

# **Bond Case Briefs**

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## **Nibco Inc. v. City of Lebanon**

**United States Court of Appeals, Sixth Circuit - February 27, 2017 - Fed.Appx. - 2017 WL 763908**

Due to its employee's clerical error, a municipality mistakenly undercharged a customer for electricity over a period of 65 months and, upon realizing its mistake, demanded that the customer pay the full \$1.27 million undercharge.

The parties' relationship was governed not by an individualized contract, but by a municipal ordinance, which had no provision authorizing the municipality to recoup undercharges arising from its own clerical error.

The district court declared the ordinance ambiguous, held that the customer's interpretation would lead to an "absurd result," and ordered the full payment.

The Court of Appeals reversed, finding that the ordinance was not ambiguous under Ohio law and that the customer was correct that the municipality had no authority to recoup this undercharge.