

Water Service Shut-Off Policy

1. Policy Statement

This policy sets forth the steps, notifications, caveats, and payment plan criteria regarding discontinuation of water service for nonpayment by members (SFMWC shareholders) or non-member residents.

Sky Forest Mutual Water Company (SFMWC) is a water utility system that serves the Lake Arrowhead community of fewer than 200 service connections in its entirety, and a population estimate of 186 persons using United States government census data of 2.6 persons per urban household (see this link for census information:

https://www2.census.gov/geo/pdfs/reference/ua/Census_UA_2020FAQs.pdf).

This policy incorporates requirements of California Senate Bill No. 3 adopted into law by the State of California on October 13, 2023, effective August 1, 2024, regarding water company shut-off policies and procedures for non-payment of water bills. Previously, only public water systems supplying water to greater than 200 service connections were required to have water shut-off policies for non-payment with specific rules dictated by California Senate Bill No. 998. California Senate Bill No. 3 expands the SB 998 application to include water systems with fewer than 200 connections.

2. General Water Shut-Off Policy

A metered property within the SFMWC is subject to water service disconnection when the water bill (water charges + maintenance fees) is unpaid for sixty (60) days following a two-month billing period (sixty (60) day water service billing period: thirty (30) day payment period + thirty (30) day grace period). Bills are considered delinquent if they are not paid by the bill due date, or expiration of thirty (30) days from Postal Service receipt of the water service bill; whichever is later.

A notification letter is sent to the account holder after the initial ninety (90) days (sixty (60) day water service billing period + thirty (30) day payment period) indicating the steps needed in the subsequent thirty (30) day grace period to avoid water shut-off.

By the end of the thirty (30) day grace period, the account holder must pay the outstanding arrearage amount or propose a time-payment plan established by mutual agreement between the account holder and SFMWC.

If full payment of monies owed is not received by SFMWC or a time-payment plan is not initiated by the arrearage account holder with the water company by the end of the thirty (30) day grace period, a disconnect notice will be generated and hung at the residence indicating the water will be turned-off and the meter locked after seven (7) business days if all amounts owing to SFMWC are not paid or a payment agreement is not agreed upon.

3. Languages

This policy is available in English, the predominate language spoken within the Company's service area. It is unknown if at least 10 percent of the community population speaks another language, but if that is the case, this policy can be available in that language, and any language listed in California Civil Code 1632 (Spanish, Chinese, Tagalog, Vietnamese, or Korean) upon request by a water service customer (see this link for language information regarding California Civil Code 1632: <https://codes.findlaw.com/ca/civil-code/civ-sect-1632/>).

4. Notification

Account holders subject to water service disconnection shall be notified by SFMWC with an offer to provide the following:

- 1) a written copy of SFMWC's water shut-off policy
- 2) account arrearage details of monies owed and mitigation options to rectify the account balance
- 3) additional options to avert discontinuation of water service, e.g. bill review, payment plans, procedure for board of directors review of the member or resident proposal to remedy the debt

A. Notification Procedure

1. A written notice of payment delinquency and impending water service shut-off shall be mailed to the account holder residence, or property to which the water service is provided. If the member's address is not the address of the property to which service is provided, the notice also shall be sent to the address of the property to which service is provided, addressed to "Occupant." The notice shall include, but is not limited to, all of the following information in a clear and legible format:

- Member or resident's name and address
- Amount that is past due
- Date by which payment or payment arrangements are required to avoid termination of service
- Description of the process to dispute or appeal a bill
- SFMWC phone number and written shut-off policy
- A description of the procedure by which the member or resident may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges, consistent with the written policy provided

2. If SFMWC is unable to make contact with the account holder, or an adult occupying the residence by telephone, and written notice is returned through the mail as undeliverable, SFMWC shall make a good faith effort to visit the residence and leave, or make other arrangements for placement in a conspicuous place of, a notice of imminent discontinuation of water service for non-payment and SFMWC's water shut-off policy for non-payment.

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

5. Member or Resident Appeals

Members (SFMWC shareholders) or non-member residents receiving water service may contact the water company at any time during office hours to discuss water service billing amounts, disputes, deferred payments via payment plans, or any aspect of water service. Arrearage or other billing issues or requests for payment plans (including proposed terms), may be e-mailed, or USPS mailed to the water company office, as well. Attendance at quarterly SFMWC board of director meeting is welcomed and encouraged.

Any billing disputes unresolved by office personnel, or proposed arrearage payment plans expressed, will be discussed and mitigated by the water company board of directors at regular quarterly meetings in executive sessions, as necessary.

Properties will not be shut-off for water service during the appeal of an initial arrearage mitigation plan process.

Water company contact information, office hours, and board meeting times are noted on billing and news letters mailed to residents.

This water shut-off policy is available in written form upon request.

6. Member or Resident Payment Plans

Time-payment plans shall be negotiated on a case-by-case basis with all arrearages to be paid within no longer than a 12-month period (possibly longer for special category cases, see Section 8B). Interest and penalty charges shall continue to accrue on any outstanding debt until paid-off. As specified in Section 8C, if the account holder defaults on any payment during the time-payment period, i.e. misses a monthly payment, (60 days for special category cases, see Section 8) and that default continues for at least sixty (60) days without being cured, the account holder will have five (5) business days to remit payment or, a disconnect notice will be generated and hung at the residence indicating the water will be turned off and the meter locked in seven (7) business days.

7. General Process for Restoring Water Service

Once the water service is turned-off and meter locked, all water charges, maintenance fees, late fees, hang-notice and re-connect fees are required to be paid in-full, or a mutually agreed upon time-payment plan is initiated to pay-off charges before water service is restored (see current SFMWC water rates & fees schedule, and Section 9 for Special Rules fees).

SFMWC will endeavor to reconnect service as soon as practicable but, at a minimum, will restore service before the end of the next regular working day following payment.

Water service that is turned on by any person other than SFMWC personnel or without SFMWC authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the account holder.

8. Conditions Prohibiting Water Service Shut-Off for Non-Payment of Service [applicable only to residential water service]

SFMWC shall NOT discontinue *residential* water service if ALL of the following conditions are met:

1. Health Conditions: The member or tenant of the member submits certification of a primary care provider, as that term is defined in subparagraph (A) of paragraph (1) of subdivision (b) of Section 14088 of the California Welfare and Institutions Code (see this link for primary care provider definitions: <https://codes.findlaw.com/ca/welfare-and-institutions-code/wic-sect-14088/>), that discontinuation of water service would be 1) life threatening, or 2) pose a serious threat to the health and safety of a person residing at the property;

2. Financial Inability: The resident demonstrates a financial inability to pay for water service within the water system's normal billing cycle. The resident is deemed "financially unable to pay" if any member of the resident's household is 1) 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 2) the resident 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.coveredca.com/pdfs/FPL-chart.pdf> limits); and

3. Alternative Payment Arrangements: The resident is willing to enter into an amortization agreement or alternative payment schedule, or a plan for deferred or reduced payment, consistent with the written policies provided with respect to all delinquent charges.

A. Process for Determining Conditions Prohibiting Water Service Shut-Off for Non-Payment of Service

The process of proving compliance with the conditions described in 1. Health Conditions, 2. Financial Inability, and 3. Alternative Payment Arrangements, is incumbent upon the member or resident.

In order to allow SFMWC sufficient time to process any request for assistance by a member or resident, the member or resident is encouraged to provide SFMWC with the necessary documentation demonstrating the medical issue, financial inability, and willingness to enter into payment arrangements in a timely manner.

If SFMWC requests additional information, the customer shall provide the requested information within five (5) calendar days of receipt of SFMWC's request.

SFMWC will notify the member or resident in writing that the member or resident does not meet the conditions to prohibiting service shut-off or notify the member or resident in writing of the alternative payment arrangement approved.

If the member or resident does not meet the conditions prohibiting discontinuation of service, payment for all delinquent amounts are due within five (5) business days after the date of notification of SFMWC's determination or the date of the impending service discontinuation, whichever is later.

B. Rules for Accounts in the Prohibitive Shut-off Category where ALL Conditions are Met

If all three conditions are met, 1. Health Conditions, 2. Financial Inability, and 3. Alternative Payment Arrangements, SFMWC shall offer the member or resident one or more of the following options:

- Amortization of the unpaid balance
- Participation in an alternative payment schedule
- A partial or full reduction of the unpaid balance financed without additional charges to other ratepayers
- Temporary deferral of payment.

SFMWC may choose which of the payment options the member or resident undertakes and may set the parameters of that payment option. The repayment option offered should result in repayment of any remaining outstanding balance within 12 months, as it is for other arrearage residents. SFMWC may grant a longer repayment period if it finds the longer period is necessary to avoid undue hardship to the member or resident based on the circumstances of the individual case.

C. Water Shut-off for Non-Compliance of Payment Plan Agreement

Water service may be discontinued no sooner than five (5) business days after SFMWC posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property under either of the following circumstances:

1. The member or resident fails to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges for 60 days or more.
2. While undertaking an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges, the member or resident does not pay their current water service charges for 60 days or more.

9. Special Rules for Residents with Income Below 200 Percent of Federal Poverty Line [applicable only to residential water service]

For a member or resident who demonstrates to SFMWC household income below 200 percent of the federal poverty line, SFMWC is required to adhere to both of the following:

1. Set a reconnection of service fee for reconnection during normal operating hours at fifty dollars (\$50), but not to exceed the actual cost of reconnection if it is less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer

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

2. Waive interest charges on delinquent bills once every 12 months. SFMWC shall deem a member or resident to have a household income below 200 percent of the federal poverty line if any member of the household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or the member or resident declares that the household's annual income is less than 200 percent of the federal poverty level.

10. Multi-Residence Properties with ADUs Served through a Master Meter

No water shall be supplied to any land unless the owner thereof is a member in this corporation; no more service connections shall be made to mains of this corporation than are authorized under the corporation's duly issued water distribution system operating permit; SFMWC shall only provide metered water to legal property parcels per the San Bernardino County Assessors Map. SFMWC is under no obligation to provide a separate water service, metered or otherwise, to any building or Additional Dwelling Unit (ADU) on any property within Sky Forest. Ref: CA SB13 & CA AB881.

Thus, SFMWC only recognizes the service connection to each parcel within Sky Forest relative to the San Bernardino County Assessor's official parcel map. Any and all water service issues pertaining to ADU occupants, or between the member (SFMWC shareholder) and residents of any ADUs on the property is independent of SFMWC.

11. Annual Shut-Off Reporting

SFMWC shall provide (report) the number of annual discontinuations of water service (shut-offs) in Sky Forest for inability to pay to the California State Water Resource Control Board (SWRCB), if, or when provided the reporting tool, reporting schedule, and reporting protocol by the SWRCB.

12. Unauthorized Actions of Members or Residents

California Senate Bill No. 3 and subsequently, this water service shut-off policy, applies ONLY to termination of water service for non-payment and do NOT apply to the termination of water service provided to properties that are found to have members or residents that have engaged in illegal or unauthorized acts, or community water contamination safety violations, e.g. tampering with meters, damaging (shut-off) meter locks, altering service connections, circumventing meter connections for water supply, have hazardous cross-connection scenarios requiring immediate water shut-off, violate non-monetary provisions of the SFMWC Rules and Regulations, etc.