



PEOPLE YOU KNOW. SERVICE YOU TRUST.

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We hope the following information is useful for owners of rental property located in Cedarburg Light & Water Utility's (CL&W) service area. It is distributed periodically to keep landlords informed of CL&W's collection procedures.

### **Payment of utility bills**

Landlords should ask tenants to apply for utility service before moving in, or landlords can notify CL&W prior to the tenant's move-in date.

We encourage landlords to collect social security and driver's license information from each tenant. We suggest also charging a deposit for utility service in cases where tenants will be responsible for paying their utility bill, as our ability to charge a security deposit is limited by state law, and there are instances when we may look to the landlord for payment of a tenant's utility bill.

During the period that a tenant is a customer of CL&W, we will bill the tenant directly. As defined in 2013 Wisconsin Act 274 and Wisconsin Statute § 66.0809, landlords will be notified when a tenant's utility account is past due. If the tenant misses two payments, the tenant will be mailed a "Past Due Reminder," followed closely by a "Disconnection Notice."

The Disconnection Notice will provide 10 days for the tenant to either pay the past due balance, or make payment arrangements. If a tenant has not complied with requirements of the notice after the 10 days have passed, we will attempt to contact them to advise that their service will be disconnected. We will then follow-up with actual disconnection of their service, which is typically very effective in prompting a customer to pay their past due balance. In some instances when the customer cannot afford to pay the full past due balance in order to have their service reconnected, we will agree to a down payment and a payment plan for the remainder. Customers are also required to pay a reconnection charge, and in some instances, we can require a deposit for future service.

If a tenant vacates the property, we will send a final bill to them at their new address. If the tenant has moved within our service area and has a past due balance, we will issue a Disconnection Notice to their new address. We will follow-up with disconnection of service at the new address if payment is not made as long as the utility bill at the new address is in the same person's name. If the tenant has moved outside of our service area, and does not pay their bill, we may look to the landlord for payment (see section titled "Utility bills and the tax roll"). Therefore, it is suggested that landlords do not refund a tenant's security deposit until all charges due to the utility have been paid through the final date of service.

As far as the "final date of service" goes, we will try to coach tenants who are vacating a rental property to accept responsibility for the utility bill through the duration of the lease agreement. We will also try to coach tenants who are moving in to accept responsibility beginning when their lease begins. If a tenant insists that they are not responsible for the utility bill as long as their lease agreement states, we must honor the final or beginning service date requested by the tenant. During periods of time when we do not have a tenant to bill, we will put the account in the landlord's name and bill the landlord. If a landlord does not wish to be responsible for payment of a particular utility bill during a period of vacancy, the landlord must notify the utility that service is to be disconnected. We ask that if landlords are going to request disconnection, to please contact CL&W three business days prior to the tenant vacating.

### **Disconnections limited during winter moratorium and during summer heat advisories**

Due to health concerns that can occur from loss of heat during the cold weather months (Nov. 1 through Apr. 15) or loss of the ability to cool a residence during days when there is a heat advisory in effect, the Public Service Commission of Wisconsin prohibits utilities from disconnecting specific services to occupied dwellings during these times. In the case of the winter moratorium, disconnection of electric and/or water service cannot occur when it may affect the primary heat source. In the case of heat advisories, disconnection of electric service may not occur as it may affect the customer's ability to cool the dwelling.

To keep collection efforts going during the winter moratorium, we will make efforts to find out what type of heating system is in place and whether disconnection of utility service would affect the primary heating source. When we have a record stating that disconnection will not affect the primary heating source, we will proceed with disconnection. During a summer heat advisory, we suspend disconnections until the next working day that there is no heat advisory.

### **Utility bills and the tax roll**

As a municipal utility, CL&W is permitted by Wisconsin Statute § 66.0809 to place unpaid utility bills on the tax roll as a lien. Although the statute is fairly broad, it is our general practice to file tax liens against a rental property only in cases where tenants have moved out and left an unpaid balance on the utility account. A 1% monthly late fee is assessed on the unpaid balance until the tax lien is filed.

One of the primary reasons for the statute is the fact that rates charged by public utilities are not designed to earn a profit, and bad debts are therefore not easily absorbed. Utilities cannot choose their customers nor can they typically require that customers pay a security deposit. Since we are not able to collect deposits from all customers, we encourage landlords to collect a security deposit sufficient to cover utility bills, so as to avoid having to take responsibility for non-payment. We also encourage landlords to verify that utility bills have been paid in full before refunding security deposits.

When a utility customer vacates a rental property, we will determine the customer's unpaid utility bill, apply any deposit we may have to the customer's account balance, and send a final bill to the vacating customer.

We will also send a copy of the final bill to the landlord. If the landlord does not have proof that the tenant has satisfied the final balance due, we ask that the landlord submit payment from the tenant's security deposit and indicate the funding source with the payment.

If we do not receive payment from the renter or the landlord by Oct. 15, we will send a letter to both parties with notification of a pending tax lien against the property to be filed on Nov. 15.

- If paid by the landlord between Oct. 15 and Nov. 15, it affords the landlord the ability to file a notice of lien against the tenant's personal assets.
- If paid by the tenant by Nov. 15, no further action is required by the landlord or the utility.
- Unpaid past due charges remaining on Nov. 15 will become a lien on the property and be included on the property's tax bill.

### **How can a property owner/landlord seek cost recovery for past due amounts paid by the property owner on a tenant's behalf?**

Statutory provisions effective in 2015 (as part of 2013 Wisconsin Act 274), provide an option for property owners. Statute § 66.0809 describes that a property owner can obtain and file a lien against a residential tenant's personal assets for payments made from landlord funds for the tenant's past due utility charges.

This provision is available when the property owner does not have a security deposit available for the unpaid utility bill, and only in cases of residential rental property. Additionally, the property owner's payment for the tenant's utility charges must be made to the utility (either directly or through payment of the property taxes) after Oct. 15. Once the payment is made, the property owner has until Apr. 15 to file a lien against the tenant's personal assets. It is our understanding that this process is rather simple and requires only a small fee to the Ozaukee County Clerk of Court for the filing.

More information about this process is available under Customer Services, then Landlord Information on our website, or through your legal counsel.

### **Our relationship with landlords**

We appreciate the relationship we have with landlords and encourage open communication.

By working directly with renters to collect payment of utility bills while the renters still reside in our service area, we greatly minimize the number of times we look to the landlord for payment.

We appreciate a hands-on approach from landlords in working with their tenants to ensure payment of utility bills is taken seriously. Some landlords even stipulate in lease agreements that non-payment of utility bills is cause for eviction, which helps ensure timely payment of utility bills.

We hope you find this information helpful. If you ever have general questions or questions specific to tenants, please feel free to give us a call.

Thank you,

*Cedarburg Light & Water Utility*