



● **Board of Directors**  
***Communications and Legislation Committee***

3/9/2021 Board Meeting

**9-2**

**Subject**

Report on Water Affordability and Shutoff Legislative Initiatives

**Executive Summary**

The Legislature has been focused on expanding access to safe and affordable drinking water for nearly a decade; however, the COVID-19 pandemic has exacerbated these issues. The Newsom Administration and the Legislature have proposed new policies on water shutoffs and affordability during this emergency. This letter provides background on previous initiatives, describes the current policy proposals before the Legislature, and discusses policy implications for Metropolitan and the member agencies.

**Details**

**Background**

The Legislature has been working on legislation to provide safe and affordable drinking water to all California residents for the past decade. In 2012, Assembly Bill 685 (Eng, D-Monterey Park) declared “every human being has the right to safe, clean, affordable, and accessible water for human consumption, cooking, and sanitary purposes.” In 2015, AB 401 (Dodd, D-Napa) directed the State Water Board to develop recommendations for a statewide Low-Income Water Rate Assistance Program (W-LIRA). In its report to the Legislature, the State Water Board recommended taxes on income and on bottled water to fund the program and recommended that benefits be distributed through water bills, crisis assistance for water ratepayers, and a renter tax credit for those who don’t directly pay a water bill.

In 2019, Senate Bill 200 (Monning, D-Carmel) established the Safe and Affordable Drinking Water Fund in the California State Treasury to help water systems provide an adequate, affordable supply of safe drinking water. The Fund provides \$130 million annually until 2030 for the State Water Board to provide critical, ongoing operations and maintenance support for small community water systems unable to meet safe drinking water standards.

The Legislature has also enacted legislation to limit the discontinuation of water service for low-income households. In 2018, Senate Bill 998 (Dodd, D-Napa) added requirements on public water systems serving more than 200 connections before discontinuation of residential water service. The law required public water systems to establish written policies on discontinuing residential water service, including provisions for not shutting off water for customers under life-threatening conditions, below 200 percent of the federal poverty level, and unable to pay during the water system’s normal billing cycle. The mandatory policy allows for deferred or reduced payments, payments over time or alternative payment schedules, waiver of interest or delinquent payment charges, and sets limits on reconnection fees.

Due to the financial impacts of the COVID-19 pandemic, Governor Newsom issued an executive order in April 2020 further restricting public water systems’ ability to disconnect water service to residences and critical infrastructure sector small businesses before some water agencies fully implemented SB 998. The executive order is currently in effect.

## Proposed Legislation

### Senate Bill 222

On January 14, Senator Bill Dodd (D-Napa) introduced SB 222, the Low-Income Water Rate Assistance Fund, that would establish the Water Affordability Assistance Fund in the State Treasury to provide assistance for drinking and wastewater services for low-income ratepayers and ratepayers experiencing economic hardships (**Attachment 1**). Upon appropriation, the State Water Board can use the Fund for the following purposes:

- Direct water bill assistance
- Water bill credits to renters, individuals, or households that pay other amounts, fees or charges related to residential water and wastewater service
- Water crisis assistance
- Affordability assistance to low-income households served by domestic wells
- Water efficiency measures for low-income households
- Short-term assistance to public water systems to administer program components, including startup costs

SB 222 requires the State Water Board to develop program implementation guidelines and a fund expenditure plan to identify the funding needs for disadvantaged communities and low-income households. The bill also requires the fund expenditure plan to include a section on water affordability challenges and propose solutions for Californians served by water systems with less than 15 connections and individual domestic wells. Water utilities would be required to share data on customers enrolled in low-income affordability programs with the State Water Board to help determine eligibility for a low-income water rate assistance program.

### Senate Bill 223

On January 14, Senator Dodd also introduced SB 223: Discontinuation of residential water service (**Attachment 2**). The bill strengthens and extends existing statutory requirements to protect low-income households that face or have already experienced water service disconnections due to the water customer's inability to pay their water bill. The proposed bill expands the provisions of SB 998 to water systems with less than 200 connections. The bill requires water agencies to develop arrearage management plans that would allow ratepayers who have accrued water and sewer debt to have that debt discharged over 12 months if the ratepayer stays current with new water and sewer bills. The proposed bill would prohibit disconnections until a ratepayer was delinquent for 120 days instead of 60 days, and the ratepayer's debt is more than \$400. The bill would also require water agencies to waive fees for disconnections and reconnections for low-income households (income less than 200 percent of the federal poverty level).

The bill requires the State Water Board to assist small water systems in complying with the bill requirements by providing technical assistance, establishing a bridge loan program, and creating a template for policies and procedures that comply with these statutory requirements. Similar to SB 222, the bill also requires the Public Utilities Commission to share customer information to identify customers enrolled in low-income utility assistance programs. The bill protects households in a master-metered multi-family building or mobile home park when the owner is in arrears on the water and sewer bill. Finally, the bill requires community water systems to report specified data about disconnections and water debt to the State Water Board.

## Discussion

According to the State Water Board report to the Legislature on recommendations for a W-LIRA in February 2020, the average Californian household paid around 45 percent more per month for drinking water service in 2015 than in 2007 (inflation-adjusted). The COVID-19 pandemic has further exacerbated water affordability challenges among low-income households. Public water systems are concerned that when emergency orders are eventually lifted, there will be a substantial backlog of delinquent water system residential service accounts. A State Water Board survey conducted in the fall of 2020 of public water systems estimates the total statewide drinking water debt due to COVID-19 is up to \$600 million.

While trade associations such as the Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA) are supportive of a reasonable W-LIRA program, they have identified several provisions in SB 222 that are problematic. For example, the bill as introduced does not specify a funding source to pay for a W-LIRA program. It also does not identify an efficient mechanism for distributing benefits,

and the scope of the types of program benefits is broad, for example, including domestic well owners. Agencies would generally prefer to maintain or create individual agency LIRA programs rather than implement a prescriptive statewide standard.

Since March 2020, three significant policy changes to water shutoffs were implemented or introduced – SB 998, the Governor’s executive order, and SB 223. The close timing of these policy changes has not allowed sufficient time to observe or evaluate their benefits or complications. For example, SB 223 would strengthen and extend shutoff protocols established by SB 998 (which were to go into effect in April 2020) and add a new requirement for debt forgiveness. However, the Governor’s moratorium on shutoffs overrode SB 998 before its effectiveness, or implementation challenges could be assessed.

The water community opposed the passage of SB 998, citing a “one-size fits all” approach limits the benefits of the case-by-case approach water systems previously employed. ACWA and CMUA identified problematic provisions of SB 223, including 1) debt forgiveness and waiving reconnection fees, 2) extending the delinquency period from 60 days to 120 days allowing debts to accrue to more unmanageable levels, and 3) self-certification provisions in SB 223 for to restrict water shutoffs alter carefully negotiated elements of SB 998. Water agencies argue that debt forgiveness conflicts with Proposition 218 by creating an illegal cross-subsidy and subjecting agencies to litigation. ACWA and CMUA adopted an “oppose unless amended” position on this bill and are working with the author’s office to seek amendments.

SB 223 applies to “urban and community water systems” and only to termination of residential service. While Metropolitan falls under the broad definition of an urban and community water system, it does not provide residential water service subject to the SB 998 restrictions. SB 223 actually further clarifies that the sections added by SB 998 apply to water systems with connections “used by year-long residents.” Therefore, it is clearer now that the Legislature did not intend for the legislation related to residential water service to apply to wholesale water agencies.

Moratoriums on shutoffs for nonpayment could have a significant economic impact on Metropolitan’s member agencies because most water suppliers in California have extensive fixed operating costs and rely heavily on rate payments as their primary source of operating revenue. Nonpayment of rates under these moratoriums without a right to reimbursement could conflict with bond covenants and water suppliers’ ability to repay debts, borrow money, and negatively impact credit ratings, further impacting water suppliers’ long-term ability to operate reliably.

## **Conclusion**

Existing Metropolitan Board policy supports reforming or creating water financing mechanisms to provide water systems with voluntary options for financing low-income rate assistance programs. The Board also supports actions that prioritize providing safe and affordable drinking water to disadvantaged communities and secure funding to help public water systems defray the economic impacts associated with COVID-19.

Staff will continue to monitor negotiations on SB 222 and SB 223 and report back to the Board.

## **Policy**

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By Minute Item 52205, dated December 8, 2021, the Board adopted State Legislative Priorities and Principles for 2021, including support for administrative/legislative actions to secure funding to help public water systems to defray the costs associated with COVID-19, voluntary options for financing low-income rate assistance programs providing safe and affordable drinking water to disadvantaged communities.

## Fiscal Impact

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Unknown



Sue Sims  
Group Manager, External Affairs

3/2/2021  
Date



Jeffrey Kightlinger  
General Manager

3/3/2021  
Date

**Attachment 1 – Senate Bill 222, amended 01/14/2021**

**Attachment 2 – Senate Bill 223, amended 01/14/2021**

Ref# ea12680677

**Senate Bill 222, amended 01/14/2021****SENATE BILL****No. 222**

**Introduced by Senator Dodd  
(Coauthor: Senator Gonzalez)**

(Coauthors: Assembly Members Bloom and Robert Rivas)

January 14, 2021

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An act to add Chapter 6.5 (commencing with Section 116930) to Part 12 of Division 104 of the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 222, as introduced, Dodd. Water Affordability Assistance Program.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

Existing law requires the state board, by January 1, 2018, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, as prescribed. Existing law requires the state board, by February 1, 2018, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for legislative action that may need to be taken.

This bill would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make moneys in the fund available upon appropriation by the Legislature to the state board to provide, as part of the Water

Affordability Assistance Program established by the bill, direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components. The bill would impose requirements on the state board in connection with the program, including, among others, developing guidelines and fund oversight procedures for implementation of the program by January 1, 2023, consulting with an advisory group, and adopting an annual fund expenditure plan.

The bill would require, by July 1, 2022, the Public Utilities Commission to establish a mechanism for electrical corporations and gas corporations to, and would authorize the state board to require local publicly owned electric utilities and local publicly owned gas utilities to, regularly share specified customer data with the state board, subject to certain confidentiality protections. To the extent this provision would impose new requirements on local publicly owned electric utilities and local publicly owned gas utilities, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 6.5 (commencing with Section 116930)  
2 is added to Part 12 of Division 104 of the Health and Safety Code,  
3 to read:

4  
5 CHAPTER 6.5. WATER AFFORDABILITY ASSISTANCE PROGRAM  
6

7 Article 1. Water Affordability Assistance Fund  
8

9 116930. (a) The Water Affordability Assistance Fund is hereby  
10 established in the State Treasury to provide water affordability  
11 assistance, for both drinking water and wastewater services, to  
12 low-income ratepayers and ratepayers experiencing economic  
13 hardship in California. Moneys in the fund shall be available upon

1 appropriation by the Legislature to the state board to provide all  
2 of the following:

3     (1) Direct water bill assistance.

4     (2) Water bill credits to renters and individuals or households  
5 that pay other amounts, fees, or charges related to residential water  
6 or wastewater service.

7     (3) Water crisis assistance.

8     (4) Affordability assistance to low-income households served  
9 by domestic wells.

10    (5) Water efficiency measures for low-income households.

11    (6) Short-term assistance to public water systems to administer  
12 program components, including initial startup costs.

13    (b) The state board may, upon appropriation by the Legislature,  
14 expend moneys from the fund for reasonable regulatory costs  
15 associated with the administration of this chapter, not to exceed 5  
16 percent of the annual deposits into the fund.

17    116930.1. The state board shall do all of the following in  
18 administering the fund:

19      (a) Track and manage revenue in the fund separately from all  
20 other revenue.

21      (b) Develop and implement a process for disbursing program  
22 funds to public water systems or third-party providers, including  
23 controls to prevent fraud, waste, and abuse.

24      (c) Manage and maintain fund balances in conjunction with the  
25 Controller, the Treasurer, the California State Auditor's Office,  
26 and the Department of Finance, as appropriate.

27      (d) Expend, upon appropriation by the Legislature, moneys in  
28 the fund for grants, contracts, direct monetary assistance, or  
29 services to assist eligible recipients.

30

## 31                  Article 2. Program Implementation

32

33    116931. (a) The state board shall, by January 1, 2023, develop  
34 guidelines and fund oversight procedures for implementation of  
35 the program.

36    (b) In developing the guidelines, the state board shall consult  
37 with an advisory group that includes representatives of all of the  
38 following:

39      (1) Public water systems.

1       (2) Technical assistance providers, including organizations that  
2 support the federal Low-Income Home Energy Assistance Program.

3       (3) Local agencies, including agencies that manage multifamily  
4 housing serving low-income residents.

5       (4) Nongovernmental organizations that work with residents of  
6 disadvantaged communities.

7       (5) Representatives from the public, including, but not limited  
8 to, low-income residents, low-income residents who live in  
9 multifamily housing, and residents served by tribal water systems.

10      116931.1. (a) The state board shall, in consultation with the  
11 advisory group described in subdivision (b) of Section 116931 and  
12 after a public hearing, adopt an annual fund expenditure plan. The  
13 annual fund expenditure plan may be incorporated into the fund  
14 expenditure plan developed pursuant to Article 4 (commencing  
15 with Section 116768) of Chapter 4.6.

16      (b) The annual fund expenditure plan shall contain all of the  
17 following:

18       (1) Identification of key terms, criteria, and metrics, and their  
19 definitions related to implementation of this section.

20       (2) A description of how proposed remedies related to this  
21 section will be identified, evaluated, prioritized, and included in  
22 the annual fund expenditure plan.

23       (3) A report of expenditures from the fund for the prior fiscal  
24 year and planned expenditures for the current fiscal year.

25       (4) An estimate of the number of households eligible for  
26 assistance, including those that do not receive a direct bill for  
27 water.

28       (5) A section that discusses water affordability challenges and  
29 proposed solutions for Californians served by state small water  
30 systems, local small water systems, and domestic wells. An  
31 evaluation of solutions shall include, but not be limited to, all of  
32 the following:

33           (A) Amortization of an unpaid balance.

34           (B) Participation in an alternative payment schedule.

35           (C) Partial or full reduction of the unpaid balance financed  
36 without additional charges to other ratepayers.

37           (D) Temporary deferral of payment.

38           (E) An arrearage management plan.

39           (F) Tiered water rates or percentage of income payment plan.

1       (G) Methods to retain water system solvency, such as the use  
2       of fixed rates and increased use of water meters to improve  
3       planning.

4       (6) An estimate of the funding needed for the next fiscal year  
5 based on the amount available in the fund, anticipated funding  
6 needs, other existing funding sources, and other relevant data and  
7 information.

8       (c) The annual fund expenditure plan shall identify the funding  
9 need of disadvantaged communities and low-income households  
10 whose water bill charges pose affordability challenges based on  
11 metrics developed by the state board and the Public Utilities  
12 Commission.

13     (d) The annual fund expenditure plan shall include analysis with  
14 metrics to evaluate how expenditures from prior fiscal years  
15 improved affordability.

16       116931.2. (a) By July 1, 2022, the Public Utilities Commission  
17 shall establish a mechanism for electrical corporations and gas  
18 corporations to regularly share data with the state board regarding  
19 the utility customers enrolled in, or eligible to be enrolled in, the  
20 California Alternate Rates for Energy (CARE) program established  
21 pursuant to Section 739.1 of the Public Utilities Code and the  
22 Family Electric Rate Assistance Program. Electrical corporations  
23 and gas corporations shall regularly share that data with the state  
24 board through the mechanism.

25       (b) The state board may require local publicly owned electric  
26 utilities and local publicly owned gas utilities, including, but not  
27 limited to, municipal utility districts and irrigation districts, to  
28 regularly share data with the state board regarding utility customers  
29 enrolled in, or eligible to be enrolled in, affordability programs  
30 benefiting low-income customers.

31 (c) Data shared pursuant to subdivision (a) or (b) is subject to  
32 the confidentiality protections of Section 6254.16 of the  
33 Government Code.

### Article 3. Fund Expenditures

37       116932. (a) If moneys are deposited into the fund before the  
38 adoption of an annual fund expenditure plan, the state board shall,  
39 upon appropriation by the Legislature, expend those moneys from  
40 the fund to provide water crisis assistance to low-income

1 households through direct assistance to the low-income households,  
2 forgiveness of delinquency by the public water system and  
3 reimbursement by the state board, or some other disbursement  
4 mechanism. The state board may use up to 5 percent of those  
5 moneys for administrative purposes.

6 (b) The state board may adopt both of the following if necessary  
7 to implement this section:

8 (1) A policy handbook.

9 (2) Emergency regulations pursuant to the Administrative  
10 Procedure Act (Chapter 3.5 (commencing with Section 11340) of  
11 Part 1 of Division 3 of Title 2 of the Government Code).

12

#### 13 Article 4. Program Administration

14

15 116933. The state board shall do all of the following in  
16 administering the program:

17 (a) Collect and ensure the accuracy of water rate data and water  
18 system boundary data from each public water system.

19 (b) Coordinate with the Public Utilities Commission regarding  
20 existing rate assistance programs for investor-owned water utilities.

21 (c) For a public water system that is not regulated by the Public  
22 Utilities Commission, provide oversight of the public water  
23 system's implementation of the program to ensure effectiveness  
24 and prevent fraud, waste, and abuse.

25 (d) Develop and publish performance metrics for the program,  
26 including, but not limited to, enrollment levels, total water shutoffs  
27 for inability to pay, and on-time payment levels.

28 (e) Coordinate with other state agencies and resolve disputes  
29 as necessary.

30 (f) Identify alternative entities to distribute and track benefits  
31 if a public water system is unwilling to do so or if the state board  
32 has determined a public water system is incapable of administering  
33 the program.

34

#### 35 Article 5. Definitions

36

37 116934. For purposes of this chapter, the following definitions  
38 apply:

39 (a) "Fund" means the Water Affordability Assistance Fund  
40 created pursuant to Section 116930.

1       (b) "Low income" means a household income, or a community  
2 annual median household income, that is equal to or no greater  
3 than 200 percent of the federal poverty guideline level.

4       (c) "Program" means the Water Affordability Assistance  
5 Program established pursuant to this chapter.

6       (d) "Public water system" has the same meaning as defined in  
7 Section 116275.

8       (e) "State board" means the State Water Resources Control  
9 Board.

10      (f) "State small water system" has the same meaning as defined  
11 in Section 116275.

12      SEC. 2. No reimbursement is required by this act pursuant to  
13 Section 6 of Article XIIIIB of the California Constitution because  
14 a local agency or school district has the authority to levy service  
15 charges, fees, or assessments sufficient to pay for the program or  
16 level of service mandated by this act, within the meaning of Section  
17 17556 of the Government Code.

**Senate Bill 223, as amended 01/14/2021****SENATE BILL****No. 223**

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**Introduced by Senator Dodd  
(Coauthor: Senator Gonzalez)**

(Coauthors: Assembly Members Bloom and Robert Rivas)

January 14, 2021

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An act to amend Sections 116902, 116904, 116906, 116908, 116910, 116912, 116914, 116916, 116918, 116920, 116922, and 116926 of the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 223, as introduced, Dodd. Discontinuation of residential water service.

Existing law prohibits an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 60 days. Existing law requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment, including, among other things, specified options for addressing the nonpayment. Existing law requires an urban and community water system to provide notice of that policy to customers, as provided.

This bill would apply those provisions, on and after July 1, 2022, to a very small community water system, defined as a public water system that supplies water to 200 or fewer service connections used by year-long residents. The bill would require the written policy on discontinuation of residential service for nonpayment to include an arrearage management plan, as specified, and, for those systems that provide water audits or have the capacity to do so, to include a free

water audit offered to low-income households with water usage that is above the annual average volume usage of their customer class.

The bill would require the board to provide technical assistance to very small community water systems, as appropriate, to assist with compliance with these requirements and to establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with these requirements. The bill would also require the board to develop a template for a written policy on discontinuation of residential service for nonpayment, on or before September 1, 2022, to aid very small community water systems in complying with the requirement to have a written policy on discontinuation of residential service for nonpayment.

Existing law prohibits an urban and community water system from discontinuing residential service for nonpayment if certain conditions are met, including that the customer or a tenant submits certification that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises.

This bill would revise the conditions under which urban and community water systems and very small community water systems are prohibited from discontinuing residential service for nonpayment. The bill would prohibit these systems from discontinuing residential service for nonpayment during a state or local emergency. The bill would prohibit these systems from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 120, rather than 60, days and the total amount of the delinquency, exclusive of late charges and interest, is at least \$400. The bill would also prohibit these systems from discontinuing residential water service for nonpayment to a master-metered multifamily residence with at least 4 units or to a master-metered mobilehome park.

Existing law requires an urban and community water system to impose specified fees for reconnection of service for customers with a household income below 200% of the federal poverty line.

This bill would instead require an urban and community water system and very small community water system to waive fees for disconnection and reconnection of service for those customers.

Existing law authorizes the Attorney General to enforce the requirements imposed on urban and community water systems in connection with discontinuing residential service for nonpayment by seeking an injunction, as specified.

This bill would additionally authorize the board to issue an order to an urban and community water system or very small community water system to enforce these requirements, or to seek an injunction, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 116902 of the Health and Safety Code  
2 is amended to read:

3 116902. For the purposes of this chapter, the following  
4 definitions apply:

5 (a) "Board" means the State Water Resources Control Board.

6 (b) "Public water system" has the same meaning as defined in  
7 Section 116275.

8 (c) "Residential service" means water service to a residential  
9 connection that includes single-family residences, multifamily  
10 residences, mobilehomes, including, but not limited to,  
11 mobilehomes in mobilehome parks, or farmworker housing.

12 (d) "Urban and community water system" means a public water  
13 system that supplies water to more than 200 service connections.  
14 *connections used by year-long residents.*

15 (e) "Urban water supplier" has the same meaning as defined in  
16 Section 10617 of the Water Code.

17 (f) "*Very small community water system*" means a public water  
18 system that supplies water to 200 or fewer service connections  
19 *used by year-long residents.*

20 SEC. 2. Section 116904 of the Health and Safety Code is  
21 amended to read:

22 116904. (a) An urban water supplier not regulated by the  
23 Public Utilities Commission shall comply with this chapter on and  
24 after February 1, 2020.

25 (b) An urban and community water system regulated by the  
26 Public Utilities Commission shall comply with this chapter on and  
27 after February 1, 2020. The urban and community water system  
28 regulated by the Public Utilities Commission shall file advice  
29 letters with the commission to conform with this chapter.

1       (c) An urban and community water system not described in  
2 subdivision (a) or (b) shall comply with this chapter on and after  
3 April 1, 2020.

4       (d) *A very small community water system shall comply with this  
5 chapter on and after July 1, 2022. A very small community water  
6 system regulated by the Public Utilities Commission shall file  
7 advice letters with the commission to conform with this chapter.*

8       (e) *The board shall provide technical assistance to very small  
9 community water systems, as appropriate, to assist with compliance  
10 with this chapter.*

11      (f) *The board shall establish a bridge loan program to assist  
12 very small community water systems that may suffer revenue loss  
13 or delayed collection while complying with this chapter. To the  
14 extent funding is available, partial loan forgiveness shall be made  
15 available to systems that offer debt forgiveness to low-income  
16 residents with past due accounts.*

17      (g) *An urban water supplier and an urban and community water  
18 system shall update its policies to comply with this chapter by July  
19 1, 2022.*

20      SEC. 3. Section 116906 of the Health and Safety Code is  
21 amended to read:

22      116906. (a) An urban and community water system *and a very  
23 small community water system* shall have a written policy on  
discontinuation of residential service for nonpayment available in  
25 English, the languages listed in Section 1632 of the Civil Code,  
26 and any other language spoken by at least 10 percent of the people  
27 residing in its service area. The policy shall include all of the  
28 following:

29       (1) A plan for deferred or reduced ~~payments~~ *payments that  
30 includes an option for repayment over a period of 12 months or  
31 longer.*

32       (2) Alternative payment schedules.

33       (3) A formal mechanism for a customer to contest or appeal a  
34 bill.

35       (4) *An arrearage management plan consistent with the  
36 following:*

37       (A) *The arrearage management plan shall extend for a maximum  
38 of 12 months and shall include forgiveness of at least one-twelfth  
39 of the delinquent balance with each consecutive on-time payment  
40 of the monthly charge for water service only. Forgiveness of the*

1   *full delinquent balance under the arrearage management plan*  
2   *shall take place at the final consecutive on-time payment under*  
3   *the plan.*

4   *(B) A customer who misses two consecutive payments may be*  
5   *removed from the arrearage management plan. If a customer is*  
6   *removed from the arrearage management plan before making 12*  
7   *on-time payments, any debt that has already been forgiven shall*  
8   *remain forgiven and the urban and community water system or*  
9   *very small community water system shall offer enrollment into an*  
10   *amortization agreement, alternative payment schedule, or a plan*  
11   *for deferred or reduced payment.*

12   *(4)*

13   *(5) A telephone number for a customer to contact to discuss*  
14   *options for averting discontinuation of residential service for*  
15   *nonpayment.*

16   *(6) For systems that provide water audits or have the capacity*  
17   *to do so, a free water audit offered to low-income residential*  
18   *customers households with water usage that is above the annual*  
19   *average volume usage of their customer class.*

20   *(b) The policy shall be available on the urban and community*  
21   *~~water system's Internet Web site, internet website of the urban~~*  
22   *and community water system or very small community water*  
23   *system, if an Internet Web site internet website exists. If an Internet*  
24   *Web site internet website does not exist, the urban and community*  
25   *water system or very small community water system shall provide*  
26   *the policy to customers in writing, upon request, in writing upon*  
27   *its adoption or revision and upon request by a customer.*

28   *(c) (1) The board may enforce the requirements of this section*  
29   *pursuant to Sections 116577, 116650, and 116655. The provisions*  
30   *of Section 116585 and Article 10 (commencing with Section*  
31   *116700) of Chapter 4 apply to enforcement undertaken for a*  
32   *violation of this section.*

33   *(2) All moneys collected pursuant to this subdivision shall be*  
34   *deposited in the Safe Drinking Water Account established pursuant*  
35   *to Section 116590.*

36   *(d) The board shall develop a template for a written policy on*  
37   *discontinuation of residential service for nonpayment, on or before*  
38   *September 1, 2022, to aid very small community water systems in*  
39   *compliance with this section. The written policy template shall be*

1   *provided in English and the languages listed in Section 1632 of*  
2   *the Civil Code.*

3   SEC. 4. Section 116908 of the Health and Safety Code is  
4   amended to read:

5   116908. (a) (1) (A) An urban and community water system  
6   *or very small community water system* shall not discontinue  
7   residential service for nonpayment until a payment *for water*  
8   *service* by a customer has been delinquent for at least ~~60 days~~, 120  
9   *days and the amount of the delinquency, excluding late charges*  
10   *and interest, is at least four hundred dollars (\$400)*. No less than  
11   seven business days before discontinuation of residential service  
12   for nonpayment, an urban and community water system *and very*  
13   *small community water system* shall contact the customer named  
14   on the account by telephone or written notice.

15   (B) When the urban and community water system *or very small*  
16   *community water system* contacts the customer named on the  
17   account by telephone pursuant to subparagraph (A), it shall offer  
18   to provide in writing to the customer ~~the urban and community~~  
19   ~~water system's~~ *its* policy on discontinuation of residential service  
20   for nonpayment. An urban and community water system *and very*  
21   *small community water system* shall offer to discuss options to  
22   avert discontinuation of residential service for nonpayment,  
23   including, but not limited to, alternative payment schedules,  
24   deferred payments, *entering into an arrearage management plan*,  
25   minimum payments, procedures for requesting amortization of the  
26   unpaid balance, and petition for bill review and appeal.

27   (C) When the urban and community water system *or very small*  
28   *community water system* contacts the customer named on the  
29   account by written notice pursuant to subparagraph (A), the written  
30   notice of payment delinquency and impending discontinuation  
31   shall be mailed to the customer of the residence to which the  
32   residential service is provided. If the customer's address is not the  
33   address of the property to which residential service is provided,  
34   the notice also shall be sent to the address of the property to which  
35   residential service is provided, addressed to "Occupant." The notice  
36   shall include, but is not limited to, all of the following information  
37   in a clear and legible format:

- 38   (i) The customer's name and address.  
39   (ii) The amount of the delinquency.

1       (iii) The date by which payment or arrangement for payment is  
2 required in order to avoid discontinuation of residential service.

3       (iv) A description of the process to apply for an extension of  
4 time to pay the delinquent charges.

5       (v) A description of the procedure to petition for bill review and  
6 appeal.

7       (vi) A description of the procedure by which the customer may  
8 request a deferred, reduced, or alternative payment schedule,  
9 including *entering into an arrearage management plan or an*  
10 amortization of the delinquent residential service charges,  
11 consistent with the written policies provided pursuant to  
12 subdivision (a) of Section 116906.

13     (2) If the urban and community water system *or very small*  
14 *community water system* is unable to make contact with the  
15 customer or an adult occupying the residence by telephone, and  
16 written notice is returned through the mail as undeliverable, the  
17 urban and community water system *or very small community water*  
18 *system* shall make a good faith effort to visit the residence and  
19 leave, or make other arrangements for placement in a conspicuous  
20 place of, a notice of imminent discontinuation of residential service  
21 for nonpayment and ~~the urban and community water system's~~  
22 policy for discontinuation of residential service for nonpayment.

23     (b) If an adult at the residence appeals the water bill to the urban  
24 and community water system *system, very small community water*  
25 *system*, or any other administrative or legal body to which such  
26 an appeal may be lawfully taken, the urban and community water  
27 system *or very small community water system* shall not discontinue  
28 residential service while the appeal is pending.

29     (c) *For purposes of this section, a residential water customer*  
30 *who pays a water bill that is combined with billing for other*  
31 *services, including, but not limited to, sewer service or electricity*  
32 *service, is not delinquent and shall not have their water service*  
33 *discontinued for nonpayment if the customer has paid an amount*  
34 *equal to or greater than the monthly charge for water service,*  
35 *excluding taxes and fees.*

36     (d) *Notwithstanding any other law, the urban and community*  
37 *water system or very small community water system shall release*  
38 *all liens, and shall not obtain any new lien, for delinquent amounts*  
39 *owed for residential water service when the customer is enrolled*  
40 *in an amortization agreement, alternative payment schedule, or*

1   *arrearage management plan, or a plan for deferred or reduced*  
2   *payment.*

3   SEC. 5. Section 116910 of the Health and Safety Code is  
4   amended to read:

5   116910. (a) *An urban and community water system or very*  
6   *small community water system shall not discontinue residential*  
7   *service for nonpayment during a state or local emergency declared*  
8   *pursuant to Section 8625 or 8630 of the Government Code.*

9   (a)

10   (b) An urban and community water system *or very small*  
11   *community water system shall not discontinue residential service*  
12   *for nonpayment if all of the following conditions are met:*

13   (1) (A) The customer, or a tenant of the customer, ~~submits~~  
14   *self-certifies to the urban and community water system or very*  
15   *small community water system that a resident of the premises is*  
16   *older than 65 years of age or younger than 18 years of age or*  
17   *submits the certification of a primary care provider, as that term*  
18   *is defined in subparagraph (A) of paragraph (1) of subdivision (b)*  
19   *of Section 14088 of the Welfare and Institutions Code, that*  
20   *discontinuation of residential service will be life threatening to,*  
21   *or pose a serious threat to the health and safety of, a resident of*  
22   *the premises where residential service is provided.*

23   (B) *As an alternative to the procedures described in*  
24   *subparagraph (A), a customer, or tenant of the customer, may*  
25   *self-certify that they do not have a primary care provider and that*  
26   *discontinuation of residential service will be life threatening to,*  
27   *or pose a serious threat to the health and safety of, a resident of*  
28   *the premises where residential service is provided. A*  
29   *self-certification under this subparagraph may be oral or in writing*  
30   *and may be made in English or any of the languages listed in*  
31   *Section 1632 of the Civil Code.*

32   (2) The customer demonstrates that ~~he or she is~~ *they are*  
33   *financially unable to pay for residential service within the ~~urban~~*  
34   *~~and community water system's~~ normal billing cycle of the*  
35   *urban and community water system or very small community water*  
36   *system.* The customer shall be deemed financially unable to pay  
37   *for residential service within the ~~urban and community water~~*  
38   *~~system's~~ normal billing cycle if any member of the customer's*  
39   *household is a current enrollee in, or recipient of, the California*  
40   *Alternate Rates for Energy (CARE) program established pursuant*

1 *to Section 739.1 of the Public Utilities Code, the Family Electric  
2 Rate Assistance program established pursuant to Section 739.12  
3 of the Public Utilities Code, CalWORKs, CalFresh, general  
4 assistance, Medi-Cal, Supplemental Security Income/State  
5 Supplementary Payment Program, or California Special  
6 Supplemental Nutrition Program for Women, Infants, and Children,  
7 or the customer declares that the household's annual income is  
8 less than 200 percent of the federal poverty level.*

9 (3) The customer is willing to enter into an amortization  
10 agreement, alternative payment schedule, *or arrearage  
11 management plan*, or a plan for deferred or reduced payment,  
12 consistent with the written policies provided pursuant to  
13 subdivision (a) of Section 116906, with respect to all delinquent  
14 charges.

15 ~~(b)~~

16 (c) (1) If the conditions listed in subdivision-(a) (b) are met,  
17 the urban and community water system *or very small community  
18 water system* shall offer the customer ~~one or more~~ of the following  
19 options:

20 (A) Amortization of the unpaid balance.  
21 (B) Participation in an alternative payment schedule.  
22 (C) A partial or full reduction of the unpaid balance financed  
23 without additional charges to other ratepayers.  
24 (D) Temporary deferral of payment.

25 (E) *An arrearage management plan, as described in paragraph  
26 (4) of subdivision (a) of Section 116906.*

27 (2) The urban and community water system ~~may choose which  
28 of the payment options described in paragraph (1) the customer  
29 undertakes and may set the parameters of that~~ *or very small  
30 community water system shall, in consultation with the customer,  
31 select the option described in paragraph (1) that best assists the  
32 customer in avoiding discontinuation of service over the long term,  
33 and may set the parameters of the selected payment option.*  
34 Ordinarily, the repayment option offered should result in ~~repayment~~  
35 *resolution* of any remaining outstanding balance within 12 months.  
36 An urban and community water system *or very small community  
37 water system* may grant a longer repayment period if it finds the  
38 longer period is necessary to avoid undue hardship to the customer  
39 based on the circumstances of the individual case.

1       (3) Residential service may be discontinued no sooner than 5  
2 business days after the urban and community water system *or very*  
3 *small community water system* posts a final notice of intent to  
4 disconnect service in a prominent and conspicuous location at the  
5 property under either of the following circumstances:

6       (A) The customer fails to comply with an amortization  
7 agreement,—*an* alternative payment schedule, *or arrearage*  
8 *management plan*, or a deferral or reduction in payment plan for  
9 delinquent charges for 60 days or more.

10     (B) While undertaking an amortization agreement,*an* alternative  
11 payment schedule, *or arrearage management plan*, or a deferral  
12 or reduction in payment plan for delinquent charges, the customer  
13 does not pay ~~his or her~~ *their* current residential service charges for  
14 60 days or more.

15     (d) *By July 1, 2022, the Public Utilities Commission shall*  
16 *establish a mechanism by which electrical and gas corporations*  
17 *regularly share data with urban and community water systems*  
18 *and very small community water systems in their service areas*  
19 *regarding the utility customers enrolled in, or eligible to be*  
20 *enrolled in, the California Alternate Rates for Energy program*  
21 *established pursuant to Section 739.1 of the Public Utilities Code*  
22 *or the Family Electric Rates Assistance program, established*  
23 *pursuant to Section 739.12 of the Public Utilities Code. Data*  
24 *shared pursuant to the mechanism established by the commission*  
25 *shall be subject to Section 6254.16 of the Government Code.*

26     SEC. 6. Section 116912 of the Health and Safety Code is  
27 amended to read:

28     116912. An urban and community water system *or very small*  
29 *community water system* that discontinues residential service for  
30 nonpayment shall provide the customer with information on how  
31 to restore residential service.

32     SEC. 7. Section 116914 of the Health and Safety Code is  
33 amended to read:

34     116914. (a) For a residential customer who demonstrates to  
35 an urban and community water system *or very small community*  
36 *water system* household income below 200 percent of the federal  
37 poverty line, the urban and community water system *or very small*  
38 *community water system* shall do both of the following:

39       (1) ~~Set a reconnection of service fee for reconnection during~~  
40 ~~normal operating hours at fifty dollars (\$50), but not to exceed the~~

1 actual cost of reconnection if it is less. Reconnection fees shall be  
2 subject to an annual adjustment for changes in the Consumer Price  
3 Index beginning January 1, 2021. For the reconnection of  
4 residential service during nonoperational hours, an urban and  
5 community water system shall set a reconnection of service fee at  
6 one hundred fifty dollars (\$150), but not to exceed the actual cost  
7 of reconnection if it is less. Reconnection fees shall be subject to  
8 an annual adjustment for changes in the Consumer Price Index  
9 beginning January 1, 2021.

10 (1) *Waive fees for disconnection and reconnection of service.*

11 (2) *Waive all late fees, interest charges charges, and penalties*  
12 *on delinquent bills once every 12 months.*

13 (b) An urban and community water system *and very small*  
14 *community water system* shall deem a residential customer to have  
15 a household income below 200 percent of the federal poverty line  
16 if any member of the household is a current *enrollee in, or recipient*  
17 *of of, the California Alternate Rates for Energy program*  
18 *established pursuant to Section 739.1 of the Public Utilities Code,*  
19 *the Family Electric Rate Assistance program established pursuant*  
20 *to Section 739.12 of the Public Utilities Code, CalWORKs,*  
21 *CalFresh, general assistance, Medi-Cal, Supplemental Security*  
22 *Income/State Supplementary Payment Program, or California*  
23 *Special Supplemental Nutrition Program for Women, Infants, and*  
24 *Children, or the customer declares that the household's annual*  
25 *income is less than 200 percent of the federal poverty level.*

26 SEC. 8. Section 116916 of the Health and Safety Code is  
27 amended to read:

28 116916. (a) This section applies if there is a landlord-tenant  
29 relationship between the residential occupants and the owner,  
30 manager, or operator of the dwelling.

31 (b) *An urban and community water system or very small*  
32 *community water system shall not discontinue for nonpayment*  
33 *residential water service to a master-metered multifamily residence*  
34 *with at least four units or to a master-metered mobilehome park.*

35 (b)

36 (c) If an urban and community water system *or very small*  
37 *community water system furnishes individually metered residential*  
38 *service to residential occupants of a detached single-family*  
39 *dwelling, a multiunit residential structure, mobilehome park, or*  
40 *permanent residential structure in a labor camp as defined in*

1   Section 17008, and the owner, manager, or operator of the  
2   dwelling, structure, or park is the customer of record, the urban  
3   and community water system *or very small community water*  
4   *system* shall make every good faith effort to inform the residential  
5   occupants, by means of written notice, when the account is in  
6   arrears that service will be terminated at least 10 days prior to the  
7   termination. The written notice shall further inform the residential  
8   occupants that they have the right to become customers, to whom  
9   the service will then be billed, without being required to pay any  
10   amount which may be due on the delinquent account.

11   (e)

12   (d) The urban and community water system *or very small*  
13   *community water system* is not required to make *direct* service  
14   available to the residential occupants unless each residential  
15   occupant agrees to the terms and conditions of service and meets  
16   the requirements of law and the ~~urban and community water~~  
17   *system's rules and tariffs; rules of the urban and community water*  
18   *system or very small community water system*. However, if one or  
19   more of the residential occupants are willing and able to assume  
20   responsibility for the subsequent charges to the account to the  
21   satisfaction of the urban and community water system *or very small*  
22   *community water system*, or if there is a physical means legally  
23   available to the urban and community water system *or very small*  
24   *community water system* of selectively terminating service to those  
25   residential occupants who have not met the requirements of the  
26   ~~urban and community water system's rules and tariffs; rules of the~~  
27   *urban and community water system or very small community water*  
28   *system*, the urban and community water system *or very small*  
29   *community water system* shall make service available to those  
30   residential occupants who have met those requirements.

31   (f)

32   (e) If prior service for a period of time is a condition for  
33   establishing credit with the urban and community water system *or*  
34   *very small community water system*, residence and proof of prompt  
35   payment of rent or other credit obligation acceptable to the urban  
36   and community water system *or very small community water*  
37   *system* for that period of time is a satisfactory equivalent.

38   (e)

39   (f) Any residential occupant who becomes a customer of the  
40   urban and community water system *or very small community water*

1 system pursuant to this section whose periodic payments, such as  
2 rental payments, include charges for residential water service,  
3 where those charges are not separately stated, may deduct from  
4 the periodic payment each payment period all reasonable charges  
5 paid to the urban and community water system *or very small*  
6 *community water system* for those services during the preceding  
7 payment period.

8 (f)

9 (g) In the case of a detached single-family dwelling, the urban  
10 and community water system *or very small community water*  
11 *system* may do any of the following:

12 (1) Give notice of termination at least seven days prior to the  
13 proposed termination.

14 (2) In order for the amount due on the delinquent account to be  
15 waived, require an occupant who becomes a customer to verify  
16 that the delinquent account customer of record is or was the  
17 landlord, manager, or agent of the dwelling. Verification may  
18 include, but is not limited to, a lease or rental agreement, rent  
19 receipts, a government document indicating that the occupant is  
20 renting the property, or information disclosed pursuant to Section  
21 1962 of the Civil Code.

22 SEC. 9. Section 116918 of the Health and Safety Code is  
23 amended to read:

24 116918. (a) An urban and community water system *or very*  
25 *small community water system* shall report *annually* the number  
26 of ~~annual~~ discontinuations of residential service for inability to  
~~pay on the urban and community water system's Internet Web site,~~  
28 *pay, during the reporting year, both for the water system as a*  
29 *whole and for each ZIP Code served by the water system, on the*  
30 *water system's internet website, if an Internet Web site internet*  
31 *website exists, and to the board. The board shall post on its Internet*  
32 *Web site internet website* the information reported.

33 (b) *In its annual reporting to the board pursuant to this section,*  
34 *each urban and community water system and very small community*  
35 *water system shall report all of the following:*

36 (1) *The number of accounts for which water service was restored*  
37 *within 36 hours of the time of disconnection.*

38 (2) *The number of accounts for which water service was restored*  
39 *between 36 hours and seven days from the time of disconnection.*

1       (3) *The number of accounts for which water service was restored  
2 more than seven days after disconnection.*

3       (4) *The number of accounts for customers who fell behind on  
4 their water bills during the year, the median amount of household  
5 water debt that is outstanding at the end of each annual reporting  
6 cycle, and the overall amount of household water debt that is  
7 outstanding at the end of each annual reporting cycle.*

8       (5) *The number of accounts for customers who are enrolled in  
9 a water affordability program at the end of each annual reporting  
10 cycle.*

11      SEC. 10. Section 116920 of the Health and Safety Code is  
12 amended to read:

13      116920. (a) ~~The Attorney General,~~ *The board may issue an  
14 order to an urban and community water system or very small  
15 community water system to enforce the requirements of this  
16 chapter.*

17      (b) *The board, or the Attorney General* at the request of the  
18 board or upon ~~his or her~~ the Attorney General's own motion, may  
19 bring an action in state court to restrain by temporary or permanent  
20 injunction the use of any method, act, or practice declared in this  
21 chapter to be unlawful.

22      ~~(b)~~

23      (c) For an urban and community water system *or very small  
24 community water system* regulated by the Public Utilities  
25 Commission, the commission may bring an action in state court  
26 to restrain by temporary or permanent injunction the use by an  
27 urban and community water system *or very small community water  
28 system* regulated by the commission of any method, act, or practice  
29 declared in this chapter to be unlawful.

30      SEC. 11. Section 116922 of the Health and Safety Code is  
31 amended to read:

32      116922. All written notices required under this chapter shall  
33 be provided in English, the languages listed in Section 1632 of the  
34 Civil Code, and any other language spoken by 10 percent or more  
35 of the customers in the ~~urban and community water system's  
36 service area.~~ *service area of the urban and community water system  
37 or very small community water system.*

38      SEC. 12. Section 116926 of the Health and Safety Code is  
39 amended to read:

1        116926. This chapter does not apply to the termination of a  
2 service connection by an urban and community water system *or*  
3 *very small community water system* due to an unauthorized action  
4 of a customer.