



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Information

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

7/9/2024 Board Meeting

9-3

Subject

Report on SB 1255 (Durazo, D – Los Angeles): Public water systems: needs analysis: water rate assistance program (June 19, 2024)

Executive Summary

SB 1255 (Durazo) (**Attachment 1**), as amended on June 19, 2024, seeks to address the affordability of drinking water in California by establishing a water rate assistance program for low-income households. SB 1255 would require the State Water Resources Control Board to conduct regular needs analysis updates for community water systems with fewer than 3,300 service connections by July 1, 2026, and every three years thereafter. This analysis will determine the necessary funds to provide a 20 percent discount to low-income households served by smaller community water systems.

Further, qualified systems which serve over 3,300 residential service connections would be mandated to implement a low-income rate assistance (LIRA) program by July 1, 2027, for their eligible ratepayers based on available information. The intent is to provide a 20 percent monthly credit for qualified low-income households or, if contributions are insufficient to meet that intent, at least a credit of 10 percent or \$5 (whichever is greater). If the system cannot sustain a 10 percent or \$5 monthly credit, then the water systems are required to establish a crisis assistance fund to assist eligible ratepayers with bill arrearages.

The LIRA program as currently drafted includes a number of provisions, including but not limited to the following:

- Mandated automatic enrollment of eligible, low-income ratepayers.
- Outreach and communication by qualified water systems regarding the implementation of the program.
- Funding by voluntary contributions; if available, state or federal funding sources may be used to offset or supplement contributions.
- The requirement that voluntary contributions from ratepayers be made on an opt-out basis.

Metropolitan staff convened and met with a Member Agency LIRA Working Group (May 15, 2024, and June 14, 2024) to solicit member agency feedback and better understand the benefits, concerns and impacts at the local level.

Fiscal Impact

The bill does not apply to Metropolitan, and there is no direct fiscal impact to Metropolitan.

Applicable Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 53500, dated January 9, 2024, the Board adopted the Metropolitan Legislative Priorities and Principles, Legislative Priority 7 and Sections I.B.1, I.B.2, and I.B.3.

Related Board Actions/Reports

Equity, Inclusion and Affordability, Water Affordability Expert Panels: Discussion of Member Agency Programs (August 14, 2023), Metropolitan's Role in Household Water Affordability (October 24, 2023), Regulatory Requirements Impacting Affordability (November 13, 2023).

Equity, Inclusion and Affordability Committee Report on Water Affordability Panels and Recommended Actions (April 23, 2024)

Details and Background

Background

Previous State Legislative Efforts

The State of California has long recognized the importance of providing safe and affordable drinking water to all residents. Previous legislative efforts include Assembly Bill (AB) 685, which established state policy that declares that every human being has the right to safe, clean, affordable, and accessible water, chaptered on September 25, 2012. AB 401 (Dodd, D-Napa) directed the State Water Board to develop recommendations for a statewide LIRA program; this bill was chaptered on October 9, 2015. Most recently, in 2021, Senate Bill (SB) 222 (Dodd) attempted to establish a statewide water rate assistance program to help eligible residential water ratepayers, but it was vetoed by Governor Newsom. At the time, he cited a lack of funding to support the program and noted that SB 222 would impose ongoing requirements on community water and wastewater systems, potentially straining the general fund by billions annually.

Proposed Legislation

SB 1255 continues the State's efforts to address water affordability challenges and proposes a structured assistance program to aid low-income households. This bill would amend Section 116772 and add Chapter 6.5 to Part 12 of Division 104 of the Health and Safety Code relating to public water systems and the establishment of a water rate assistance program.

Actions

If passed as drafted, SB 1255 mandates that the State Water Resources Control Board update the needs analysis for public water systems by July 1, 2026, and every three years thereafter to determine the level of funding required to provide a 20 percent bill discount to low-income households served by community water systems with fewer than 3,300 service connections.

Further, qualified systems serving over 3,300 residential connections must implement a water rate assistance program by July 1, 2027, providing automatic enrollment for eligible ratepayers based on available information to ensure that those in need receive assistance without navigating complex application processes. To facilitate and streamline the automatic enrollment for eligible ratepayers, the Public Utilities Commission must establish a mechanism for data sharing between electrical and gas corporations and qualified water systems. The bill also includes a reporting component: qualified systems must report on voluntary contributions, administrative costs, and the number of households receiving assistance and an evaluation of available relevant information regarding any arrearages that remain after application of bill assistance. The Attorney General can enforce compliance.

On or before September 1, 2026, qualified systems serving over 3,300 residential connections may begin to include a recommended voluntary contribution amount on the bill of each ratepayer to fund their respective LIRA program. Voluntary contributions will be used to fund the program, with clear notifications in advance of the implementation start date and opt-out options for ratepayers. SB 1255 requires that the water agency recommend a voluntary contribution amount on the bill of each ratepayer, other than a low-income ratepayer, at a level that

will raise funding sufficient to provide a credit of not less than 20 percent for eligible ratepayers and to cover the costs of administering the program. However, the recommended amount may not exceed 5 percent of a ratepayer's charges for water and wastewater. When setting the initial contribution level, the system is to assume that 60 percent of ratepayers not eligible for assistance will provide contributions. If the voluntary contributions are insufficient to provide a minimum 10 percent discount or \$5 monthly credit, the water system shall use the funds for crisis assistance to eligible ratepayers facing delinquency on their water bill, with limitations on frequency and amount.

Funds are to be used for the purposes below:

1. Provide a discount to low-income residential ratepayers (or "eligible ratepayer"), defined as having annual household incomes not exceeding 200 percent of the federal poverty guideline level.
2. Pay for "reasonable" administrative costs to implement the program, capped at 10 of voluntary contributions received.
3. Establish a balancing account to manage fluctuations in voluntary contributions and granting of bill credits, if the qualified system chooses to do so.

The bill would also authorize a qualified system to use any state or federal funds that are available to support a ratepayer assistance program by offsetting or supplementing the funds collected from voluntary contributions.

Finally, the bill would also require a qualified system to engage in outreach and notify ratepayers of the voluntary contribution on the water bill and provide an option and method to "opt out" of the voluntary contribution, amongst other provisions. Qualified systems that offer an existing LIRA program that meets the minimum bill credit and enrollment criteria are exempted. The bill would prohibit a qualified system from sanctioning or holding liable a ratepayer in any manner for not paying the voluntary contribution.

Impacts to Metropolitan and Member Agencies

SB 1255 applies to retail water agencies and seeks to improve water affordability for low-income households in California. The use of voluntary contributions can leverage positive community support and goodwill and add flexibility to the funding mechanism, potentially addressing issues (i.e., Proposition 218 and 26 restrictions) that other similar initiatives may face. The bill also aims to simplify the process for low-income households by ensuring automatic enrollment based on available data.

The implementation of SB 1255 presents several challenges, as articulated by member agency staff and Metropolitan's staff analysis, including but not limited to:

Administrative Burden

Fundamentally, retail billing systems will need to be updated to facilitate the programmatic requirements for automatic enrollments, multiple contribution levels, and opt-out options. These levels of complexity can be costly and time-consuming, and confusing to customers. Additionally, the contributions received may not justify the cost outlay required to sustain the program long term. The external coordination to optimize the data-sharing provisions add to the administrative burden and complexity, especially because retail water systems do not have ready access to income data.

Long-Term Stability and Public Trust

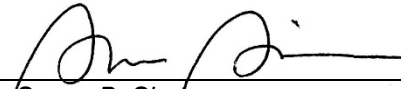
Functionally, the bill's reliance on voluntary contributions raises concerns regarding the long-term stability and viability of this funding strategy. Contributions may fluctuate significantly, especially during economic downturns when they may be needed the very most, potentially leaving the program underfunded. Furthermore, member agencies identified the opt-out mechanism as a significant cause of concern, citing confusion, and a general perception of a lack of transparency that could result in a deterioration of customer relations and trust in the retail water utility, which would undermine the program's long-term success and acceptance.

Regional Disparity

Equity concerns are also prominent. The eligibility criteria may exclude some families in need, particularly those just above the income threshold. The variability in voluntary contributions could result in unequal resource

distribution, exacerbating regional disparities. Moreover, privacy concerns regarding data sharing require stringent protection measures to ensure customer information security, further complicating the program's administration.

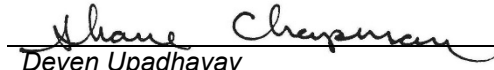
While SB 1255, as currently drafted, raises a number of concerns, water affordability remains an important objective for Metropolitan. The rising costs of water treatment and delivery and the investments required to adapt the region's infrastructure to climate change will likely necessitate some form of assistance program to maintain access to drinking water. Staff will continue to monitor this legislation and research options to address affordability through LIRA programs and other policies.



Susan B. Sims
Group Manager, External Affairs

7/2/2024

Date

for 
Deven Upadhyay
Interim General Manager

7/3/2024

Date

**Attachment 1 – Bill Text of SB 1255 (Durazo): Public Water Systems: Needs Analysis:
Water Rate Assistance Program (as amended June 19, 2024)**

Ref# ea12696240

AMENDED IN ASSEMBLY JUNE 19, 2024

AMENDED IN ASSEMBLY JUNE 3, 2024

AMENDED IN SENATE APRIL 1, 2024

SENATE BILL

No. 1255

Introduced by Senator Durazo

(~~Coauthor: Senator Dodd~~)

(Coauthors: Senators Dodd and Smallwood-Cuevas)

*(Coauthors: Assembly Members Arambula, Bennett, Connolly, Kalra,
Ortega, and Ting)*

February 15, 2024

An act to amend Section 116772 of, and to add Chapter 6.5 (commencing with Section 116930) to Part 12 of Division 104 of, the Health and Safety Code, relating to drinking water.

LEGISLATIVE COUNSEL'S DIGEST

SB 1255, as amended, Durazo. Public water systems: needs analysis: water rate assistance program.

(1) The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties relating to the regulation of drinking water to protect public health. Existing law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Existing law requires the state board to annually adopt a fund expenditure plan, as provided, and requires expenditures from the fund to be consistent with the fund expenditure plan. Existing law requires the state board to

base the fund expenditure plan on data and analysis drawn from a specified drinking water needs assessment.

This bill would require the state board to update a needs analysis of the state's public water systems to include an assessment, as specified, of the funds necessary to provide a 20% bill credit for low-income households served by community water systems with fewer than 3,300 service connections and for community water systems with fewer than 3,300 service connections to meet a specified affordability threshold on or before July 1, 2026, and on or before July 1 of every 3 years thereafter.

(2) 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. Existing law requires the plan to include, among other things, a description of the method for collecting moneys to support and implement the program and a description of the method for determining the amount of moneys that may need to be collected from water ratepayers to fund the program.

This bill would require qualified systems, defined as any retail water supplier that serves over 3,300 residential connections, to begin providing water rate assistance to eligible ratepayers, defined to mean a low-income residential ratepayer with an annual household income that is no greater than 200% of the federal poverty guideline level, on or before ~~April~~ July 1, 2027. The bill would require a qualified system to automatically enroll an eligible ratepayer in the water rate assistance program if available information, which includes, among other things, authorizing a ratepayer to confirm eligibility by self-certification made under penalty of perjury, indicates that they are qualified to receive assistance and provide a water bill credit, as specified. By expanding the crime of perjury, the bill would impose a state-mandated local program.

The bill would require a qualified system, on or before ~~July~~ September 1, 2026, to provide an opportunity for each ratepayer to provide a voluntary contribution as part of the ratepayer's water bill to provide funding for the qualified system's water rate assistance program. The bill would require a qualified system to recommend a voluntary contribution amount on the bill of each ratepayer, other than an eligible ratepayer, at a level ~~that will~~ *intended to* raise sufficient funding to provide a ~~discount~~ *bill credit* to eligible ratepayers, pay for the qualified system's administrative costs to implement the ~~program~~, *program* beginning January 1, 2025, and establish a balancing account if the

qualified system chooses to do so. The bill would require a qualified system to notify ratepayers of the voluntary contribution on the water bill and provide each ratepayer the option and method of opting out of the voluntary contribution, as specified. The bill would also prohibit a qualified system from sanctioning or holding liable a ratepayer in any manner for not paying the voluntary contribution. The bill would authorize a qualified system to use any state or federal funds that are available to support a ratepayer assistance program by offsetting or supplementing the funds collected from voluntary contributions. The bill would authorize the Attorney General to bring an action in state court to restrain the use of any method, act, or practice in violation of these provisions, except as provided.

(3) 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. The Legislature finds and declares all of the
2 following:

3 (a) Existing state law declares that it is the established policy
4 of the state that every human being has the right to safe, clean,
5 affordable, and accessible water adequate for human consumption,
6 cooking, and sanitary purposes.

7 (b) In 2015, the Legislature passed Assembly Bill 401 (Chapter
8 662 of *the Statutes of 2015*) that required the State Water Resources
9 Control Board to develop a plan, informed by the public and the
10 State Board of Equalization, for a statewide low-income rate
11 assistance for water.

12 (c) In 2020, the state board released a report pursuant to
13 Assembly Bill 401, which is entitled "Recommendations for
14 Implementation of a Statewide Low-Income Water Rate Assistance
15 Program," that found that it would take over \$140,000,000 annually
16 to create a low-income water rate assistance program.

1 (d) However, the cost of water has continued to rise, outpacing
2 the rate of inflation and putting too many California families at
3 risk of water shutoffs.

4 (e) Many larger systems in California could provide ratepayer
5 assistance, but are limited by Proposition 218. The Legislature
6 should develop tools for larger water systems to provide more
7 assistance to ratepayers without violating Proposition 218.

8 (f) Further, the options available to aid small water systems vary
9 from those available to larger water systems, and include ongoing
10 operations and maintenance assistance for some systems that serve
11 all or nearly all low-income households.

12 (g) Therefore, to inform future legislation, the state board should
13 develop regularly updated data on resources needed to support
14 small water systems to guide the creation of a future program to
15 fulfill the right of customers of these systems to affordable drinking
16 water and wastewater.

17 SEC. 2. Section 116772 of the Health and Safety Code is
18 amended to read:

19 116772. (a) (1) By January 1, 2021, the board, in consultation
20 with local health officers and other relevant stakeholders, shall use
21 available data to make available a map of aquifers that are at high
22 risk of containing contaminants that exceed safe drinking water
23 standards that are used or likely to be used as a source of drinking
24 water for a state small water system or a domestic well. The board
25 shall update the map annually based on new and relevant data.

26 (2) The board shall make the map of high-risk areas, as well as
27 the data used to make the map, publicly accessible on its internet
28 website in a manner that complies with the Information Practices
29 Act of 1977 (Chapter 1 (commencing with Section 1798) of Title
30 1.8 of Part 4 of Division 3 of the Civil Code). The board shall
31 notify local health officers and county planning agencies of
32 high-risk areas within their jurisdictions.

33 (b) (1) By January 1, 2021, a local health officer or other
34 relevant local agency shall provide to the board all results of, and
35 data associated with, water quality testing performed by a
36 laboratory that has accreditation or certification pursuant to Article
37 3 (commencing with Section 100825) of Chapter 4 of Part 1 of
38 Division 101 for a state small water system or domestic well that
39 was collected after January 1, 2014, and that is in the possession
40 of the local health officer or other relevant local agency.

(2) By January 1, 2022, and by January 1 of each year thereafter, all results of, and data associated with, water quality testing performed by a laboratory that has accreditation or certification pursuant to Article 3 (commencing with Section 100825) of Chapter 4 of Part 1 of Division 101 for a state small water system or domestic well that is submitted to a local health officer or other relevant local agency shall also be submitted directly to the board in electronic format.

(c) (1) On or before July 1, 2026, and on or before July 1 of each three years thereafter, the board, in consultation with the advisory group established pursuant to Section 116768.5 and appropriate stakeholders, shall update the needs analysis of the state's public water systems to include an assessment of the funds necessary to provide a 20-percent bill credit for low-income households served by community water systems with fewer than 3,300 service connections and for community water systems with fewer than 3,300 service connections to meet the affordability threshold established pursuant to Section 116769.

(2) To develop this assessment, the board shall do all of the following:

(A) Collect arrearage data from water systems not regulated by the Public Utilities Commission and request data from the Public Utilities Commission on those systems they regulate.

(B) Estimate the number of households in need of assistance using arrearage data as well as information provided by the United States Census *Bureau* or other comparable data source.

(C) Identify available data on water rates charged by community water systems with fewer than 3,300 service connections.

(D) Where data is unavailable for a water system, use an average of existing data to estimate the level of need for that system.

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

CHAPTER 6.5. WATER RATE ASSISTANCE PROGRAMS

116930. For purposes of this chapter, the following definitions apply:

(a) "Affordability programs" means any of the following programs:

6

- 1 (1) CalWORKs.
- 2 (2) CalFresh.
- 3 (3) General assistance.
- 4 (4) Medi-Cal.
- 5 (5) Supplemental Security Income or the State Supplementary
- 6 Payment Program.
- 7 (6) California Special Supplemental Nutrition Program for
- 8 Women, Infants, and Children.
- 9 (7) California Alternate Rates for Energy program.
- 10 (8) Family Electric Rate Assistance program.
- 11 (b) "Available information" means any of the following:
- 12 (1) Information provided pursuant to an agreement entered into
- 13 pursuant to Section 116933 for the purposes of documenting the
- 14 residential ratepayer's participation in an affordability program.
- 15 (2) A benefits award letter provided by the residential ratepayer
- 16 documenting that the customer is an enrollee in, or is a recipient
- 17 of, an affordability program.
- 18 (3) Self-certification of eligibility, under penalty of perjury, by
- 19 the residential ratepayer.
- 20 (c) "Balancing account" means a reserved amount of sufficient
- 21 funding to address fluctuations in voluntary contributions received
- 22 or changes in eligible ratepayers, not to exceed 25 percent of the
- 23 annual expenditures of the program.
- 24 (d) "Crisis assistance" means direct bill credits to accounts of
- 25 eligible ratepayers to reduce accrued arrearages.
- 26 (e) "Eligible ratepayer" means a low-income residential
- 27 ratepayer with an annual household income that is no greater than
- 28 200 percent of the federal poverty guideline level.
- 29 (f) "Program" means a water rate assistance program established
- 30 pursuant to this chapter.
- 31 (g) "Qualified system" means any retail water supplier that
- 32 serves over 3,300 residential connections.
- 33 (h) "Residential ratepayer" means an accountholder of a
- 34 qualified system who resides in a single-family or multifamily
- 35 residence and who receives a bill from a qualified system for water
- 36 service.
- 37 (i) "State board" means the State Water Resources Control
- 38 Board.
- 39 (j) "Voluntary contributions" means funds voluntarily remitted
- 40 by ratepayers to qualified systems that are not derived from fees

1 or assessments pursuant to Section 4 or 6 of Article XIII D of the
2 California Constitution.

3 116931. (a) On or before ~~April~~ July 1, 2027, a qualified system,
4 other than a system meeting the requirements of subdivision (f),
5 shall establish a program meeting the minimum requirements of
6 subdivision (b) and begin providing water rate assistance to eligible
7 ratepayers in compliance with this chapter.

8 (b) A program offered pursuant to this chapter shall, at a
9 minimum, include both of the following:

10 (1) Automatic enrollment of eligible ratepayers if available
11 information indicates that they are qualified to receive assistance.

12 (2) (A) Provision of a bill credit for eligible ratepayers of no
13 less than 20 percent of the *total* water charges, and, if present on
14 the bill, ~~wastewater charges:~~ *charges, for a volume of water similar*
15 *to that identified in Section 10609.4 of the Water Code or, if the*
16 *eligible ratepayer uses less, the actual volume used.* In the event
17 there is not sufficient funding, including any balancing account
18 funds, to support a 20-percent bill credit, the program shall provide
19 the maximum bill credit available that funding is able to ~~support.~~
20 *support, unless the maximum bill credit available that funding is*
21 *able to support is less than 10 percent, in which case the qualified*
22 *system shall instead provide crisis assistance to the extent funds*
23 *are available consistent with subdivision (j). The bill credit may*
24 *be applied pursuant to subparagraph (B).*

25 (B) *The qualified system may select the element or elements of*
26 *the water charges, pursuant to subparagraph (C), upon which the*
27 *bill credit is applied or may elect to provide a bill credit as a set*
28 *percentage of the total water bill, provided that the total bill credit*
29 *is equivalent in value to the bill credit required by this paragraph.*

30 (C) *Element, or elements, of the drinking water charges upon*
31 *which the bill credit may be applied include, but are not limited*
32 *to, the fixed, volumetric, or fixed and volumetric charges levied*
33 *by the system.*

34 (c) (1) ~~Beginning July~~ On or before September 1, 2026, for the
35 reasonable costs associated with the administration of this chapter
36 and to establish initial program funding, a qualified system may
37 begin collecting voluntary contributions. Reasonable costs include
38 administrative costs associated with this chapter and for providing
39 notice to ~~customers:~~ *ratepayers pursuant to this chapter.*

1 (2) Beginning ~~April~~ July 1, 2027, the reasonable costs associated
2 with the administration of this chapter shall not exceed 10 percent
3 of voluntary contributions collected pursuant to this section.

4 (d) In establishing a program pursuant to this section, a qualified
5 system may establish a balancing account to manage fluctuations
6 in voluntary contributions and the granting of bill credits to eligible
7 ratepayers.

8 (e) This section does not require a qualified system to use ~~other~~
9 funds *other than voluntary contributions collected pursuant to*
10 *Section 116932* to provide rate assistance to eligible ratepayers or
11 to pay for associated administrative costs. ~~Only voluntary~~
12 ~~contributions collected pursuant to Section 116932 shall be used~~
13 ~~to implement this program, unless the A~~ qualified system ~~has~~ may
14 use other funds available for this purpose that are not derived from
15 fees or assessments pursuant to Section 4 or 6 of Article XIID of
16 the California Constitution.

17 (f) (1) Any qualified system that offers an existing water rate
18 assistance program on or before ~~July~~ September 1, 2026, that meets
19 the minimum enrollment and bill credit requirements specified in
20 subdivision (b) *by July 1, 2027*, shall not be required to comply
21 with this chapter, but may collect voluntary contributions pursuant
22 to Section 116932 to supplement or expand the existing program
23 or to provide crisis assistance.

24 (2) *Nothing in this chapter shall prohibit a qualified system*
25 *from offering assistance to residential ratepayers that does either,*
26 *or both, of the following:*

27 (A) *Provides a greater bill credit benefit.*

28 (B) *Exceeds the definition of low income as specified in this*
29 *chapter for ratepayer eligibility.*

30 (g) Any public water system that is not a qualified system may
31 collect voluntary contributions to fund a water affordability
32 program, but is not required to comply with this chapter.

33 (h) A qualified system may require verification of eligibility
34 from a sample of ~~up to 5 percent~~ of enrolled eligible ratepayers on
35 an annual basis to verify the ratepayer's low-income status and
36 eligibility for assistance. *A qualified system may remove any*
37 *ratepayers found to not be eligible for assistance from this*
38 *program.*

39 (i) A qualified system shall continue to have a program pursuant
40 to this chapter as long as there is sufficient funding available

1 pursuant to Section 116932 to provide water rate assistance or
2 crisis assistance, pay for the qualified system's reasonable costs
3 for administration of the program, and establish a balancing account
4 if the qualified system chooses to do so.

5 (j) (1) If, after three months of accepting voluntary
6 contributions, the qualified system can demonstrate there will not
7 be sufficient funds to support a program at a minimum of a
8 10-percent discount or five dollars (\$5) per month, whichever
9 amount is greater and adjusted for the consumer price index after
10 July 1, 2027, *and pay for the qualified system's reasonable costs*
11 *for administration of the program*, the system shall *instead* use
12 the collected contributions to provide ongoing crisis ~~assistance~~.
13 ~~assistance and pay for the qualified system's reasonable costs for~~
14 ~~administration of crisis assistance. Crisis assistance shall be~~
15 ~~offered on or before July 1, 2027.~~ Crisis assistance shall be offered
16 to eligible ratepayers, at a minimum, when a qualified system
17 provides notice pursuant to Section 116908 or when the eligible
18 customer contacts the qualified system about a delinquent account.

19 (2) Crisis assistance shall only be provided to an eligible
20 ratepayer once per year and limited to an amount determined by
21 the qualified system, taking into account the overall past due
22 amount and available funding. To the extent the amount of crisis
23 assistance provided does not eliminate an eligible ratepayer's
24 arrearages, the ratepayer shall enter into an amortization agreement,
25 alternative payment schedule, or plan for deferred or reduced
26 payment, pursuant to Section 116910, to be eligible for crisis
27 assistance.

28 116932. (a) On or before ~~July~~ *September* 1, 2026, a qualified
29 system shall provide an opportunity for each ratepayer of the
30 system to provide a voluntary contribution as part of the ratepayer's
31 water bill to provide funding for the qualified system's program.

32 (b) A qualified system shall establish a recommended voluntary
33 contribution amount on the bill of each ratepayer other than an
34 eligible ratepayer based on available information as of ~~March~~ *July*
35 *1, 2026*, at a level ~~designed~~ *intended* to raise sufficient funding to
36 provide a ~~discount~~ *bill credit* to eligible ratepayers pursuant to
37 paragraph (2) of subdivision (b) of Section 116931, pay for the
38 qualified system's administrative costs to implement this ~~chapter~~,
39 *chapter beginning January 1, 2025*, and establish a balancing
40 account if the qualified system chooses to do so. When setting the

1 ~~initial level of the~~ *recommended* voluntary contribution, a qualified
2 system shall assume that 60 percent of ratepayers other than eligible
3 ratepayers will provide the contribution. ~~After March~~ *On or before*
4 *July 1, 2027*, a qualified system may adjust the voluntary
5 contribution, as necessary, considering the previous year's actual
6 participation rate. The *recommended* voluntary contribution shall
7 not exceed 5 percent of the charges for water and wastewater *on*
8 *the water bill* for any residential ratepayer.

9 (c) A bill from a qualified system shall label the voluntary
10 contribution in a way that describes the purpose of the funds. The
11 qualified system shall notify their ratepayers of the voluntary
12 contribution and, in a visually accessible manner and using clear
13 and unambiguous language, shall provide each ratepayer the option
14 and method of opting out of providing the voluntary contribution
15 at least three months prior to beginning collection of the voluntary
16 contribution, and thereafter on at least an annual basis. Voluntary
17 contributions shall commence on the qualified system's subsequent
18 billing cycle from the notice. The qualified system may choose to
19 include alternative amounts for contributions. A qualified system
20 shall also provide this information on its internet website in
21 English, the other languages listed in Section 1632 of the Civil
22 Code, and any other language spoken by at least 10 percent of the
23 people residing in its service area.

24 (d) A ratepayer may opt out of the voluntary contribution at any
25 time in a manner that may be specified by the qualified system
26 and shall be included in the notice in subdivision (c), with voluntary
27 contributions terminating on the qualified system's subsequent
28 normal billing cycle.

29 (e) A ratepayer may only request a refund for contributions
30 made since the last notice of opportunity to opt out of the program
31 was provided or for the period of the last billing cycle prior to the
32 date the ratepayer opts out, whichever time period is greater.
33 Qualified systems may provide refunds in the form of a bill credit.

34 (f) ~~(f)~~ A qualified system shall not sanction, take any
35 enforcement or collection action against, impose any late charge
36 or penalty against, or otherwise hold liable a ratepayer in any
37 manner for exercising the option of not paying a voluntary
38 contribution described in this section.

11

1 ~~(2) Nothing in this chapter shall prohibit a qualified system from~~
2 ~~offering assistance to residential ratepayers that do either, or both,~~
3 ~~of the following:~~

4 ~~(A) Provides a greater bill credit benefit.~~

5 ~~(B) Exceeds the definition of low income as specified in this~~
6 ~~chapter for ratepayer eligibility.~~

7 (g) The voluntary ~~contribution~~ *contributions* shall be used only
8 to provide rate assistance to eligible ratepayers, pay for associated
9 administrative costs to implement the program, and establish a
10 balancing account. Administrative costs of establishing the program
11 may be reimbursed from ~~initial~~ voluntary contributions.

12 (h) A qualified system may ~~coordinate~~ *contract* with a third
13 party to receive the voluntary contributions and comply with this
14 section.

15 (i) Any partial payment made by a ratepayer that is insufficient
16 to pay for charges on the bill shall be used to pay the qualified
17 system's ~~fees~~ *charges* shown on the ratepayer's bill before being
18 attributed to a voluntary contribution.

19 (j) No penalty or late fee may be assessed by a qualified system
20 for the failure of a ratepayer to make timely payment of a voluntary
21 contribution described in this section, regardless of whether the
22 ratepayer has exercised the option of not paying a voluntary
23 contribution.

24 (k) A qualified system may use any state or federal funds that
25 are available to support a program by offsetting or supplementing
26 the funds collected from voluntary contributions.

27 116933. (a) On or before January 1, 2026, the Public Utilities
28 Commission shall establish a mechanism for electrical corporations
29 and gas corporations to ~~regularly~~ provide data to all qualified
30 systems *no later than April 1, 2026, and annually by April 1*
31 *thereafter*, regarding ratepayers enrolled in, or eligible to be
32 enrolled in, the California Alternate Rates for Energy (CARE)
33 program established pursuant to Section 739.1 of the Public
34 Utilities Code and the Family Electric Rate Assistance (FERA)
35 program established pursuant to Section 739.12 of the Public
36 Utilities Code.

37 (b) All qualified systems may enter into agreements with local
38 publicly owned electric utilities and local publicly owned gas
39 utilities, including, but not limited to, municipal utility districts
40 and irrigation districts, for the purpose of regularly receiving data

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1 regarding ratepayers enrolled in, or eligible to be enrolled in,
2 affordability programs benefiting eligible ratepayers.

3 (c) Data provided pursuant to subdivision (a) or (b) is subject
4 to Section 7927.410 of the Government Code and the Information
5 Practices Act of 1977 (Chapter 1 (commencing with Section 1798)
6 of Title 1.8 of Part 4 of Division 3 of the Civil Code).

7 (d) Data provided pursuant to subdivision (a) or (b) shall not
8 be considered a disclosure under Section 1798.83 of the Civil
9 Code.

10 116934. ~~The Beginning in 2028, the~~ state board shall require
11 qualified systems, in technical reports required by the state board
12 pursuant to Section 116530, to *annually* report the following:

13 (a) The total amount of voluntary contributions collected, the
14 administrative costs of operating the program, the number of
15 eligible households that were provided rate assistance or crisis
16 assistance, and the total amount of rate assistance or crisis
17 assistance provided to eligible households.

18 (b) An evaluation of available relevant information regarding
19 any arrearages that remain after application of bill assistance.

20 116935. (a) The Attorney General may bring an action in state
21 court to restrain, by temporary or permanent injunction, the use
22 of any method, act, or practice in violation of this chapter by a
23 qualified system, other than a system that meets the requirements
24 of subdivision (f) of Section 116931, including nonparticipation
25 by a qualified system pursuant to this chapter.

26 (b) The Attorney General shall not bring an action against a
27 qualified system for failing to meet the requirements of subdivision
28 (f) of Section 116931, as long as the qualified system makes a
29 good faith effort to raise sufficient funding pursuant to Section
30 116932.

31 116936. The provisions of this chapter are severable. If any
32 provision of this article or its application is held invalid due to a
33 conflict with federal requirements, that invalidity shall not affect
34 other provisions or applications that can be given effect without
35 the invalid provision or application.

36 SEC. 4. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the penalty

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- 1 for a crime or infraction, within the meaning of Section 17556 of
- 2 the Government Code, or changes the definition of a crime within
- 3 the meaning of Section 6 of Article XIII B of the California
- 4 Constitution.

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