined based on a customer's

stated ability to pay, but shall not exceed twenty-four (24) months in length without the approval of the Finance Director. Payment plans shall not subject the customer to interest accrual during the payment plan period. An initial payment equal to one month's payment of the payment plan, as determined by the Finance Department, shall be required before the payment plan is effective.

C. Default

Customers enrolled in a payment plan must remain current on all ongoing monthly utility fees and charges in addition to making the scheduled payments of the payment plan. Any returned payment, missed scheduled payment, or failure to comply with the terms of the payment plan may result in termination of the payment plan. Upon termination or default of the payment plan, the entire remaining balance shall become immediately due and may be subject to the City's standard collection and disconnection procedures.

D. Payment Plan Reinstatement

A customer may apply for reinstatement one time during the term of the payment plan. The Finance Department shall review the request for reinstatement. If reinstatement is granted, all missed payments including any fees must be paid to reinstate the payment plan.

3.5 Deceased Account Holder/Estate Accounts

When an account holder is deceased, if the account will be held by the person's estate, a Utility Billing Change Form must be completed in order to transfer an account into the name of the executor or administrator of the estate within 45 days. The City may request legal documentation including, but not limited to, death certificates, wills, or other legal documents to process the utility billing change request. If the City of Hendersonville receives notice or determines that an account holder is deceased, notification of account closure may be mailed to the address on record. The letter may set forth a date on which a Utility Billing Change Form must be received to continue services at the location of the deceased account holder.

It is the responsibility of the executor or other person administrating the estate to notify the City of any changes in account status. The City of Hendersonville may allow an account to remain in the name of an estate for a period of up to 12 months from the date of account transfer into the estate. If the executor or administrator has not terminated service, or if a new owner, tenant or third person legally entitled to occupy the property has not entered into a USA to establish a utility services account for the property within this 12-month period, the City may disconnect utility service at the property.

Normal base charges and usage charges will continue to apply for all utility services received at the property.

3.6 Premise Visit Fee

The City may charge a Premise Visit Fee, as established in the most recently adopted City Rate and Fee Schedule, when City personnel are required to visit a customer's premises to temporarily turn water service on or off at the customer's request for the customer's convenience. A written request must be submitted to the Customer Service Department and must include the service location and requested date for the meter to be turned on or off. The applicable Premise Visit Fee shall be assessed in accordance with the most recently adopted City Rate and Fee Schedule.

Section 4 – Consideration of Adjustments, Credits and Refunds

4.1 Adjustments

A. Sewer Adjustments for Swimming Pools

The City may provide a sewer billing adjustment for water used to fill a swimming pool, spa, or decorative water feature when the water is not discharged into the City's sanitary sewer system. The customer must submit a written request to Customer Service and meet all eligibility and documentation requirements established by this Policy.

1. Adjustment Frequency

A sewer customer is eligible for no more than one (1) sewer adjustment per twelve (12)-month period for each utility service connection.

2. Submission Deadline

A request for a sewer adjustment must be submitted within sixty (60) days of the date the water was used to fill the swimming pool, spa, or decorative water feature. Requests submitted after the sixty (60)-day deadline are not eligible for an adjustment.

3. Submission Requirements

The customer's written request must provide sufficient information for the City to determine the amount of water used, including, as applicable:

- The type of water feature;
- The dimensions and capacity of the swimming pool, spa, or decorative water feature;
- The estimated number of gallons used; and
- The date or approximate date the water was used to fill the feature.

The City may request additional information or documentation reasonably necessary to verify the request.

4. Minimum Usage Amount

Water usage of less than 5,000 gallons for filling a swimming pool, spa, or decorative water feature is not eligible for a sewer billing adjustment.

5. Active Account Requirement

The utility service account must be active at the time the adjustment request is submitted. Once a request to discontinue service has been processed and the utility account has been closed, the account is no longer eligible for a sewer adjustment.

6. Amount of Adjustment

The sewer adjustment shall be based on the City's determination of the estimated amount of water used to fill the swimming pool, spa, or decorative water feature and shall be applied in

accordance with the City's current rates and billing procedures. The City may establish reasonable procedures for calculating the eligible sewer adjustment and may require verification of the estimated water usage.

B. Leak Adjustments

Customers are responsible for the water service lines on the customer side of the meter. This is defined as that point at which the customer's plumbing connects to the meter box. This includes a customer's shut off valve connected directly to the meter box. The City does not maintain or repair leaks on the customer's side of the water meter. The customer is responsible for all metered usage, including usage caused by leaks. The City of Hendersonville may allow an adjustment for utility fees and charges resulting from leaks on the customer's side of the meter. All the following apply:

1. Adjustment Frequency

An adjustment may be extended to the customer's meter only once every 24 calendar months upon approval.

2. Active Account Requirement

All leak adjustment requests must be submitted while the utility account is active. Once a request to discontinue service has been processed and the account is closed, the account is no longer eligible for a leak adjustment.

3. Eligible Non-Preventable Leaks

Only non-preventable leaks will be considered for billing adjustment this includes:

- Underground service line leaks occurring between the meter and the structure
- Hidden plumbing or fixture failures within walls, slabs, or foundations, including running toilets
- Sudden pipe bursts not caused by customer misuse or neglect
- Service line failures not attributable to customer action
- Internal plumbing leaks that are not visible or reasonably discoverable during normal use.

3. Ineligible Preventable Leaks. The following leaks are ineligible for a leak adjustment:

- Fixtures or plumbing left running (e.g., faucets, hoses, or spigots left open)
- Irrigation systems or hoses left operating unattended
- Improperly closed valves, spigots, or customer-controlled shutoffs
- Any condition where water is actively flowing due to customer oversight, misuse, or lack of maintenance

5. Adjustment Period and Usage Review

If a leak exceeds a two-month period, the leak adjustment will be applied to the 2 highest usage billing cycles per account during the period of leaking (see number 6 below). The two highest billing cycles will be determined by City staff after staff determines the end of the abnormal usage caused by the leak through review of meter data. If staff are unable to determine that the abnormal

usage has ended, the adjustment may be denied. The customer is responsible for all fees and charges related to abnormal usage that occurs for greater than the two highest billing cycles.

6. Adjustment Calculation
Leak adjustments shall be calculated using the customer's normal water usage rate. Normal usage shall be determined based on the customer's average consumption over the previous twelve (12) months of billed usage. If previous consumption data is less than twelve (12) months, the City may require up to an additional three (3) months of billed usage before an adjustment is processed. Once the normal monthy water usage rate has been determined, the usage(s) for each of the 2 highest billing cycles during the period of leaking (see number 5 above) will be adjusted down to 1.5 times the normal monthly usage rate.

7. Maximum Adjustment Amount
The Maximum leak adjustment that may be made for a leak is $3,000 for water and sewer combined. The customer is responsible for the billed amount that exceeds the maximum adjustment amount. Sewer fee or charge adjustments for leaks not returned to sewer shall not count toward the $3,000 cap.

8. Leaks Returned to Sewer
If the cause of the excessive usage is a defective plumbing fixture (such as a leaking toilet or faucet) and the water is returned to the sanitary sewer system, the adjustment shall include both water and sewer fees and charges.

9. Leaks Not Returned to Sewer
If the cause of the excessive usage is a burst pipe or an underground leak or other scenario and the leaked water is not returned to the sanitary sewer system, the adjustment shall include a full removal of sanitary sewer fees and charges incurred due to the water leak, and an adjustment of water fees and charges. The sewer adjustment amount will not go towards the maximum adjustment amount.

10. Submission Deadline
The customer must submit a Leak Adjustment Request Form for approval to receive an adjustment. The Leak Adjustment Request Form must be submitted within 90 days after the leak is corrected as determined by City staff. Staff will review meter usage data to determine the correction of the leak.

11. Licensed Plumber Documentation
Customers must provide the City with an invoice from a licensed plumber for repairing the leak(s). This must be accompanied by a statement confirming that the leak (or multiple leaks) has been repaired, and a description of where the leak occurred.

12. Customer Repair Documentation

A customer may make their own repairs. If a customer makes their own repairs, all receipts for parts and pictures of the leak site prior to repair and after completion are required to be sent to the City for approval.

13. Payment and Account Standing

Customers are responsible for paying the entire amount due within the normal payment period or enter into payment arrangements for the billed amount to remain in good standing on all current billings for the leak-affiliated utility service account. If payment is not received on time, the customer is subject to all current and applicable collection processes and procedures, including but not limited to disconnection of water service.

14. Minimum Adjustment Amount

No leak adjustment of less than $20.00 may be given unless the cause for the credit or adjustment is an error by the City of Hendersonville.

15. Credits and Refunds

Leak adjustments will apply to the customer's account as a credit. Payments made prior to the adjustment that do not exceed more than 3 months normal billed activity will remain as a credit on the account unless the account is no longer active. Amounts paid greater than 3 months normal billed activity may be requested to be refunded by the Customer. Any credits or payments received may be applied to outstanding Customer balances.

16. Review

A customer who disputes a decision regarding a leak adjustment may request a review of the decision by the Billing Department. The review request must identify the leak adjustment requested, explain the reason for the disagreement, and include any supporting documentation or other evidence the customer believes is relevant to the review.

The Finance Director, or designee, shall review the request and supporting information and may conduct additional research or request additional information as necessary to determine whether the leak adjustment decision was correct per policy.

Following the review, the Finance Director, or designee, will contact the customer regarding the final decision and any applicable adjustment or other action. The decision of the Finance Director, or designee, shall constitute the City's final determination regarding the leak adjustment.

Submission of a request for review of a leak adjustment decision does not automatically suspend applicable payment deadlines, late fees, delinquency procedures, or disconnection procedures unless otherwise authorized by this Policy, City ordinance, or the Finance Director.

4.2 Credits

Any credit balance remaining on an inactive account may, at the City's discretion, be transferred to another active account belonging to the same customer. If the customer has an outstanding balance on another

account with the City of Hendersonville, the available credit will be applied or transferred to the account with the outstanding balance before any refund is issued. The City may require verification of the customer's identity or account ownership before transferring credits or issuing a refund.

4.3 Refunds

Refunds for inactive accounts will be processed 30 calendar days after the date of the customer's last transaction, provided the account has no outstanding balance or other unresolved charges. Refunds will be issued only after all applicable City account balances have been satisfied. The City may require verification of the customer's identity or account ownership before transferring credits or issuing a refund. Refunds will be issued by check and mailed to the customer's address of record.

5.0 Policy Amendments

With the approval of the City Manager, the Finance Director shall have the authority to amend this policy to implement or modify administrative provisions and procedures where in their opinion, such changes clarify policy terms and conditions, correct obvious errors in the policy, or are necessary to assist the Finance Department in maintaining the integrity of the services provided. Any such amendments and their effective date shall be clearly noted, and the updated policy shall be posted promptly on the City's website after such amendments are made. Nothing herein shall authorize the Finance Director or City Manager to implement new fees and charges, add new collection remedies, or add new circumstances under which disconnections may occur.