

AMENDED IN ASSEMBLY JUNE 14, 2018

AMENDED IN SENATE MAY 7, 2018

AMENDED IN SENATE APRIL 30, 2018

AMENDED IN SENATE APRIL 23, 2018

AMENDED IN SENATE APRIL 9, 2018

AMENDED IN SENATE MARCH 22, 2018

SENATE BILL

No. 998

Introduced by Senator Dodd

February 5, 2018

An act to add Chapter 6 (commencing with Section 116900) to Part 12 of Division 104 of the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 998, as amended, Dodd. Discontinuation of residential water service: urban and community water systems.

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.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations. Existing law requires certain notice to be given before a water corporation, public utility district, municipal utility district, or a municipally owned or

operated public utility furnishing water may terminate residential service for nonpayment of a delinquent account, as prescribed.

This bill would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in prescribed languages. The bill would require the policy to include certain components, be available on the system's Internet Web site, and be provided to customers in writing, upon request. The bill would provide for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued by the board in an amount not to exceed \$1,000 for each day in which the violation ~~occurs~~. *occurs, and would require the enforcement moneys collected by the board to be deposited in the Safe Drinking Water Account.* The bill would prohibit an urban and community water system from discontinuing residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days. The bill would require an urban and community water system to contact the customer named on the account and provide the customer with the urban and community water system's policy on discontinuation of residential service for nonpayment no less than 7 business days before discontinuation of residential service, as prescribed.

This bill would prohibit residential service from being discontinued under specified circumstances. The bill would require an urban and community water system that discontinues residential service to provide the customer with information on how to restore service and petition for a waiver of reconnection fees. The bill would require an urban and community water system to waive reconnection fees and offer a reduction or waiver of interest charges on delinquent bills for a residential customer who demonstrates, as prescribed, to the urban and community water system household income below 200% of the federal poverty line and would limit the amount of a reconnection of service fee imposed on any other residential customer. The bill would require an urban and community water system that furnishes individually metered residential service to residential occupants of a detached single-family dwelling, a multiunit structure, mobilehome park, or permanent residential structure in a labor camp, and that the owner, manager, or operator of the dwelling, structure, or park is the customer of record, to make every good faith effort to inform the residential occupants by written notice that service will be terminated and that the

residential occupants have the right to become customers, as specified. The bill would require an urban and community water system to report the number of annual discontinuations of residential service for inability to pay on its Internet Web site and to the board, and the bill would require the board to post on its Internet Web site the information reported. The bill would require an urban water supplier, as defined, or an urban and community water system regulated by the commission, to comply with the bill's provisions on and after February 1, 2020, and any other urban and community water system to comply with the bill's provisions on and after April 1, 2020. The bill would provide that the provisions of the bill are in addition to the provisions in existing law duplicative of the bill and that where the provisions are inconsistent, the provisions described in the bill apply.

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. The Legislature finds and declares as follows:
- 2 (a) All Californians have the right to safe, accessible, and
- 3 affordable water as declared by Section 106.3 of the Water Code.
- 4 (b) It is the intent of the Legislature to minimize the number of
- 5 Californians who lose access to water service due to inability to
- 6 pay.
- 7 (c) Water service discontinuations threaten human health and
- 8 well-being, and have disproportionate impact on infants, children,
- 9 the elderly, low-income families, communities of color, people
- 10 for whom English is a second language, physically disabled
- 11 persons, and persons with life-threatening medical conditions.
- 12 (d) When there is a delinquent bill, all Californians, regardless
- 13 of whether they pay a water bill directly, should be treated fairly,
- 14 and fair treatment includes the ability to contest a bill, seek
- 15 alternative payment schedules, and demonstrate medical need and
- 16 severe economic hardship.
- 17 (e) The loss of water service causes tremendous hardship and
- 18 undue stress, including increased health risks to vulnerable
- 19 populations.
- 20 (f) It is the intent of the Legislature that this act provide
- 21 additional procedural protections and expand upon the procedural
- 22 safeguards contained in the Public Utilities Code and Government

1 Code as of January 1, 2018, relating to utility service
2 disconnections.

3 SEC. 2. Chapter 6 (commencing with Section 116900) is added
4 to Part 12 of Division 104 of the Health and Safety Code, to read:

5
6 CHAPTER 6. DISCONTINUATION OF RESIDENTIAL WATER
7 SERVICE
8

9 116900. For the purposes of this chapter, the following
10 definitions apply:

11 (a) “Board” means the State Water Resources Control Board.

12 (b) “Public water system” has the same meaning as defined in
13 Section 116275.

14 (c) “Residential service” means water service to a residential
15 connection that includes *individually metered* single-family
16 residences, *individually metered and master-metered* multifamily
17 residences, *master-metered* mobilehome parks, *individually*
18 *metered mobilehomes in mobilehome parks*, or farmworker
19 housing.

20 (d) “Urban and community water system” means a public water
21 system that supplies water to more than 200 service connections.

22 (e) “Urban water supplier” has the same meaning as defined in
23 Section 10617 of the Water Code.

24 116902. (a) An urban water supplier not regulated by the
25 Public Utilities Commission shall comply with this chapter on and
26 after February 1, 2020. ~~The urban water supplier shall adopt rules~~
27 ~~to comply with this chapter.~~

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

33 (c) An urban and community water system not described in
34 subdivision (a) or (b) shall comply with this chapter on and after
35 April 1, 2020. ~~The urban and community water system shall adopt~~
36 ~~rules to comply with this chapter.~~

37 116904. (a) An urban and community water system shall have
38 a written policy on discontinuation of residential service for
39 nonpayment available in English, the languages listed in Section
40 1632 of the Civil Code, and any other language spoken by at least

1 10 percent of the people residing in its service area. The policy
2 shall include all of the following:

- 3 (1) A plan for deferred or reduced payments.
- 4 (2) Alternative payment schedules.
- 5 (3) A formal mechanism for a customer to contest or appeal a
6 bill.
- 7 (4) A telephone number for a customer to contact to discuss
8 options for averting discontinuation of residential service for
9 nonpayment.

10 (b) The policy shall be available on the urban and community
11 water system's Internet Web site, if an Internet Web site exists. If
12 an Internet Web site does not exist, the urban and community water
13 system shall provide the policy to customers in writing, upon
14 request.

15 (c) (1) The board may enforce the requirements of this section
16 pursuant to Sections 116577, 116650, and 116655. The provisions
17 of Section 116585 and Article 10 (commencing with Section
18 116700) of Chapter 4 apply to enforcement undertaken for a
19 violation of this section.

20 (2) All moneys collected pursuant to this subdivision shall be
21 deposited in the ~~General Fund~~. *Safe Drinking Water Account*
22 *established pursuant to Section 116590.*

23 116906. (a) (1) (A) An urban and community water system
24 shall not discontinue residential service for nonpayment until a
25 payment by a customer has been delinquent for at least 60 days.
26 No less than seven business days before discontinuation of
27 residential service for nonpayment, an urban and community water
28 system shall contact the customer named on the account by
29 telephone ~~and~~ *or* written notice.

30 (B) When the urban and community water system contacts the
31 customer named on the account by telephone pursuant to
32 subparagraph (A), it shall offer to provide in writing to the
33 customer the urban and community water system's policy on
34 discontinuation of residential service for nonpayment. An urban
35 and community water system shall offer to discuss options to avert
36 discontinuation of residential service for nonpayment, including,
37 but not limited to, alternative payment schedules, deferred
38 payments, minimum payments, procedures for requesting
39 amortization of the unpaid balance, and petition for bill review
40 and appeal.

(C) When the urban and community water system contacts the customer named on the account by written notice pursuant to subparagraph (A), the written notice of payment delinquency and impending discontinuation shall be mailed to the ~~owner~~ *customer* of the residence to which the residential service is provided. If the ~~owner's customer's~~ address is not the address of the property to which residential service is provided, the notice also shall be sent to the address of the property to which residential service is provided, addressed to "Occupant." The notice shall include, but is not limited to, all of the following information in a clear and legible format:

- (i) The ~~owner's customer's~~ name and address.
- (ii) The amount of the delinquency.
- (iii) The date by which payment or arrangement for payment is required in order to avoid discontinuation of residential service.
- (iv) A description of the process to apply for an extension of time to pay the delinquent ~~charges if the charges are beyond the means of the owner to pay in full.~~ *charges.*
- (v) A description of the procedure to petition for bill review and appeal.
- (vi) A description of the procedure by which the customer may request *a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges, consistent with the written policies provided pursuant to subdivision (a) of Section 116904.*

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

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

116908. (a) An urban and community water system shall not discontinue residential service for nonpayment if all of the following conditions are met:

(1) The customer, or a tenant of the customer, submits to the urban and community water system the certification of a ~~licensed medical professional~~ *primary care provider, as that term is defined in subparagraph (A) of paragraph (1) of subdivision (b) of Section 14088 of the Welfare and Institutions Code*, 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 where residential service is provided.

(2) The customer demonstrates that he or she is financially unable to pay for residential service within the *urban and community water system's normal payment period billing cycle*. The customer shall be deemed financially unable to pay for residential service within the *urban and community water system's normal payment period billing cycle* if any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or the customer declares that the household's annual income is less than 200 percent of the federal poverty level.

(3) The customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for deferred or ~~reduced payment~~ *payment, consistent with the written policies provided pursuant to subdivision (a) of Section 116904*, with respect to all delinquent charges.

(b) (1) If the conditions listed in subdivision (a) are met, the urban and community water system shall offer the customer one or more of the following options:

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

(2) The urban and community water system may choose which of the payment options described in paragraph (1) the customer undertakes and may set the parameters of that payment option. Ordinarily, the repayment option offered should result in repayment

1 of any remaining outstanding balance within 12 months. An urban
2 and community water system may grant a longer repayment period
3 if it finds the longer period is necessary to avoid undue hardship
4 to the customer based on the circumstances of the individual case.

5 (3) Residential service may be discontinued no sooner than 5
6 business days after the urban and community water system posts
7 a final notice of intent to disconnect service in a prominent and
8 conspicuous location at the property under either of the following
9 circumstances:

10 (A) The customer fails to comply with an amortization
11 agreement, an alternative payment schedule, or a deferral or
12 reduction in payment plan for delinquent charges for 60 days or
13 more.

14 (B) While undertaking an amortization agreement, an alternative
15 payment schedule, or a deferral or reduction in payment plan for
16 delinquent charges, the customer does not pay his or her current
17 residential service charges for 60 days or more.

18 116910. An urban and community water system that
19 discontinues residential service for nonpayment shall provide the
20 customer with information on how to restore residential service
21 and petition for a waiver of reconnection fees pursuant to Section
22 116912.

23 116912. (a) For a residential customer who demonstrates to
24 an urban and community water system household income below
25 200 percent of the federal poverty line, the urban and community
26 water system shall waive reconnection fees and offer a reduction
27 or waiver of interest charges on delinquent bills once every 12
28 months. An urban and community water system may waive
29 reconnection fees and offer a reduction or waiver of interest charges
30 on delinquent bills more than once every 12 months. An urban and
31 community water system shall deem a residential customer to have
32 a household income below 200 percent of the federal poverty line
33 if any member of the household is a current recipient of
34 CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental
35 Security Income/State Supplementary Payment Program, or
36 California Special Supplemental Nutrition Program for Women,
37 Infants, and Children, or the customer declares that the household's
38 annual income is less than 200 percent of the federal poverty level.

39 (b) For a residential customer not described in subdivision (a),
40 an urban and community water system shall set a reconnection of

1 service fee for reconnection during normal operating hours at fifty
2 dollars ~~(\$50) or less, with (\$50), but not to exceed the actual cost~~
3 ~~of reconnection if it is less. Reconnection fees shall be subject to~~
4 an annual adjustment for changes in the Consumer Price Index
5 beginning January 1, 2021. For the reconnection of residential
6 service during nonoperational hours, an urban and community
7 water system shall set a reconnection of service fee at one hundred
8 fifty dollars ~~(\$150) or less, with (\$150), but not to exceed the actual~~
9 ~~cost of reconnection if it is less. Reconnection fees shall be subject~~
10 ~~to an annual adjustment for changes in the Consumer Price Index~~
11 ~~beginning January 1, 2021.~~

12 116913. (a) This section applies if there is a landlord-tenant
13 relationship between the residential occupants and the owner,
14 manager, or operator of the dwelling.

15 (b) If an urban and community water system furnishes
16 individually metered residential service to residential occupants
17 of a detached single-family dwelling, a multiunit residential
18 structure, mobilehome park, or permanent residential structure in
19 a labor camp as defined in Section 17008 of the Health and Safety
20 Code, and the owner, manager, or operator of the dwelling,
21 structure, or park is the customer of record, the urban and
22 community water system shall make every good faith effort to
23 inform the residential occupants, by means of written notice, when
24 the account is in arrears that service will be terminated at least 10
25 days prior to the termination. The written notice shall further
26 inform the residential occupants that they have the right to become
27 customers, to whom the service will then be billed, without being
28 required to pay any amount which may be due on the delinquent
29 account.

30 (c) The urban and community water system is not required to
31 make service available to the residential occupants unless each
32 residential occupant agrees to the terms and conditions of service
33 and meets the requirements of law and the urban and community
34 water system's rules and tariffs. However, if one or more of the
35 residential occupants are willing and able to assume responsibility
36 for the subsequent charges to the account to the satisfaction of the
37 urban and community water system, or if there is a physical means
38 legally available to the urban and community water system of
39 selectively terminating service to those residential occupants who
40 have not met the requirements of the urban and community water

1 system's rules and tariffs, the urban and community water system
2 shall make service available to those residential occupants who
3 have met those requirements.

4 (d) If prior service for a period of time is a condition for
5 establishing credit with the urban and community water system,
6 residence and proof of prompt payment of rent or other credit
7 obligation acceptable to the urban and community water system
8 for that period of time is a satisfactory equivalent.

9 (e) Any residential occupant who becomes a customer of the
10 urban and community water system pursuant to this section whose
11 periodic payments, such as rental payments, include charges for
12 residential water service, where those charges are not separately
13 stated, may deduct from the periodic payment each payment period
14 all reasonable charges paid to the urban and community water
15 system for those services during the preceding payment period.

16 (f) In the case of a detached single-family dwelling, the urban
17 and community water system may do any of the following:

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

20 (2) In order for the amount due on the delinquent account to be
21 waived, require an occupant who becomes a customer to verify
22 that the delinquent account customer of record is or was the
23 landlord, manager, or agent of the dwelling. Verification may
24 include, but is not limited to, a lease or rental agreement, rent
25 receipts, a government document indicating that the occupant is
26 renting the property, or information disclosed pursuant to Section
27 1962 of the Civil Code.

28 116914. An urban and community water system shall report
29 the number of annual discontinuations of residential service for
30 inability to pay on the urban and community water system's
31 Internet Web site, if an Internet Web site exists, and to the board.
32 The board shall post on its Internet Web site the information
33 reported.

34 116916. The Attorney General, at the request of the board or
35 upon his or her own motion, may bring an action in state court to
36 restrain by temporary or permanent injunction the use of any
37 method, act, or practice declared in this chapter to be unlawful.

38 116917. All written notices required under this chapter shall
39 be provided in English, the languages listed in Section 1632 of the
40 Civil Code, and any other language spoken by 10 percent or more

1 of the customers in the urban and community water system's
2 service area.

3 116918. Where provisions of existing law are duplicative of
4 this chapter, compliance with one shall be deemed compliance
5 with the other. Where those provisions are inconsistent, the
6 provisions of this chapter shall apply. Nothing in this chapter shall
7 be construed to limit or restrict the procedural safeguards against
8 the disconnection of residential water service existing as of
9 December 31, 2018.

10 116919. *This chapter does not apply to the termination of a*
11 *service connection by an urban and community water system due*
12 *to an unauthorized action of a customer.*