

Senate Bill No. 3

CHAPTER 855

An act to amend Sections 116590, 116902, 116904, 116906, 116908, 116910, 116912, 116914, 116916, 116918, 116920, 116922, and 116926 of, the Health and Safety Code, relating to water.

[Approved by Governor October 13, 2023. Filed with Secretary
of State October 13, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 3, Dodd. Discontinuation of residential water service: covered water system.

(1) Existing law establishes the Safe Drinking Water Account to be available to the State Water Resources Control Board, upon appropriation by the Legislature, for the purpose of providing funds necessary to administer the California Safe Drinking Water Act.

This bill would expand the use of available funds in the account to be used by the state board, upon appropriation by the Legislature, to include the administration of the Water Shutoff Protection Act. The bill would, subject to the availability of funding, require the state board to make funds available for providing training statewide to community water systems with between 15 and 200 service connections to assist in compliance with the Water Shutoff Protection Act.

(2) Existing law, the Water Shutoff Protection Act, 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 service for nonpayment, as specified, and requires specified procedures before it can discontinue residential service for nonpayment. Existing law defines a community water system as a public water system that serves at least 15 service connections used by yearlong residents or regularly serves at least 25 yearlong residents of the area served by the system. Existing law requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment available in English, other designated languages, and any other language spoken by at least 10% of the people residing in its service area.

This bill would expand the scope of the Water Shutoff Protection Act by requiring that it instead apply to a covered water system, defined to include specified water systems and suppliers, including a community water system. The bill would require a community water system, that is not otherwise required to comply, to comply with the act's provisions on and after August 1, 2024. The bill would instead apply the above-described language requirements for the written policy of discontinuation of residential service for nonpayment to a covered water system that serves 200 or more service

connections. The bill would require a covered water system that serves fewer than 200 service connections to have a written policy on disconnection of residential service for nonpayment available in English, any language spoken by at least 10% of the people residing in its service area, and, upon request of a customer, other designated languages. The bill would authorize, as part of the act, the Attorney General, at the request of the board or upon the Attorney General's own motion, to bring an action in state court to restore to any person in interest any money or property, real or personal, that may have been acquired by any method, act, or practice prohibited by the act. The bill would make related changes.

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

SECTION 1. Section 116590 of the Health and Safety Code is amended to read:

116590. (a) Funds received by the state board pursuant to this chapter shall be deposited into the Safe Drinking Water Account, which is hereby established, and shall be available for use by the state board, upon appropriation by the Legislature, for the purpose of providing funds necessary to administer this chapter and the Water Shutoff Protection Act (Chapter 6 (commencing with Section 116900)).

(b) A public water system may collect a fee from its customers to recover the fees paid by the public water system pursuant to this chapter.

(c) The total amount of funds received for state operations program costs to administer this chapter for fiscal year 2016–17 shall not exceed thirty-eight million nine hundred seven thousand dollars (\$38,907,000) and the total amount of funds received for administering this chapter for each fiscal year thereafter shall not increase by more than 5 percent of the amount received in the previous fiscal year plus any changes to salary, benefit, and retirement adjustments contained in each annual Budget Act.

(d) This section shall become operative on July 1, 2016.

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

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

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

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

(c) "Covered water system" means a water system or supplier described in Section 116904.

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

(e) "Urban and community water system" means a public water system, as defined in Section 116275, that supplies water to more than 200 service connections.

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

SEC. 3. Section 116904 of the Health and Safety Code is amended to read:

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

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

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

(d) A community water system not described in subdivision (a), (b), or (c) shall comply with this chapter on and after August 1, 2024.

(e) Subject to the availability of funding, the state board shall make funds available for providing training statewide to community water systems with between 15 and 200 service connections to assist in compliance with this chapter.

SEC. 4. Section 116906 of the Health and Safety Code is amended to read:

116906. (a) A covered water system that serves 200 or more service connections shall have a written policy on discontinuation of residential service for nonpayment available in English, the languages listed in Section 1632 of the Civil Code, and any other language spoken by at least 10 percent of the people residing in its service area. A covered water system that serves fewer than 200 service connections shall have a written policy on disconnection of residential service for nonpayment available in English, any language spoken by at least 10 percent of the people residing in its service area, and, upon request of a customer, any of the languages listed in Section 1632 of the Civil Code. Nothing in this section shall be construed to prevent a covered water system from making the policy available in any other language. The policy shall include all of the following:

(1) A plan for deferred or reduced payments that is available for any customer regardless of whether they meet the conditions of subdivision (a) of Section 116910. The plan for deferred or reduced payments that is available to any customer regardless of whether they meet the conditions of subdivision (a) of Section 116910 is not required to reduce the total amount due for water service provided.

(2) Alternative payment schedules that are available for any customer regardless of whether they meet the conditions of subdivision (a) of Section 116910.

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

(4) A telephone number for a customer to contact to discuss options for averting discontinuation of residential service for nonpayment.

(b) The policy shall be available on the covered water system’s internet website, if an internet website exists. If an internet website does not exist,

the covered water system shall provide the policy to customers in writing, upon request.

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

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

SEC. 5. Section 116908 of the Health and Safety Code is amended to read:

116908. (a) (1) (A) A covered water system shall not discontinue residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days. No fewer than seven business days before discontinuation of residential service for nonpayment, a covered water system shall contact the customer named on the account by telephone or written notice.

(B) When the covered water system contacts the customer named on the account by telephone pursuant to subparagraph (A), it shall offer to provide in writing to the customer the covered water system's policy on discontinuation of residential service for nonpayment. A covered water system shall offer to discuss options to avert discontinuation of residential service for nonpayment, including, but not limited to, alternative payment schedules, deferred payments, minimum payments, procedures for requesting amortization of the unpaid balance, and petition for bill review and appeal.

(C) When the covered 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 customer of the residence to which the residential service is provided. If the 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 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.
- (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 116906.

(2) If the covered 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 covered water

system shall make a good faith effort to visit the residence and leave, or make other arrangements for placement in a conspicuous place of, a notice of imminent discontinuation of residential service for nonpayment and the covered water system's policy for discontinuation of residential service for nonpayment.

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

SEC. 6. Section 116910 of the Health and Safety Code is amended to read:

116910. (a) A covered 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 covered water system the certification of a 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 they are financially unable to pay for residential service within the covered water system's normal billing cycle. The customer shall be deemed financially unable to pay for residential service within the covered water system's normal 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, consistent with the written policies provided pursuant to subdivision (a) of Section 116906, with respect to all delinquent charges.

(b) (1) If the conditions listed in subdivision (a) are met, the covered 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 covered 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 of any remaining outstanding balance within 12 months. A covered water system may grant a longer repayment period if it

finds the longer period is necessary to avoid undue hardship to the customer based on the circumstances of the individual case.

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

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

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

SEC. 7. Section 116912 of the Health and Safety Code is amended to read:

116912. A covered water system that discontinues residential service for nonpayment shall provide the customer with information on how to restore residential service.

SEC. 8. Section 116914 of the Health and Safety Code is amended to read:

116914. (a) For a residential customer who demonstrates to a covered water system household income below 200 percent of the federal poverty line, the covered water system shall do both of the following:

(1) Set a reconnection of service fee for reconnection during normal operating hours at fifty dollars (\$50), but not to exceed the actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021. For the reconnection of residential service during nonoperational hours, a covered water system shall set a reconnection of service fee at one hundred fifty dollars (\$150), but not to exceed the actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021.

(2) Waive interest charges on delinquent bills once every 12 months.

(b) A covered water system shall deem a residential customer to have a household income below 200 percent of the federal poverty line if any member of the 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.

SEC. 9. Section 116916 of the Health and Safety Code is amended to read:

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

(b) If a covered water system furnishes individually metered residential service to residential occupants of a detached single-family dwelling, a multiunit residential structure, mobilehome park, or permanent residential structure in a labor camp as defined in Section 17008, and the owner, manager, or operator of the dwelling, structure, or park is the customer of record, the covered water system shall make every good faith effort to inform the residential occupants, by means of written notice, when the account is in arrears that service will be terminated at least 10 days prior to the termination. The written notice shall further inform the residential occupants that they have the right to become customers, to whom the service will then be billed, without being required to pay any amount that may be due on the delinquent account.

(c) The covered water system is not required to make service available to the residential occupants unless each residential occupant agrees to the terms and conditions of service and meets the requirements of law and the covered water system's rules and tariffs. However, if one or more of the residential occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the covered water system, or if there is a physical means legally available to the covered water system of selectively terminating service to those residential occupants who have not met the requirements of the covered water system's rules and tariffs, the covered water system shall make service available to those residential occupants who have met those requirements.

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

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

(f) In the case of a detached single-family dwelling, the covered water system may do any of the following:

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

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

SEC. 10. Section 116918 of the Health and Safety Code is amended to read:

116918. A covered water system shall report the number of annual discontinuations of residential service for inability to pay on the covered water system's internet website, if an internet website exists, and to the board. The board shall post on its internet website the information reported.

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

116920. (a) The Attorney General, at the request of the board or upon the Attorney General's own motion, may bring an action in state court to do either of the following:

(1) Restrain by temporary or permanent injunction the use of any method, act, or practice declared in this chapter to be unlawful.

(2) Restore to any person in interest any money or property, real or personal, that may have been acquired by any method, act, or practice declared by this chapter to be unlawful.

(b) For a covered water system regulated by the Public Utilities Commission, the commission may bring an action in state court to restrain by temporary or permanent injunction the use by a covered water system regulated by the commission of any method, act, or practice declared in this chapter to be unlawful.

SEC. 12. Section 116922 of the Health and Safety Code is amended to read:

116922. All written notices required under this chapter shall be provided in English, the languages listed in Section 1632 of the Civil Code, and any other language spoken by 10 percent or more of the customers in the covered water system's service area.

SEC. 13. Section 116926 of the Health and Safety Code is amended to read:

116926. This chapter does not apply to the termination of a service connection by a covered water system due to an unauthorized action of a customer.