

I. APPLICATION OF POLICY

Notwithstanding any other policy or rule of Rancho Pauma Mutual Water Company ("Company"), this Policy on Discontinuation of Residential Water Service for Non-Payment ("Policy") shall apply to the Company's discontinuation of residential water service for non-payment under the provisions set forth herein. The Company's existing policies and procedures shall continue to apply to commercial and industrial water service accounts. This Policy shall not apply to the discontinuation of a residential service connection due to an unauthorized action of the customer which is unrelated to nonpayment. In the event of any conflict between this Policy and any other policy or rule of the Company, this Policy shall prevail.

II. DISCONTINUATION OF RESIDENTIAL WATER SERVICE FOR NON-PAYMENT

A. **Rendering and Payment of Bills:** Bills for water service will be rendered to each customer on a monthly basis unless otherwise provided for in the Company's Schedule of Rates. Bills for service are due and payable upon **4:00** pm on the deadline stated in the bill and become subject to discontinuation of service if not paid within sixty (60) days from the date of the bill. Payment may be made at the Company office, to any representative of the Company authorized to make collections, or by electronic transmission if feasible. However, it is the customer's responsibility to assure that payments are received at the Company office in a timely manner. Partial payments are not authorized unless prior approval has been received from the Company. Bills will be computed as follows:

1. Meters will be read at a regular interval 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 and the allocation factor used to determine the applicable tiers for water usage for the corresponding month.
3. Infrastructure Service Charges are a monthly charge based on the size of the meter(s) that services the property. The current charges are located on the Schedule of Rates. These charges are set at the Board's discretion.
4. Pass-through charges from other entities are additional and appear on the monthly invoices as stand-alone charges.

5. Vacant Lot Charges are monthly charges for vacant land without a meter. These charges are set at the Board's discretion.

6. Company billing 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 customers 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 sixtieth (60<sup>th</sup>) day following the invoice date, a notice of overdue payment (the "**Overdue Notice**") will be mailed to the water service customer's address on file at least seven (7) business days prior to the possible discontinuation of service date identified in the Overdue Notice. For purposes of this Policy, "business days" shall refer to any days on which the Company's office is open for business. If the customer's address on file is not the address of the property to which the service is provided, the Overdue Notice must also be sent to the address of said property, addressed to "Occupant." The Overdue Notice must contain the following:

- a) Customer'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) Information on how to restore service in the event service is discontinued;
- f) Description of the procedure to petition for review and appeal of a bill (see Section IV, below); and
- g) Description of the procedure by which the customer can request a deferred, amortized, reduced or alternative payment schedule (see Section III, below).

Alternatively, the Company may provide notice to the customer of the impending discontinuation of service by telephone. If that notice is provided by telephone, the Company shall offer to provide the customer with a copy of this Policy and also offer to discuss options to avert discontinuation of service and alternative payments, as described in Section III, below, information to how to restore service in the event service is discontinued, and the procedures for review and appeal of the customer's bill, as described in Section IV, below.

2. **Unable to Contact Customer:** If the Company is not able to contact the customer 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 customer's

account if the amount owing on that account is not paid before the due date stated on the bill.

4. **Turn-Off Deadline:** Payment for water service charges must be received in the Company office no later than 4:00 p.m. on the date specified in the Overdue Notice. Postmarked payments received after 4:00 p.m. are not acceptable.

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 customer in person. 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.

6. **Returned Check Tendered as Payment for Water Service Disconnected for Non-Payment:**

a) If the check tendered and accepted as payment which resulted in restoring service to an account that had been disconnected for non-payment is *returned* as a non-negotiable, the Company may disconnect said water service upon at least three (3) days' written notice. The customer's account may only be reinstated by receipt of outstanding charges in the form of cash or certified funds. Once the customer's account has been reinstated, the account will be flagged for one-year period indicating the fact that a non-negotiable check was issued by the customer.

b) If at any time during the one-year period described above, the customer's account is again disconnected for non-payment, the Company may require the customer to pay cash or certified funds to have said 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 customer or tenant of the customer submits certification of a primary care provider stating that discontinuation of water service would either (i) be life threatening to, or (ii) pose a serious threat to the health and safety of, a resident of the premises where residential service is provided.

2. **Financial Inability:** The customer demonstrates he or she is financially unable to pay for water service within the water system's normal billing cycle. The customer is deemed "financially unable to pay" if any member of the customer'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 Woman, Infants and Children; or (ii) the customer declares the household's annual income is less than 200% of the federal poverty level; and

3. **Alternative Payment Arrangements:** The customer is willing to enter into an amortization agreement, alternative payment schedule or a plan for deferred or reduced payment with respect to all delinquent payments, 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 customer. In order to allow the Company sufficient time to process any request for assistance by a customer, the customer 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 Administrative Manager ("Administrative Manager"), or his or her designee, shall review that documentation and respond to the customer within seven (7) days to either request additional information, including information relating to the feasibility of the available alternative arrangements, or to notify the customer of the alternative payment arrangement, and terms thereof, under Section III, below, in which the Company will allow the customer to participate. If the Company has requested additional information, the customer shall provide the requested information within five (5) days of receipt of the Company's request. Within five (5) days of its receipt of that additional information, the Company shall either notify the customer that the customer does not meet the conditions under Subdivision (C), above or notify the customer of the alternative payment arrangement, and the terms thereof, under Section III, below, in which the Company will allow the customer 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 later to occur of: (i) two (2) business days after the date of notification from the Company of the Company's determination that 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 Customers:** Customers are deemed to have a household income below 200% of the federal poverty line if: (i) any member of the 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 Woman, Infants and Children; or (ii) the customer declares the household's annual income is less than 200% of the federal poverty level. If a customer demonstrates either of the preceding circumstances, then the Company must set reconnection fees and waive interest for that customer consistent with the following:

1. **Reconnection Fees:** Reconnection fees during the Company's normal operating hours cannot exceed fifty dollars (\$50), and reconnection fees during non-operational hours cannot exceed one-hundred fifty dollars (\$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 CPI beginning January 01, 2021.

2. **Interest Waiver:** Interest charges must be waived on delinquent bills once every twelve (12) months.

F. **Landlord-Tenant Scenario:** The below procedures apply to individually metered detached single-family dwellings, multi-unit residential structures, mobile home parks, or

permanent residential structure in a labor camp as defined in Section 17008 of the Health and Safety Code, where the property owner, manager, or operator of the dwelling, structure or park is the customer of record.

1. **Required Notice:**

a) The Company shall make every good faith effort to inform the tenants/occupants at the property by written notice when the account is in arrears that the water service will be discontinued at least ten (10) days prior to the termination if the property is a multi-unit residential structure, or a mobile home park, or at least seven (7) days prior if the property is a detached single-family dwelling, to the possible discontinuation of water service.

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 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 the rules and requirements of the Company.

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 legally available 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.

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) In order for the amount due on the delinquent account for a detached single-family dwelling to be waived, the Company may require an occupant who becomes a customer to verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling. Verification may include, but is not limited to, a lease or rental agreement, rent receipts, a government document indicating that the occupant is renting the property, or information disclosed pursuant to Section 1962 of the Civil Code.

e) Pursuant to Health & Safety Code Section 116916(e), if a tenant/occupant becomes a customer of the Company and the tenant's/occupant's rent payment

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:** Regardless of whether any customer meets the three conditions under Section II(C) above, the Company shall offer the customer 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 Administrative 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 customer and taking into consideration the customer's financial situation and Company's payment needs. Despite the general requirement that alternative payment arrangements be made available to any customer, the Administrative Manager, or his or her designee, may refuse to offer an alternative payment arrangement to a customer when the customer is already engaged in an alternative payment arrangement, or when the customer has defaulted on, or otherwise failed to comply with the terms of, an alternative payment arrangement within the past 12 months.

A. **Amortization:** Any customer who is unable to pay for water service within the Company's normal payment period may, if the Company has selected this alternative, enter into an amortization plan with the Company on the following terms:

1. **Term:** The customer shall pay the unpaid balance, with the administrative fee as specified in Subdivision (2), below over a period not to exceed twelve (12) months, as determined by the Company's Administrative Manager or his or her designee. The unpaid balance, together with the applicable administrative fee, shall be divided by the number of months in the amortization period and that amount shall be added each month to the customer's ongoing monthly bills for water service.

2. **Administrative Fee:** For any approved amortization plan, the customer will be charged an administrative fee, in the amount established by the Company from time to time, representing the cost to the Company of initiating and administering the plan.

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

B. **Alternative Payment Schedule:** Any customer who is unable to pay for water service within the Company's normal payment period 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 customer shall pay the unpaid balance, with administrative fee as specified in Subdivision (2) below, over a period not to exceed twelve (12) months, as determined by the Company's Administrative Manager or his or her designee.

2. **Administrative Fee:** For any approved alternative payment schedule, the customer will be charged an administrative fee, in the amount established by the Company from time to time, representing the cost to the Company of initiating and administering the alternative payment schedule.

3. **Schedule:** After consulting with the customer and considering the customer's financial limitations, the Company's Administrative Manager or his or her designee shall develop an alternative payment schedule to be agreed upon with the customer. That alternative schedule may: (i) provide for periodic lump sum payments that do not coincide with the Company's established payment date, (ii) provide for payments to be made more frequently than monthly, or (iii) provide that payments be made less frequently than monthly, provided that in all cases, the unpaid balance and administrative fee shall be paid in full within twelve (12) months of establishment of the payment schedule. The agreed upon schedule shall be set forth in writing and be provided to the customer.

4. **Compliance with Plan:** The customer must comply with the agreed upon payment schedule and remain current as charges accrue in each subsequent billing period. The customer 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 customer fails to comply with the terms of the agreed upon schedule for sixty (60) days or more, or fails to pay the customer's current service charges for sixty (60) days or more, the Company may discontinue water service to the customer's property at least five (5) business days after the Company posts at the customer's residence a final notice of its intent to discontinue service.

C. **Reduction of Unpaid Balance:** Any customer who is unable to pay for water service within the Company's normal payment period may, if the Company has selected this alternative, receive a reduction of the unpaid balance owed by the customer, not to exceed thirty percent (30%) of that balance without approval of and action by the Company's 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 Company customers. The proportion of any reduction shall be determined by the customer's financial need, the Company's financial condition and needs and the availability of funds to offset the reduction of the customer's unpaid balance.

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

2. **Compliance with Reduced Payment Date:** The customer 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 customer fails to pay the reduced payment amount within sixty (60) days after the Reduced Payment Date, or

fails to pay the customer's current service charges for sixty (60) days or more, the Company may discontinue water service to the customer's property at least five (5) business days after the Company posts at the customer's residence a final notice of its intent to discontinue service.

D. **Temporary Deferral of Payment:** Any customer who is unable to pay for water service within the Company's normal payment period may, if the Company has selected this alternative, have payment of an unpaid balance temporarily deferred for a period of 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 customer.

1. **Repayment Period:** The customer shall pay the unpaid balance by the deferral date (the "Deferred Payment Date") determined by the Company's Administrative Manager or his or her designee.

2. **Compliance with Reduced Payment Date:** The customer 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 customer fails to pay the unpaid payment amount within sixty (60) days after the Deferred Payment Date, or fails to pay the customer's current service charges for sixty (60) days or more, the Company may discontinue water service to the customer's property at least five (5) business days after the Company posts at the customer'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 as follows:

A. **Time for Appeal:** Within ten (10) days of receipt of the bill for water service, the customer has a right to initiate a complaint or request an investigation regarding the amount of that bill. Such protest shall be made in writing and be delivered to the Company's office. For so long as the customer's appeal and any resulting investigation is pending, the Company cannot discontinue water service to the customer.

B. **Appeal Hearing:** Following receipt of a complaint or a request for an investigation, a hearing date shall be set before the Administrative Manager, or his or her designee (the "Hearing Officer"). After evaluation of the evidence provided by the customer 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 and shall provide the appealing customer with a brief written summary of the decision. Water service to any customer shall not be discontinued at any time during which the customer's appeal to the Company or its Board of Directors is pending.

1. If water charges are determined to be incorrect, a corrected invoice will be provided and payment of the revised charges will be due within ten (10) days of the invoice date for revised charges. If the revised charges remain unpaid for more than sixty (60) days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) day period; provided that the Company provides the customer 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, penalties, 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 at the time the Hearing Officer's decision is rendered. At the time the Hearing Officer's decision is rendered, the customer will be advised of the right to further appeal before the Company's Board of Directors. Any such appeal must be filed in writing within seven (7) days after the Hearing Officer's decision is rendered, and will be heard at the next regular meeting of the Company's Board of Directors, unless the customer and Company agree to a later date.

If the customer does not timely appeal to the Company's 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) days after the original billing date, then the Company shall provide the customer with the Overdue Notice in accordance with Section II(B)(1), above, and, may proceed in potentially discontinuing service to the customer's property.

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 customer will be required to personally appear before the Board of Directors and present evidence and reason as to why the water charges in question are not accurate. The Board of Directors shall evaluate the evidence presented by the customer, 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. The Board of Director's decision is final and binding.

4. If the Board of Directors finds the water charges in question are incorrect, the customer will be invoiced for the revised charges. If the revised charges remain unpaid for more than sixty (60) days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) day period; provided that the Company provides the customer 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. Any overcharges will be reflected as a credit on the next regular bill to the customer, or refunded directly to the customer, at the sole discretion of the Board of Directors.

5. If the water charges in question are determined to be correct, the water charges are due and payable at the time the decision of the Board of Directors is rendered. In the event the charges are not paid in full within sixty (60) days after the original billing date, then the Company shall provide the customer with the Overdue Notice in accordance with Section II(B)(2), above and may proceed in potentially discontinuing service to the customer's property.

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

7. Water service shall not be discontinued at any time during which the customer's appeal is pending.

V. **Restoration of Service:** In order to resume or continue service that has been discontinued by the Company due to non-payment, the customer must pay outstanding balances and charges, a security deposit if applicable, and a Reconnection Fee established by the Company, subject to the limitation set forth in Section II(E)(1) above, when applicable. The Company will endeavor to make such reconnection as soon as practicable as a convenience to the customer. The Company shall make the reconnection no later than the end of the next regular working day following the customer's request and payment of any applicable Reconnection Fee.

VI. **Company Contact Information:** The Company can be reached at (760) 615-4050 for assistance concerning the payment of water bills and the potential establishment of the alternatives set forth in this Policy to avoid discontinuation of service. The Company office is located at 33129 Cole Grade Road, Pauma Valley, CA 92061.

VII. **Policy & Notice Availability:** This Policy shall be made available, and all notices required herein shall be provided by the Company, in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean and any other language spoken by at least 10% of the people residing in its service area. This Policy shall be made available on the Company's Internet Web site and upon customer's request, in writing.

VIII. **Annual Discontinuation Reporting:** The Company shall report the number of discontinuations of residential water service for non-payment to the Board of Directors and the State Water Resources Control Board. The Company shall also post the information on the Company's Internet Web site.