

## **POLICY ON DISCONTINUATION OF WATER SERVICE FOR NON-PAYMENT**

Notwithstanding any other policy or rule, this Policy on Discontinuation of Water Service for Non-Payment shall apply to the discontinuation of all water service accounts for non-payment under the provisions set forth herein. In the event of any conflict between this Policy and any other policy or rule, this Policy shall prevail.

**I. Application of Policy; Contact Telephone Number:** This policy shall apply to all water service accounts for non-payment of water service. Further assistance concerning the payment of water bills and the potential establishment of the alternatives set forth in this policy to avoid discontinuation of service can be obtained by calling (323) 721-4735.

### **II. Discontinuation of Water Service for Non-Payment:**

A. Rendering and Payment of Bills: Bills for water service will be rendered to each consumer on a monthly basis unless otherwise provided for in the rate schedules. Bills for service are due and payable upon presentation and become overdue and subject to discontinuation of service if not paid within sixty (60) days from the date of the bill. Payment may be made at the office, to any representative authorized to make collections or by electronic transmission if feasible. However, it is the consumer's responsibility to assure that payments are received at the specified location in a timely manner. Partial payments are not authorized unless prior approval has been received.

B. Overdue Bills: The following rules apply to consumers whose bills remain unpaid for more than sixty (60) days following the invoice date:

1. Overdue Notice: If payment for a bill rendered is not made on or before the due date on the bill, a notice of overdue payment (the "Overdue Notice") will be mailed to the water service customer at least seven (7) business days prior to the possible discontinuation of service date identified in the Overdue Notice. If the consumer's address is not the address of the property to which the service is provided, the Overdue Notice must also be sent to the address of the property served, addressed to "Occupant." The Overdue Notice must contain the following:

- a. Consumer's name and address;
- b. Amount of delinquency;
- c. Date by which payment or arrangement for payment must be made in order to avoid discontinuation of service;
- d. Description of the process to apply for an extension of time to pay the amount owing;
- e. Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency; and
- f. Description of the procedure by which the consumer can request a deferred, amortized, reduced or alternative payment schedule.

2. Alternative to Overdue Notice. The District may alternatively provide notice to the consumer of the impending discontinuation of service by telephone. If that notice is provided by telephone, the District shall offer to provide the consumer with a copy of this policy and also offer to discuss with the consumer the options for alternative payments, as described in Section III, below, and the procedures for review and appeal of the consumer's bill, as described in Section IV, below.

3. 48-Hour Shut Off Notice. The District shall provide a second notice to the account holder at least 48-hours before disconnection. This second mailed notice shall include:

- a. Consumer's name and address;
- b. Amount of delinquency;
- c. The procedure for the consumer to obtain information on the availability of financial assistance, including private, local state, or federal sources if applicable; and
- d. The telephone number of the District representative who can provide additional information or institute arrangements for payment.

4. Unable to Contact Consumer: If the District is not able to contact the consumer by written notice (e.g., a mailed notice is returned as undeliverable), the District will make a good faith effort to visit the residence and leave, or make other arrangements to place in a conspicuous location, a notice of imminent discontinuation of service for non-payment, and a copy of this Policy.

5. Late Charge: A Late Charge, as adopted by the Board of Directors from time to time through resolution, shall be assessed and added to the outstanding balance on the consumer's account as set forth in the District's resolution.

6. Turn-Off Deadline: Payment for water service charges must be received in the District's offices no later than 4:00 p.m. on the date specified in the Overdue Notice. Postmarks are not acceptable.

7. Notification of Returned Check: Upon receipt of a returned check rendered as remittance for water service or other charges, the District will consider the account not paid. The District will attempt to notify the consumer in person and leave a notice of termination of water service at the premises. Water service will be disconnected if the amount of the returned check and returned check charge are not paid by the due date specified on the notice, which due date shall not be sooner than the date specified in the Overdue Notice; or if an Overdue Notice had not been

previously provided, no sooner than the sixtieth (60<sup>th</sup>) day after the invoice for which payment by the returned check had been made. To redeem a returned check and to pay a returned check charge, all amounts owing must be paid by cash or certified funds.

8. Returned Check Tendered as Payment for Water Service Disconnected for Nonpayment:

a. If the check tendered and accepted as payment which resulted in restoring service to an account that had been disconnected for nonpayment is returned as non-negotiable, the District may disconnect said water service upon at least three (3) calendar days' notice. The consumer's account may only be reinstated by receipt of outstanding charges in the form of cash or certified funds.

b. If at any time during the one year period described above, the consumer's account is again disconnected for nonpayment, the District may require the consumer to pay cash or certified funds to have that water service restored.

C. Conditions Prohibiting Discontinuation of Residential Water Service: The District shall not discontinue residential water service if all of the following conditions are met:

1. Health Conditions – The consumer or tenant of the consumer submits certification of a primary care provider that discontinuation of water service would (i) be life threatening, or (ii) pose a serious threat to the health and safety of a person residing at the property;

2. Financial Inability – The consumer demonstrates he or she is financially unable to pay for water service within the water system's normal billing cycle. The consumer is deemed "financially unable to pay" if any member of the consumer's household is: (i) a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (ii) the consumer declares the household's annual income is less than 200% of the federal poverty level (see this link for the federal poverty levels applicable in California: <https://www.healthforcalifornia.com/covered-california/income-limits>); and

3. Alternative Payment Arrangements – The consumer is willing to enter into an amortization agreement, alternative payment schedule or a plan for deferred or reduced payment, consistent with the provisions of Section III, below.

This subdivision (C) does not apply to non-residential accounts.

D. Process for Determination of Conditions Prohibiting Discontinuation of Residential Water Service: The burden of proving compliance with the conditions described in Subdivision (C), above, is on the residential water consumer. In order to allow the District sufficient time to process any request for assistance by a consumer, the consumer is encouraged to provide the District with the necessary documentation demonstrating the medical issues under Subdivision (C)(1), financial inability under Subdivision (C)(2) and willingness to enter into any alternative payment arrangement under Subdivision (C)(3) as far in advance of any proposed date for discontinuation of service as possible. Upon receipt of such documentation, the District's General Manager, or his or her designee, shall review that documentation and respond to the consumer within seven (7) calendar days to either request additional information, including information relating to the feasibility of the available alternative arrangements, or to notify the consumer of the alternative payment arrangement, and terms thereof, under Section III, below, in which the District will allow the consumer to participate. If the District has requested additional information, the consumer shall provide that requested information within five (5) calendar days of receipt of the District's request. Within five (5) calendar days of its receipt of that additional information, the District shall either notify the consumer in writing that the consumer does not meet the conditions under Subdivision (C), above, or notify the consumer in writing of the alternative payment arrangement, and terms thereof, under Section III, below, in which the District will allow the consumer to participate. Consumers who fail to meet the conditions described in Subdivision (C), above, must pay the delinquent amount, including any penalties and other charges, owing to the District within the latter to occur of: (i) two (2) business days after the date of notification from the District of the District's determination the consumer failed to meet those conditions; or (ii) the date of the impending service discontinuation, as specified in the Overdue Notice.

E. Special Rules for Low Income Residential Water Consumers: Residential water consumers are deemed to have a household income below 200% of the federal poverty line if: (i) any member of the customer's household is a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Supplementary Payment Program or California Special Supplemental Nutrition Program for Women, Infants and Children; or (ii) the consumer declares the household's annual income is less than 200% of the federal poverty level (see this link for the federal poverty levels applicable in California: <https://www.healthforcalifornia.com/covered-california/income-limits>). If a consumer demonstrates either of those circumstances, then the following apply:

1. Reconnection Fees: If service has been discontinued and is to be reconnected, then any reconnection fees during the District's normal operating hours cannot exceed \$50, and reconnection fees during non-operational hours cannot exceed \$150. Those fees cannot exceed the actual cost of reconnection if that cost is less than the statutory caps. Those caps may be adjusted annually for changes in the Consumer Price

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2. Interest Waiver: The District shall waive interest charges on delinquent bills once every 12 months.

This section does not apply to non-residential accounts.

F. Landlord-Tenant Scenario: The below procedures apply to individually metered detached single-family dwellings, multi-unit residential structures and mobile home parks where the property owner or manager is the customer of record and is responsible for payment of the water bill.

1. Required Notice:

a. At least ten (10) calendar days prior if the property is a multi-unit residential structure or mobile home park, or seven (7) calendar days prior if the property is a detached single-family dwelling, to the possible discontinuation of water service, the District must make a good faith effort to inform the tenants/occupants at the property by written notice that the water service will be discontinued.

b. The written notice must also inform the tenants/occupants that they have the right to become customers to whom the service will be billed (see Subdivision 2, below), without having to pay any of the then delinquent amounts.

2. Tenants/Occupants Becoming Customers:

a. The District is not required to make service available to the tenants/occupants unless each tenant/occupant agrees to the terms and conditions for service and meets the District's requirements and rules.

b. However, if (i) one or more of the tenants/occupants assumes responsibility for subsequent charges to the account to the District's satisfaction, or (ii) there is a physical means to selectively discontinue service to those tenants/occupants who have not met the District's requirements, then the District may make service available only to those tenants/occupants who have met the requirements.

**III. Alternative Payment Arrangements**: For any consumer who meets the three conditions under Section II(C), above, in accordance with the process set forth in Section II(D), above, the District shall offer the consumer one or more of the following alternative payment arrangements, to be selected by the District in its sole discretion: (i) amortization of the unpaid balance under Subdivision (A), below; (ii) alternative payment schedule under Subdivision (B), below; (iii) partial or full reduction of unpaid balance under Subdivision (C), below; or (iv)

temporary deferral of payment under Subdivision (D), below. For any consumer who does not meet the three conditions under Section II(C), above, the District may in its sole discretion offer the consumer an alternative payment arrangement. The General Manager, or his or her designee, shall, in the exercise of his or her sole discretion, select the most appropriate alternative payment arrangement after reviewing the information and documentation provided by the consumer and taking into consideration the consumer's financial situation and District's payment needs.

A. Amortization: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under Section II(C), above, as the District shall confirm, may, if the District has selected this alternative, enter into an amortization plan on the following terms:

1. Term: The consumer shall pay the unpaid balance, with the administrative fee and interest as specified in Subdivision (2), below, over a period not to exceed twelve (12) months, as determined by the General Manager or his or her designee; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may apply an amortization term of longer than twelve (12) months to avoid undue hardship on the consumer. The unpaid balance, together with the applicable administrative fee and any interest to be applied, shall be divided by the number of months in the amortization period and that amount shall be added each month to the consumer's ongoing monthly bills for water service.

2. Administrative Fee; Interest: For any approved amortization plan, the consumer will be charged an administrative fee, in the amount established by the District from time to time, representing the cost of initiating and administering the plan. At the discretion of the General Manager or his or her designee, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be amortized under this Subsection A. The amortization plan shall be set forth in writing and be provided to the consumer.

3. Compliance with Plan: The consumer must comply with the amortization plan and remain current as charges accrue in each subsequent billing period. The consumer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan. Where the consumer fails to comply with the terms of the amortization plan for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

B. Alternative Payment Schedule: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under

Section II(C), above, as the District shall confirm, may, if the District has selected this alternative, enter into an alternative payment schedule for the unpaid balance in accordance with the following:

1. Repayment Period: The consumer shall pay the unpaid balance, with the administrative fee and interest as specified in Subdivision (2), below, over a period not to exceed twelve (12) months, as determined by the General Manager or his or her designee; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may extend the repayment period for longer than twelve (12) months to avoid undue hardship on the consumer.

2. Administrative Fee; Interest: For any approved alternative payment schedule, the consumer will be charged an administrative fee, in the amount established by the District from time to time, representing the cost of initiating and administering the schedule. At the discretion of the General Manager or his or her designee, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be paid under this Subsection B.

3. Schedule: After consulting with the consumer and considering the consumer's financial limitations, the General Manager or his or her designee shall develop an alternative payment schedule. That alternative schedule may provide for periodic lump sum payments that do not coincide with the established payment date, may provide for payments to be made more frequently than monthly, or may provide that payments be made less frequently than monthly, provided that in all cases, subject to Subdivision (1), above, the unpaid balance and administrative fee shall be paid in full over a period not to exceed twelve (12) months of establishment of the payment schedule. The schedule shall be set forth in writing and be provided to the consumer.

4. Compliance with Plan: The consumer must comply with the payment schedule and remain current as charges accrue in each subsequent billing period. The consumer may not request a longer payment schedule for any subsequent unpaid charges while paying delinquent charges pursuant to a previously agreed upon schedule. Where the consumer fails to comply with the terms of the agreed upon schedule for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

C. Reduction of Unpaid Balance: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under

Section II(C), above, as the District shall confirm, may, if the District has selected this alternative, receive a reduction of the unpaid balance owed by the consumer, not to exceed thirty percent (30%) of that balance without approval of and action by the Board of Directors; provided that any such reduction shall be funded from a source that does not result in additional charges being imposed on other customers. The proportion of any reduction shall be determined by the consumer's financial need, the District's financial condition and needs and the availability of funds to offset the reduction of the consumer's unpaid balance. The reduction of unpaid balance plan shall be set forth in writing and be provided to the consumer.

1. Repayment Period: The consumer shall pay the reduced balance by the due date determined by the General Manager or his or her designee, which date (the "Reduced Payment Date") shall be at least fifteen (15) calendar days after the effective date of the reduction of the unpaid balance.

2. Compliance with Reduced Payment Date: The consumer must pay the reduced balance on or before the Reduced Payment Date, and must remain current in paying in full any charges that accrue in each subsequent billing period. If the consumer fails to pay the reduced payment amount within sixty (60) calendar days after the Reduced Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

D. Temporary Deferral of Payment: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under Section II(C), above, as the District shall confirm, may, if the District has selected this alternative, have payment of the unpaid balance temporarily deferred for a period of up to six (6) months after the payment is due. The District shall determine, in its discretion, how long of a deferral shall be provided to the consumer. The temporary deferral of payment plan shall be set forth in writing and be provided to the consumer.

1. Repayment Period: The consumer shall pay the unpaid balance by the deferral date (the "Deferred Payment Date") determined by the General Manager or his or her designee. The Deferral Payment Date shall be within twelve (12) months from the date the unpaid balance became delinquent; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may establish a Deferred Payment Date beyond that twelve (12) month period to avoid undue hardship on the consumer.

2. Compliance with Reduced Payment Date: The consumer must pay the reduced balance on or before the Deferred Payment Date, and must remain current in paying in full any charges that accrue in each subsequent



billing period. If the consumer fails to pay the unpaid payment amount within sixty (60) calendar days after the Deferred Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, the District may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

**IV. Appeals:** The procedure to be used to appeal the amount set forth in any bill for water service is set forth below. A consumer shall be limited to three (3) unsuccessful appeals in any twelve (12) month period and if that limit has been reached, the District is not required to consider any subsequent appeals commenced by or on behalf of that consumer.

A. Initial Appeal: Within ten (10) calendar days of receipt of the bill for water service, the consumer has a right to initiate an appeal or review of any bill or charge. Such request must be made in writing and be delivered to the District's office. For so long as the consumer's appeal and any resulting investigation is pending, the District cannot discontinue water service to the consumer.

B. Appeal Hearing: Following receipt of a request for an appeal or review under Subsections A, above, a hearing date shall be set within thirty (30) days of the District's receipt of the appeal before the General Manager, or his or her designee (the "Hearing Officer"). After evaluation of the evidence provided by the consumer and the information on file with the District concerning the water charges in question, the Hearing Officer shall render a decision as to the accuracy of the water charges set forth on the bill and shall provide the appealing consumer with a brief written summary of the decision.

1. If water charges are determined to be incorrect, the District will provide a corrected invoice and payment of the revised charges will be due within ten (10) calendar days of the invoice date for revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) calendar day period; provided that the District shall provide the consumer with all required notices. Water service will only be restored upon full payment of all outstanding water charges, fees, and any and all applicable reconnection charges.

2. If the water charges in question are determined to be correct, the water charges are due and payable within two (2) business days after the Hearing Officer's decision is rendered. If the water charges in question remain unpaid after two (2) calendar days after the Hearing Officer's decision is rendered, the District shall disconnect water services after the expiration of the original sixty (60) days set forth in the Overdue Notice, provided the District provided the consumer with the required notices.

3. Any overcharges will be reflected as a credit on the next regular bill to the consumer, or refunded directly to the consumer, at the sole discretion of the Board.

4. The Hearing Officer's decision is final and binding.

**V. Restoration of Service:** In order to resume or continue service that has been discontinued due to non-payment, the consumer must pay a security deposit and a Reconnection Fee established by the District, subject to the limitation set forth in Section II(E)(1), above.