

Rules & Regulations



Montebello Land & Water Co.

344 East Madison Avenue
Montebello, California 90640

November 12, 2019

TABLE OF CONTENTS

	Page
SECTION I COMPANY STOCK	1
1. STOCK REQUIREMENTS.....	1
2. TRANSFER OF STOCK.....	1
3. STOCK TRANSFER FEE; LOST CERTIFICATE FEE.....	1
4. ISSUANCE OF NEW STOCK CERTIFICATES UPON DISCOVERY OF TRANSFER OF REAL PROPERTY	2
5. PENALTIES, INTEREST AND COLLECTION COSTS.....	3
6. RECORD SHAREHOLDER LIABLE FOR CHARGES.....	3
SECTION II WATER USE.....	4
1. SALE OF WATER	4
2. METER IRREGULARITIES	4
3. STOCK CHARGE, MULTI FAMILY UNIT CHARGE, METER CHARGE, AND COMMODITY CHARGE.....	4
4. BILLING.....	5
SECTION III COMPANY PROPERTY	6
1. DAMAGE TO METERS, PIPE LINES, FIRE HYDRANTS, ETC.	6
2. DAMAGE CAUSED BY PLUMBERS OR OTHERS	6
3. CROSS CONNECTIONS.....	7
4. PROSECUTION.....	7
5. METER TESTING	7
6. COMPLAINTS	7
SECTION IV INSTALLATION OF METERS, MAINS AND SERVICE CONNECTIONS	7
1. GENERAL MANAGER.....	7
2. METER LOCATION AND SIZE REQUIREMENTS.....	7
3. DEPOSIT	8
4. INSTALLATION	8
5. MINIMUM MAIN SIZE	8
6. METER OBSTRUCTION	8
7. EASEMENTS AND RIGHTS OF WAY	9
8. WILL-SERVE LETTERS AND PAYMENT FOR ACQUISITION OF WATER RIGHTS.....	9
9. EMERGENCY SHUT-OFF.....	10
10. WATER PRESSURE VARIATIONS	10
11. REQUESTS TO REMOVE AND/OR REINSTALL WATER METERS	10
APPROVAL OF BOARD OF DIRECTORS	10

SECTION I

COMPANY STOCK

1. STOCK REQUIREMENTS.

Every consumer of water who is an owner of property within the service territory of the Company shall be required to own at least a fractional share of Company stock, or to be a lessee of such an owner, except as follows: City, State and Federal Government, and other Public agencies.

2. TRANSFER OF STOCK

Certificates of stock duly assigned by the party whose name stands on the books of the Company shall be transferred to a new owner of the appurtenant real property within the Company's service territory subject to the rules of the Company, providing there are no delinquencies and that all Company water bills, assessments and other charges are paid in full. Certificate books will be closed for the transfer of stock ten days prior to each stockholders meeting.

When real property within the Company's service territory is sold or otherwise transferred to a new or different owner(s), the Company water stock appurtenant to the subject real property will not be transferred to the new owner(s) unless and until all Company service charges and assessments that have accrued to the old property owner(s) prior to the date of sale or transfer have been satisfied in full.

3. STOCK TRANSFER FEE; LOST CERTIFICATE FEE

The Company will charge a Stock Transfer Fee of \$32.00, payable in advance at the office of the Company, for the transfer of water stock appurtenant to real property within the Company's service territory when the owner or owners of the real property sells or otherwise transfers the real property to a new or different owner(s). The Company shall enter the name of the new owner in the Company's records as the owner of the number of shares appurtenant to the subject property and shall cancel on the books the number of shares so appurtenant to the land in the name of the previous owner of the land. If the new owner requests a stock certificate, then the Company shall issue a stock certificate in the name of the new owner.

If a stock certificate is lost, stolen, or destroyed, a new certificate will be issued upon payment in advance of a fee of \$32.00 and presentation of a properly notarized affidavit stating that the stock certificate has been lost, stolen or destroyed and indemnifying the Company against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

4. ISSUANCE OF NEW STOCK CERTIFICATES UPON DISCOVERY OF TRANSFER OF REAL PROPERTY

In the event the Company discovers that real property within the Company's service territory has been sold or otherwise transferred to a new or different owner and the new owner has not requested the transfer of the appurtenant water stock into their name and paid the Stock Transfer Fee, then the following procedures shall be followed:

a. The Company shall mail a notice (the "Notice") to the new owner to advise them that they must transfer the water stock appurtenant to their real property into their name and pay the Stock Transfer Fee.

b. The Notice shall include a Declaration Regarding Property Transfer and Request For Transfer of Water Stock (the "Declaration") which the new owner shall complete and return to the Company along with the Stock Transfer Fee.

c. The Notice shall advise the new owner that if the completed Declaration and Stock Transfer Fee are returned to the Company within 30 days from the date of the Notice, then there will be no additional fees associated with the water stock transfer. The Notice shall further advise the new owner of the actions the Company will take if the Company does not receive the completed Declaration and Stock Transfer Fee within 30 days from the date of the Notice.

d. If the new owner returns the completed Declaration and Stock Transfer Fee to the Company within 30 days from the date of the Notice, then the Company shall enter the name of the new owner in the Company's records as the owner of the number of shares appurtenant to the subject property and shall cancel on the books the number of shares so appurtenant to the land in the name of the previous owner of the land. If the new owner requests a stock certificate, then the Company shall issue a stock certificate in the name of the new owner and mail the stock certificate to the new owner by certified mail, return receipt requested.

e. If the new owner does not return the completed Declaration and Stock Transfer Fee to the Company within 30 days from the date of the Notice, then the Company shall take the following actions:

- (1) Enter the name of the new owner as reflected in a deed of the subject property duly recorded, or a court order duly recorded, as the owner of the number of shares appurtenant to the subject property as shown by the books and records of the Company, and cancel in the Company's records the number of shares so appurtenant to the land in the name of the previous owner of the land; and
- (2) Assess the Stock Transfer Fee to the new owner's account for the Subject Property, which if not timely paid, will result in the discontinuance of water service to the Subject Property until fully paid along with all other unpaid Company service charges for the Subject Property.

5. PENALTIES, INTEREST AND COLLECTION COSTS.

All expenses incurred by the Company in collecting or enforcing payment from a shareholder of any delinquent assessment, charge, or other indebtedness shall be a lien against the stock. Expenses include reasonable attorney's fees incurred by the Company in any proceeding for the enforcement of any lien herein provided for, or the collection of such indebtedness, whether by court action or otherwise, and shall also include all expenses of any sale.

The terms Assessment, charge, toll, or any of them, shall be used, such terms shall be deemed to include, in each and every instance whenever such construction is possible or permissible, all penalties, interest and collection expenses pertaining to such Assessment, charge or toll, or attaching, accruing or resulting from the non-payment thereof when due.

If a shareholder of the Company has not timely paid any rate, charge, or assessment arising from, or related to, water service provided by the Company to the shareholder's property, then as authorized by the Company's Bylaws, after providing at least 20 days written notice to the shareholder, the Board of Directors may authorize the recording of a notice of lien against that shareholder's property to secure the collection of the rates, charges, and assessments owed to the Company by the shareholder.

6. RECORD SHAREHOLDER LIABLE FOR CHARGES.

a. The record shareholder shall be entitled to the delivery of water by the Company to the real property appurtenant to the share or fractional share held by the shareholder, subject to suspension or discontinuance, as herein provided, and shall be personally liable for the payment of all charges, interest, costs and penalties in respect of or on account of such share or fractional share during the time the same are registered in their name on the books of the Company. Such charges, interest, costs and penalties shall also be a lien against the share or fractional share of the shareholder as provided in the Company's Bylaws.

b. The record shareholder may authorize and instruct the Company to bill all charges, interest, costs and penalties in respect of or on account of such share or fractional share to a tenant of the record shareholder in possession of the real property appurtenant to the share or fractional share, or to such other party as the record shareholder may direct, by completing such an authorization in the form required by the Company. Notwithstanding such accommodation by the Company, the record shareholder shall remain responsible for the payment of all charges, interest, costs and penalties in respect of or on account of such share or fractional share during the time the same are registered in their name on the books of the Company.

SECTION II

WATER USE

1. SALE OF WATER

a. **General** – Water will not be sold or delivered to any person other than a shareholder or his assignee, except as follows: City, State and Federal Government, and other Public agencies.

b. **Contractors** – All requests for construction water will be made on approved forms, available in the Company office and accompanied by a deposit in the amount of not less than \$1,000.00 for a meter, and shall be subject to the approval of the General Manager. A one-time charge of \$50.00 will be made to cover the initial set-up and installation of a construction meter at the time of application. This charge will be included with the billing made on the meter. Any costs involved in supplying such connections will be prepaid by the applicant. The applicant shall be responsible for any damage to the meter while it is in the applicant's possession, and in the event of such damage, the applicant must pay all repair and/or replacement costs, plus twenty percent (20%) overhead. Applicant shall notify the Company when he wishes to have service discontinued. Regular commercial rates shall continue until such notice has been received. All water furnished by the Company as construction water must be used on construction projects situated within the Company's service area. Any unauthorized use of construction water shall result in the forfeiture of the applicant's deposit and removal of the construction meter.

2. METER IRREGULARITIES

Should a customer's meter fail to register, the amount of water delivered since the last meter reading shall be estimated by the Company and the customer billed in accordance with Company policy.

3. STOCK CHARGE, MULTI FAMILY UNIT CHARGE, METER CHARGE, AND COMMODITY CHARGE

a. **Stock Charge.** The Stock Charge is an assessment of \$6.00 on each share of Company Stock per billing period. The proceeds are used to maintain the Company's water system infrastructure for the benefit of all shareholders.

b. **Meter Charge and Multi Family Unit Charge.** The Meter Charge and the Multi Family Unit Charge are “readiness-to-serve” charges assessed by the Company. The proceeds from these “readiness-to-serve” charges are used to maintain the community's fire protection system and the Company's water system infrastructure as a whole. These “readiness-to-serve” charges are assessed to each customer connected to the Company's water distribution system, whether or not the customer chooses to use any water. The amounts of these charges are equitably determined according to the anticipated volume of water that can be used by the customer as indicated by the size of their metered connection. For example, the “readiness-to-serve” charge for a 2” meter is higher than for a 1” meter because the capacity of a 2” pipe is 4

times greater than that of a 1” pipe, and therefore, the cost to the Company for it to be ready to serve a 2” meter is much greater than for a 1” meter.

c. Commodity Charge. The Commodity Charge is based on the amount of water used during the applicable billing period. The Company charges for water used by a customer, “water usage charges,” according to the rates set by the Board of Directors and the proceeds of these charges are used to cover the Company's cost of pumping the water out of the ground, treating it, and safely, efficiently, and reliably distributing it to the shareholders. Also, the water rates within the two zones served by the Company, the Booster Zone (BZ), i.e., customers at higher elevations, and the Lower Pressure Zone (LPZ), customers at lower elevations, are different to reflect the additional energy costs required to provide water to the higher elevations.

d. Current Rates. The current Stock Charge, Meter Charge and water rates for the Commodity Charge are set by the Board of Directors and notices of changes thereto are sent out to all shareholders. The current charges may also be referenced on the Company’s website at: www.mtblw.com.

4. BILLING

a. Pursuant to the requirements of California Health and Safety Code §§116900, et seq. (Water Shutoff Protection Act), the Company has adopted its Policy on Discontinuation of Residential Water Service for Non-Payment (“Residential Shutoff Policy”), which is attached to these Rules and Regulations as Appendix 1 and is incorporated by this reference. To the extent of any inconsistency between the Residential Shutoff Policy and the Rules and Regulations set out herein, the Residential Shutoff Policy shall control.

b. Water bills will be mailed every two months. Only one person, firm or corporation will be billed for water passing through any one meter.

c. Water bills are due and payable upon receipt. Payments are to be made to the office of the Company, 344 E. Madison Avenue, P.O. Box 279, Montebello, CA 90640.

d. Failure to receive a bill does not relieve the customer of the responsibility for on time payment.

e. Bills are due and payable upon receipt and if not paid they become delinquent after 21 days.

f. After hours payments can be made at the mail box located at the entrance of the 344 E. Madison Ave. office.

g. Delinquent Fee – A \$10.00 delinquent fee is automatically assessed to the customer’s account after 4:30 p.m. on the 21st day following the date of the bill.

h. After the 28th day following the date of the bill, the Company will mail a final notice informing a delinquent customer of the date their water service will be shut off if payment is not received. This will be the last mailed notice before service is discontinued. If

payment is not received by the close of business of the third business day prior to the noticed shutoff date, then a 48-hour warning tag (“Red Tag”) will be hung at each residential unit that will be affected by the shutoff and a \$5.00 “Red Tag” Fee will be assessed for **each** tag.

i. Disconnect Fee – A fee of \$25.00 is assessed to the customer’s account when a Company representative is sent out to shut off water service due to nonpayment.

j. Reconnect Fee – Following a shut off of water service due to nonpayment, in addition to unpaid service charges, the Delinquent Fee, the Red Tag Fee, and the Disconnect Fee, a Reconnect Fee also must be paid in the amount of \$25.00 provided the customer requests to have the water turned on during normal business hours (BETWEEN 8:30 AM AND 4:30 PM MONDAY THROUGH FRIDAY). The Reconnect Fee will be \$50.00 if the customer’s request to resume water service requires that a Company representative turn on the water outside of normal business hours.

k. Following a shut off of water service due to nonpayment, if the Company discovers that the customer’s service has been turned back on without Company authorization, then the Company shall assess an additional penalty of \$150.00, plus any repair costs, to the customer’s account.

l. Returned Check Fee – A fee of \$20.00 is assessed when a check is returned from the bank for any reason. Returned checks shall be redeemed at the office, 344 E. Madison Avenue, Montebello, CA 90640, by payment in cash, cashier’s check, or money order. Accounts with a returned check must be paid in full by the end of the month to avoid Shut Off.

m. All bills for repairs, labor or material, must be paid immediately upon rendering of bill, otherwise service may be discontinued.

n. Protests on claimed errors in bills must be made in writing to the Company.

SECTION III

COMPANY PROPERTY

1. DAMAGE TO METERS, PIPE LINES, FIRE HYDRANTS, ETC.

It is unlawful for any person other than an employee of the Company to alter, disturb or interfere with any meter, pipe line, fire hydrant, or connection, unless a specific permit to do so is first obtained from the Company. The water user will be held liable for any damage resulting from a violation of this rule.

2. DAMAGE CAUSED BY PLUMBERS OR OTHERS

Any individual connecting a service pipe to the property side of a meter for testing the pipes, must leave the service box in good condition. It should be straight and level with the curb and sidewalk, and the water turned on, or off, as found. Any damage caused to the meter, service box or Company-side connection to the meter will be charged to the shareholder assigned

to the meter.

3. CROSS CONNECTIONS

No individual shall connect, cross connect, or maintain any device or receptacle connected to any water line pipe or conduit, if the installation will make possible any contamination or pollution of such water supply, or to the water in the pipe lines of the Company. No person shall install or allow any inlet or outlet to exist, discharging water supplied by the Company into any tank or receptacle, for storage or use of water without an approved vacuum breaker valve installed in the line. No fertilizer, chemicals, or foreign substances shall be used in a manner that would permit them to be siphoned into any pipe line of the Company. A violation of any of these rules or regulations shall give the Company a right to suspend the supply of water to such violator and to collect damages, including reasonable attorney's fees and court costs, as may be awarded by any court.

4. PROSECUTION

Destruction of and/or interference with any of the mains, pipe lines, fittings, services, padlocks or personal property of the Company, or any illegal or unauthorized use of water owned and/or produced by the Company, shall be prosecuted.

5. METER TESTING

Upon request to the Company, a consumer may have their meter tested. The customer will be billed for the cost of the test. If the meter proves defective, it will be replaced and no charge made for either the testing or replacement meter.

6. COMPLAINTS

Consumers are requested to report to the office any leaks, failure of delivery, or other matters, requiring the attention of the Manager. All complaints for the attention of the Board of Directors must be in writing and filed with the Secretary, to be read at the next meeting of the Board.

SECTION IV

INSTALLATION OF METERS, MAINS AND SERVICE CONNECTIONS

1. GENERAL MANAGER

The entire system of the Company is under the supervision of the General Manager, subject to the policies of the Board of Directors.

2. METER LOCATION AND SIZE REQUIREMENTS

a. Individual Metering – It is the Company's policy that each property parcel within the Company's service area shall have at least one meter for water service. Each dwelling unit in multi-residential properties shall be served by its own individual water meter, and

businesses located on commercial and industrial properties shall be served by their own individual meter. Properties with legacy construction, which does not comply with this policy shall be required, upon reconstruction or major renovations, to be designed with piping systems that will accommodate an individual water meter for each dwelling unit or business located thereon.

b. Meter Location – The Company determines the location of the water meter. It is the policy of the Company to place the meter inside the curb line in the parkway, centered approximately between the lot line and the driveway.

c. Meter Size – The Company’s General Manager shall determine the minimum size for all water meters utilizing the procedures described in Appendix A, Recommended Rules for Sizing the Water Supply System, of the 2001 California Plumbing Code (the “Code”). Water demand to be served through a water meter shall be determined from the total fixture units utilizing Table A-2 of Appendix A, and Charts A-2 and A-3 of Appendix A of the Code. The velocity through the water meter and the service pipe from the Company’s main pipeline to the water meter shall not exceed seven (7) feet per second. Service pipe size and meter size shall be increased, if needed, to be able to accommodate demand at proper pressures. All Company shareholders shall abide by the General Manager’s determinations as provided herein regarding the minimum size of water meters.

3. DEPOSIT

All applications for new connections, extensions or changes of pipe lines or meters must be accompanied by a deposit estimated by the Company. If deposit is found to be insufficient, the applicant shall be liable for the balance.

4. INSTALLATION

All new meter installations, connections, fire hydrants, installation of mains, alterations and changes, including setting and resetting meters, shall be done by the Company. If enlargements of a water meter should become necessary, the applicant will be required to pay the cost, plus 20 percent to cover the Company’s overhead.

5. MINIMUM MAIN SIZE

Six inch, cement-lined, ductile iron pipe is the minimum size the Company will install.

6. METER OBSTRUCTION

a. A shareholder must advise the Company in advance before undertaking any construction or landscaping work that may obstruct access to a Company meter or meters, or any other Company facility installed on the shareholder’s property.

b. When a shareholder or their tenant has created and/or is maintaining an obstruction or condition which denies Company personnel safe access to a meter or meters, or any other Company facility installed on a shareholder’s property, then the Company shall post and mail a written demand to the shareholder and any others in possession of the property to

remove the obstruction or condition. If seven (7) days after posting and mailing the written demand to remove the obstruction or condition the obstruction or condition remains in place and no other arrangements have been made with the Company, then the Company may remove, at the shareholder's expense, a sufficient portion of the obstruction or condition to establish unobstructed and safe access to the meter or meters, or other Company facility installed on the shareholder's property. The cost of all work required to enable unobstructed and safe access to the meter or meters, or other Company facility installed on the shareholder's property shall be added to the shareholder's account and such charges, interest, costs and penalties shall also be a lien against the share or fractional share of the shareholder as provided in the Company's Bylaws.

7. EASEMENTS AND RIGHTS OF WAY

All applications for services shall grant to the Company such easements and rights of way necessary for the installation, maintenance, operation and replacement of pipe lines, connections and meters, as may be required. Company personnel shall have the right at all times to enter a shareholder's premises to properly maintain the Company's water system. Easements and rights of way shall be kept free and clear of obstructions that would interfere with the operation of Company equipment. The shareholder is responsible for damage to Company property on easements or for costs in removing obstructions over easements and rights of way.

8. WILL-SERVE LETTERS AND PAYMENT FOR ACQUISITION OF WATER RIGHTS

Subject to the provisions of this regulation, the Company will provide a will-serve letter upon request to satisfy requirements for a new development within the Company's service area. If a proposed project (the "Project") will create an increase in the water demand from the historical water usage at the Project site, then a will-serve letter will not be provided unless the developer or owner of the Project site compensates the Company for the acquisition of necessary water rights (known under the Central Basin Judgment, as amended, applicable to the area of Los Angeles County where the Project is located as "Allowed Pumping Allocation") to provide potable water to satisfy the anticipated needs of the Project. Upon receipt of a request for a will-serve letter, the Company will prepare a water demand assessment for the Project (the "Demand Assessment"). The Company will calculate the acre-feet per year of potable water that will be necessary to serve the Project. The Company will also determine the historical water usage at the Project site. The Demand Assessment will be the difference between the projected water usage of the Project and the historical water usage at the Project site and shall establish the number of acre-feet of additional Allowed Pumping Allocation required to support the Project. As a condition for a will-serve letter, the developer or owner of the Project site shall compensate the Company in the amount equal to the current fair market value of the required number of acre-feet of Central Basin Allowed Pumping Allocation, which compensation the Company shall use to obtain the necessary Allowed Pumping Allocation. Alternatively, the developer or owner of the Project site may independently acquire the necessary number of acre-feet of Central Basin Allowed Pumping Allocation and assign it to the Company.

9. EMERGENCY SHUT-OFF

The Company will have the right, in an emergency, to turn the water off or on, without notice. The Company shall not be liable for loss or damage when water is shut off in an emergency or for failure to deliver water because of strikes, fires, flood, action of elements, loss of pressure, war, or other causes beyond its control.

10. WATER PRESSURE VARIATIONS

The Company shall not be responsible for loss or damage resulting from variations of water pressure or for any leaks occurring on the shareholder's side of a meter.

11. REQUESTS TO REMOVE AND/OR REINSTALL WATER METERS

A Company shareholder may request that the meter for their property be removed and/or reinstalled. The Company will assess a fee of \$50.00 to the shareholder's account for either of these services. No Meter Charge or Commodity Charge will accrue to the account for the subject property during the time the meter is removed. Whether or not a meter is installed at a property, the Company will bill the Stock Charge for the subject property to the shareholder's account on a bi-monthly basis.

APPROVAL OF BOARD OF DIRECTORS

The revised Rules and Regulations contained herein were adopted by the Board of Director's at a regular meeting held on November 12, 2019, in accordance with the Bylaws of the Company. These Rules and Regulations may be amended, or changed, from time to time by the Board of Directors.

Appendix 1: Policy on Discontinuation of Residential Water Service for Non-Payment
("Residential Shutoff Policy")

**MONTEBELLO LAND AND WATER COMPANY
POLICY ON DISCONTINUATION OF
RESIDENTIAL WATER SERVICE FOR NON-PAYMENT
(Cal. Health and Safety Code §§116900 – 116926)**

Notwithstanding any other policy or rule of **Montebello Land and Water Company** (referred to herein as “the Company”), this Policy on Discontinuation of Residential Water Service for Non-Payment shall apply to the discontinuation of residential water service 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 only to residential water service for non-payment and all existing policies and procedures shall continue to apply to commercial and industrial water service accounts. 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) 722-8654.

II. Discontinuation of Residential Water Service for Non-Payment:

A. Rendering and Payment of Bills: Bills for water service will be rendered to each consumer on a bi-monthly basis (every other month) 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 or to any representative authorized to make collections. 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. Bills will be computed as follows:

1. Meters will be read at regular intervals for the preparation of periodic bills and as required for the preparation of opening bills, closing bills, and special bills.
2. Bills for metered service will show the meter reading for the current and previous meter reading period for which the bill is rendered, the number of units, date, and days of service for the current meter reading.
3. Billings shall be paid in legal tender of the United States of America. Notwithstanding the foregoing, the Company shall have the right to refuse any payment of such billings in coin.

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 forty-fifth (45th) day following the invoice date, a notice of

APPENDIX 1

overdue payment (the “Overdue Notice”) will be mailed to the water service consumer approximately at least seven (7) business days prior to the possible discontinuation of service date identified in the Overdue Notice. For purposes of this policy, the term “business days” shall refer to any days on which the Company’s office is open for business. 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 (see Section III(D), below);
- e) Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency (see Section IV, below); and
- f) Description of the procedure by which the consumer can request a deferred, amortized, reduced or alternative payment schedule (see Section III, below).

The Company may alternatively provide notice to the consumer of the impending discontinuation of service by telephone. If that notice is provided by telephone, the Company 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.

2. Unable to Contact Consumer: If the Company is not able to contact the consumer by written notice (e.g., a mailed notice is returned as undeliverable) or by telephone, the Company 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.

3. Late Charge: A Late Charge, as specified in the Company’s schedule of fees and charges, shall be assessed and added to the outstanding balance on the consumer’s account if the amount owing on that account is not paid before the Overdue Notice is generated.

4. Turn-Off Deadline: Payment for water service charges must be received in the Company’s offices no later than 4:30 p.m. on the date specified in the Overdue Notice. Postmarks are not acceptable.

APPENDIX 1

5. Notification of Returned Check: Upon receipt of a returned check rendered as remittance for water service or other charges, the Company will consider the account not paid. The Company 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 (60th) 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.

6. 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 Company may disconnect said water service upon at least three (3) calendar days' written notice. The consumer's account may only be reinstated by receipt of outstanding charges in the form of cash or certified funds. Once the consumer's account has been reinstated, the account will be flagged for a one-year period indicating the fact that a non-negotiable check was issued by the consumer.

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

C. Conditions Prohibiting Discontinuation: The Company 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

APPENDIX 1

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.

D. Process for Determination of Conditions Prohibiting Discontinuation of Service: The burden of proving compliance with the conditions described in Subdivision (C), above, is on the consumer. In order to allow the Company sufficient time to process any request for assistance by a consumer, the consumer is encouraged to provide the Company 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 Company'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 Company will allow the consumer to participate. If the Company has requested additional information, the consumer shall provide that requested information within five (5) calendar days of receipt of the Company's request. Within five (5) calendar days of its receipt of that additional information, the Company 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 Company 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 Company within the latter to occur of: (i) two (2) business days after the date of notification from the Company of the Company'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 Consumers: 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:

APPENDIX 1

<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 Company'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 Index for the Los Angeles-Long Beach-Anaheim metropolitan area beginning January 1, 2021.
2. Interest Waiver: The Company shall not impose any interest charges on delinquent bills.

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 10 calendar days prior if the property is a multi-unit residential structure or mobile home park, or 7 calendar days prior if the property is a detached single-family dwelling, to the possible discontinuation of water service, the Company 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 Company 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 Company'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 Company's satisfaction, or (ii) there is a physical means to selectively discontinue service to those tenants/occupants who have not met the Company's requirements, then the Company may make service available only to those tenants/occupants who have met the requirements.

APPENDIX 1

c. If prior service for a particular length of time is a condition to establish credit with the Company, then residence at the property and proof of prompt payment of rent for that length of time, to the Company's satisfaction, is a satisfactory equivalent.

d. If a tenant/occupant becomes a customer of the Company and the tenant's/occupant's rent payments include charges for residential water service where those charges are not separately stated, the tenant/occupant may deduct from future rent payments all reasonable charges paid to the Company during the prior payment period.

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 Company shall offer the consumer one or more of the following alternative payment arrangements, to be selected by the Company in its 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. The General Manager, or his or her designee, shall, in the exercise of reasonable 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 Company'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 Company shall confirm, may, if the Company 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 Company 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

APPENDIX 1

eight percent (8%) shall be applied to any amounts to be amortized under this Subsection A.

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 Company 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 Company shall confirm, may, if the Company 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 Company 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 to be agreed upon with the consumer. 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 within twelve (12)

APPENDIX 1

months of establishment of the payment schedule. The agreed upon schedule shall be set forth in writing and be provided to the consumer.

4. Compliance with Plan: The consumer must comply with the agreed upon 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 Company 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 Company shall confirm, may, if the Company 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 Company's financial condition and needs and the availability of funds to offset the reduction of the consumer's unpaid balance.

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 Company 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 Company shall confirm, may, if the Company has selected this alternative, have payment of the unpaid balance temporarily deferred for a period of

APPENDIX 1

up to six (6) months after the payment is due. The Company shall determine, in its discretion, how long of a deferral shall 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 Company 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 residential 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 Company is not required to consider any subsequent appeals commenced by or on behalf of that consumer.

A. Initial Appeal: Within ten (10) 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 Company’s office. For so long as the consumer’s appeal and any resulting investigation is pending, the Company cannot discontinue water service to the consumer.

B. Overdue Notice Appeal: In addition to the appeal rights provided under Subsection A, above, any consumer who receives an Overdue Notice may request an appeal or review of the bill to which the Overdue Notice relates at least five business (5) days after the date of the Overdue Notice if the consumer alleges the bill is in error with respect to the quantity of water consumption set forth on that bill; provided, however, that no such appeal or review rights shall apply to any bill for which an appeal or request for review under Subsection A, above, has been made. Any appeal or request for review under this Subsection B must be in writing and must include documentation supporting the appeal or the reason for the review. The request for an appeal or review must be delivered to the Company’s office within that five (5) business day period. For so long as the consumer’s appeal and any resulting investigation is pending, the Company cannot discontinue water service to the consumer.

APPENDIX 1

C. Appeal Hearing: Following receipt of a request for an appeal or review under Subsections A or B, above, a hearing date shall be promptly set 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 Company 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 Company 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 Company shall provide the consumer with the Overdue Notice in accordance with Section II(B)(1), above. Water service will only be restored upon full payment of all outstanding water charges, fees, and any and all applicable reconnection charges.

2. (a) 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. At the time the Hearing Officer's decision is rendered, the consumer will be advised of the right to further appeal before the Board of Directors. Any such appeal must be filed in writing within seven (7) calendar days after the Hearing Officer's decision is rendered if the appeal or review is an initial appeal under Subdivision A above, or within three (3) calendar days if the appeal or review is an Overdue Notice appeal under Subdivision B, above. The appeal hearing will occur at the next regular meeting of the Board of Directors, unless the consumer and Company agree to a later date.

(b) For an initial appeal under Subdivision A, above, if the consumer does not timely appeal to the Board of Directors, the water charges in question shall be immediately due and payable. In the event the charges are not paid in full within sixty (60) calendar days after the original billing date, then the Company shall provide with the Overdue Notice in accordance with Section II(B)(1), above, and may proceed in potentially discontinuing service to the consumer's property.

(c) For an Overdue Notice appeal under Subdivision B, above, if the consumer does not timely appeal to the Board of Directors, then water service to the subject property may be discontinued on written or telephonic notice to the consumer to be given at least twenty-four (24) hours after the latter to occur of: (i) expiration of the original sixty (60) calendar day notice period set forth in the Overdue Notice; or (ii) the expiration of the appeal period.

APPENDIX 1

3. When a hearing before the Board of Directors is requested, such request shall be made in writing and delivered to the Company at its office. The consumer will be required to personally appear before the Board and present evidence and reasons as to why the water charges on the bill in question are not accurate. The Board shall evaluate the evidence presented by the consumer, as well as the information on file with the Company concerning the water charges in question, and render a decision as to the accuracy of said charges.

a) If the Board finds the water charges in question are incorrect, the consumer will be invoiced for the 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 Company shall provide the consumer with the Overdue Notice in accordance with Section II(B)(1), above. Water service will be restored only after outstanding water charges and any and all applicable reconnection charges are paid in full.

b) 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 decision of the Board is rendered. In the event the charges are not paid in full within sixty (60) calendar days after the original billing date, then the Company shall provide with the Overdue Notice in accordance with Section II(B)(1), above, and may proceed in potentially discontinuing service to the consumer's property.

c) 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.

d) Water service to any consumer shall not be discontinued at any time during which the consumer's appeal to the Company or its Board of Directors is pending.

e) The Board'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 Company, subject to the limitation set forth in Section II(E)(1), above. The Company will endeavor to make such reconnection as soon as practicable as a convenience to the consumer. The Company shall make the reconnection no later than the end of the next

APPENDIX 1

regular working day following the consumer's request and payment of any applicable Reconnection Fee.