



SB 223 – DODD
STRENGTHENING LOW-INCOME RESIDENTIAL WATER
SERVICE PROTECTIONS



Summary

SB 223 strengthens and extends existing statutorily required protocols and procedures to protect low-income households that face or have already experienced water service disconnections due to the water customer's inability to pay their water bill.

Background

Access to safe and affordable drinking water and sanitation is a human right and essential to public health (AB 685, 2012). Unfortunately, hundreds of thousands of Californians, many of whom have low household incomes and live in vulnerable communities, are having a difficult time paying their water and sewer bills, and the ongoing COVID-19 pandemic exacerbates that challenge.

Even before the pandemic, water rates have been rising much faster than income (or wages). The SWRCB estimated that California's water rates rose more than 45% on average between 2007 and 2015. For families earning less than \$25,000 annually, water costs more than 2% of their income, and for families earning less than \$10,000, the cost of water is more than 5% of income. Water is deemed unaffordable if it exceeds 1.5% of household income, according to the EPA Affordability benchmark.

Aging water systems and increasingly stringent water quality standards are major reasons for the rise in water rates. These factors require significant investment to keep water systems in operation. And because of constitutional restrictions (Prop 218), public water agencies are limited in their ability to charge a differential rate to higher-income households to offset the costs of water for low-income households.

A recent study conducted by the Pacific Institute reported that nearly 187,000 households had their water shut off in 2018, impacting 583,000 Californians. Economic dislocation due to the pandemic is pushing those numbers even higher. In response to this growing problem, Governor Newsom imposed a statewide water shutoff moratorium in April of 2020. The moratorium is a

temporary measure, but the factors contributing to higher water rates are long term. Disconnections will persist absent legislative action.

Lastly, the difficulties low-income households face in paying their water bills is accruing significant debt owed to their water agencies. This creates a double-barreled effect. Ratepayers accrue so much debt they may never be able to catch up, putting access to water at risk, and water agencies may lose so much revenue, they may have difficulty maintaining operations. Some estimates are that Californians have cumulatively accrued more than \$1 Billion in water and sewer debt and that some water agencies have lost as much as 30% of their revenue stream.

Existing Law

SB 998 (Dodd, 2018) established protocols and procedures urban, and community water agencies with 200 or more connections have to follow.

Existing law:

- Prohibits an urban and community water system from discontinuing residential service for nonpayment until payment by a customer has been delinquent for at least 60 days.
- Requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment.
- Prohibits an urban and community water system from discontinuing residential service for nonpayment if the customer submits certification of a primary care provider that will be life-threatening to, or pose a serious threat to, the health and safety of a resident of the premises and, the customer is willing to enter into an amortization agreement, alternative payment schedule, or plan for deferred or reduced payment with respect to all delinquent charges.
- Requires an urban and community water system to waive reconnection fees and offer a reduction or waiver of interest charges on delinquent bills once every 12 months for a residential customer who demonstrates that



they have income below 200 percent of the federal poverty line; and

- Authorizes an urban and community water system to set a reconnection of service fee at fifty dollars (\$50) not to exceed the actual cost of reconnection.

This Bill

SB XXX strengthens and extends the provisions of SB 998 to water systems with fewer than 200 connections (very small community water systems).

The bill also requires water agencies to develop arrearage management plans that would allow ratepayers who have accrued water and sewer debt to have that debt discharged over 12 months, as long as the ratepayer stays current new water and sewer bills.

SB XXX would prohibit disconnections until a ratepayer was delinquent for 120 days instead of 60 days, and the ratepayer's debt is more than \$400.

The bill would also require water agencies to waive fees for disconnections and reconnections for low-income households (income less than 200% FPL)

SB 223 requires the State Water Board to assist small water systems in complying with the bill requirements, including provisions of technical assistance, the establishment of a bridge loan program, and creation of a template for policies and procedures which comply with these statutory requirements.

SB 223 requires the Public Utilities Commission to establish a streamlining mechanism for investor-owned electrical and gas corporations to share data with urban and community water systems and very small community water systems to help identify customers enrolled in low-income utility assistance programs.

The bill protects households that reside in a master metered multi-family building or mobile home park when the owner is in arrears on the water and sewer bill.

Finally, SB 223 requires community water systems to report specified data pertaining to disconnections and water debt to the SWRCB.

Support

Community Water Center
Clean Water Action
Leadership Counsel for Justice and Accountability
California Coastkeeper Alliance
Natural Resources Defense Council
NextGen California
PolicyLink
Physicians for Social Responsibility – Los Angeles (PSR-LA)
Union of Concerned Scientists

Opposition

None on File

Contact

Les Spahnn: Leslie.Spahnn@sen.ca.gov;
916-651-4003.