

VII. DELINQUENT ACCOUNT POLICY

1. General Provisions

a. Application. This Policy applies only to disconnection of residential water service for nonpayment. The Company's existing ordinances, resolutions, policies, and procedures shall continue to apply to non-residential water service accounts and to disconnection of residential water service for other reasons, including the termination of a service connection by the Company due to a customer violation of any other ordinance, rule, regulation, or policy of the Company. In the event of any conflict between this Policy and any other ordinance, rule, regulation, or policy of the Company, this Policy shall prevail. In the event of any conflict between this Policy and state law, state law shall prevail.

b. Member/ and or consumer Responsibility. Under applicable Company ordinances, resolutions, policies, and procedures, bills for water service are rendered to each customer on a bi-monthly basis, and are due and payable upon presentation. Water service bills become delinquent if not paid within 60 days from the date on the bill. It is the customer's responsibility to ensure that payments are received at the Company office in a timely manner. Payment may be made at the Company office, online, or to the address for remittance of mailed payments.

c. Availability of Policy. The Company shall provide this Policy and all written notices given under this Policy in English. This Policy shall be posted and maintained on the Company's Internet website.

d. Contact Telephone Number. The Company can be reached at 619-473-8450, Monday through Thursday 8 a.m. until 2 p.m. for assistance concerning the payment of water bills and to discuss options for stopping disconnection of residential service for nonpayment.

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2. Disconnection of Residential Water Service for Nonpayment

a. 60-day Delinquency Period. The Company shall not disconnect residential water service for nonpayment of a service bill until a customer's payment has been delinquent for 60 days.

b. 10-Day Notice. Not less than 10 days before disconnection of residential service for nonpayment, the Company shall contact the customer named on the account by telephone or written notice.

i. When the Company contacts the member/and or consumer named on the account by written notice under this section, the written notice of payment delinquency and impending disconnection shall be mailed to the member/ and or consumer of the residence to which the residential service is provided. If the member/and or consumer's address is not the address of the property to which residential service is provided, the notice also shall be sent to the address of the property to which residential service is provided, addressed to "Occupant."

ii. The written notice shall include all of the following information in a clear and legible format:

1. The member/and or consumer's name and address.

2. The amount of the delinquency, including an itemization of any late payment penalties and interest to be applied to the delinquent charges.

3. The date and time by which payment or arrangement for payment must be made in order to avoid disconnection of water service.

4. A description of the process to apply for an extension of time to pay the delinquent charges.

5. A description of the procedure by which the member/and or consumer may petition for bill review and appeal or initiate a complaint or request an investigation concerning the service or charges.

6. A description of the procedure by which the member/and or consumer may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges, consistent with this Policy.

7. A description of the procedure for the member/and or consumer to obtain information on the availability of financial assistance, including private, local, state, or federal sources, if applicable.
8. The Company's telephone number, business address, and hours of operation of a customer service representative who can provide additional information or institute arrangements for payment.
- iii. If the written notice is returned through the mail as undeliverable, the Company shall make a good faith effort to visit the residence and leave or place in a conspicuous place a notice of imminent disconnection of residential service for nonpayment and a copy of this Policy.

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c. 48-hour Posting Notice. The Company shall make a reasonable, good faith effort to contact an adult person residing at the premises of the customer by telephone or in person at least 48 hours prior to any termination of service except that whenever telephone or personal contact cannot be accomplished, the Company shall give, by mail or by posting in a conspicuous location at the premises, a notice of termination of service, at least 48 hours prior to termination. This notice of termination of service shall include all of the following information:

- i. The member/ and or consumer's name and address.
- ii. The amount of the delinquency, including an itemization of any late payment penalties and interest to be applied on any delinquent charges.
- iii. The date and time by which payment or arrangements for payment is required in order to avoid termination.
- iv. The procedure for the member/ and or consumer to obtain information on the availability of financial assistance, including private, local, state, or federal sources, if applicable.
- v. The company's telephone number, business address, and hours of operation of a customer service representative who can provide additional information or institute arrangements for payment.

d. Service Restoration Information. Upon disconnection, the Company shall provide the customer with information on how to restore residential service.

3. Restrictions on Disconnection of Water Service

- a. The Company shall not disconnect residential water service for nonpayment of a service bill until a member/ and or consumer's payment has been delinquent for 60 days.
- b. The Company shall not disconnect residential service in any of the following situations:
 - i. During the time that the Company is investigating a customer dispute or complaint under section 8 of this Policy.
 - ii. When a member/ and or consumer has been granted an extension of the period for payment of a bill.
- c. The Company shall not disconnect residential service if all of the following conditions are met:
 - i. The member, or a tenant of the member, submits to the Company the certification of a primary care provider, as defined in section 14088(b)(1)(A) of the Welfare and Institutions Code, that disconnection of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the property receiving service.

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- ii. The member/ and or consumer demonstrates that he or she is financially unable to pay for residential service within the urban and community water system's normal billing cycle. The customer shall be deemed financially unable to pay for residential service within the urban and community water system's normal billing cycle if (1) any member of the member/ and or consumer's 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 (2) the member/ and or consumer declares that the household's annual income is less than 200 percent of the federal poverty level.

iii. The member/ and or consumer is willing to enter into an alternative payment arrangement, consistent with the provisions of Section 4 of this Policy.

If a member/ and or consumer meets the three conditions listed in this subsection (c), the Company shall offer the member/ and or consumer one or more of the payment options described in Section 4. Any member/ and or consumer meeting these requirements shall, upon request, be permitted to amortize, over a period not to exceed 12 months, the unpaid balance of any bill asserted to be beyond the means of the member/ and or consumer to pay within the normal period for payment.

d. The Company is prohibited from terminating water service to any member or tenant of a member on any Saturday, Sunday, legal holiday, or outside of its normal operating hours.

4. Alternative Payment Arrangements

a. Options. Upon request, the Company will consider the following options with a delinquent member/ and or consumer to avert discontinuation of residential service for nonpayment:

i. Amortization of the unpaid balance;

ii. Participation in an alternative payment schedule;

iii. A partial or full reduction of the unpaid balance, financed without additional charges to other ratepayers; or.

iv. Temporary deferral of payment. (Collectively "Payment Arrangements.")

b. Company Administration. The Company Manager, or his or her designee, may choose which of the Payment Arrangements described in Section 4(a), above, may be available to the member/ and or consumer and may set the parameters of that payment option. Ordinarily, the Payment Arrangement offered should result in payment of any remaining outstanding balance within 12 months. The Company may grant a longer payment period if it finds the longer period is necessary to avoid undue hardship to the member/ and or consumer based on the circumstances of the individual case. The Company may charge an administrative fee for the cost of administering Payment Arrangements under this provision. The Manager, or his or her designee, is authorized to prepare and approve a Payment Arrangement agreement with a customer consistent with this Section 4. -8-

c. Member/ and or consumer Obligations. If the Company and member/ and or consumer enter into a Payment Arrangement under this Section 4, the member/ and or consumer shall comply with the agreement or other arrangement and remain current on any new water service charges as they are billed in each subsequent billing period. The member/ and or consumer may not request further amortization or reduction of any unpaid charges on subsequent bills while paying delinquent charges under an alternative payment arrangement. Commencing on the date the first payment arrangement is entered into, member/ and or consumers who fail to comply with any agreed payment arrangement will not be eligible to establish future payment arrangements for a period of 24 months, except as otherwise prohibited by law.

5. Disconnection After Failure to Comply with Alternative Payment Arrangements

a. If the Company and member/ and or consumer enter into any Payment Arrangement under Section 4, the Company may disconnect service no sooner than five business days after the Company posts a final notice of intent to disconnect service in a prominent and conspicuous location at the property under either of the following circumstances:

i. The member/ and or consumer fails to comply with the Payment Arrangement for 60 days or more.

ii. While undertaking a Payment Arrangement, the member/ and or consumer does not pay his or her current residential service charges for 60 days or more.

- b. The notice of termination under this Section 5 shall include all the following information:
- i. The member/ and or consumer's name and address.
 - ii. Notice of the member/ and or consumer's noncompliance with the Payment Arrangement.
 - iii. The Payment Arrangement or other conditions the member/ and or consumer must satisfy in order to avoid termination.
 - iv. The Company's telephone number, business address, and hours of operation of a customer service representative of the Company who can provide additional information. This notice does not entitle the member/ and or consumer to further investigation or provision of alternative payment arrangements by the Company.

6. Additional Considerations for Financial Hardship

a. If a member/ and or consumer who demonstrates to the Company household income below 200 percent of the Federal poverty line, the Company shall both:

i. Set a reconnection of service fees for reconnection during normal operating hours at \$10 and for reconnection during nonoperational hours at \$25. These fees may not exceed the actual cost if those costs are less. Reconnection fees shall be subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021. -9-

ii. Waive interest charges on delinquent bills once every 12 months.

b. The Company shall deem a residential customer to have a household income below 200 percent of the federal poverty line if:

i. 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 ii. The member/ and or consumer declares that the household's annual income is less than 200 percent of the federal poverty level.

7. Procedure to Contest or Appeal a Bill A member/and or consumer may appeal or contest the amount set forth in any bill for residential water service pursuant to the following procedure: a. General Appeal. Within five days of receipt of the bill for water service, a member/and or consumer has a right to request an appeal or review of any bill or charge rendered by the Company. The request must be made in writing and be delivered to the Company's office. For so long as the member/ and or consumer's appeal and any resulting investigation is pending, the Company cannot disconnect water service to the member/ and or consumer. b. 10-Day Notice Appeal. In addition to the appeal rights under subsection (a), above, a member/and or consumer who receives a 10-Day Notice described in Section 2(b) of this Policy may request an appeal or review of the bill to which the notice relates within five business days of the date of the notice. However, 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 must be in writing and must include documentation supporting the appeal or the reason for the review. The request for an appeal must be delivered to the Company's office within the five-day period. For so long as the member/ and or consumer's appeal and any resulting investigation is pending, the Company cannot disconnect water service to the customer. c. Appeal Process. i. Following receipt of a request for an appeal or review under subsections (a) or (b), above, the Company's Manager, or his or her designee, shall evaluate the request for review and supporting material provided by the member/ and or consumer and the information on file with the Company concerning the water charges in question. Within 10 days after receipt of the member/ and or consumer's request for review, the Manager, or his or her designee, shall render a decision as to the

accuracy of the water charges set forth on the bill and shall provide the appealing member/ and or consumer with a brief written summary of the decision.

ii. 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 10 calendar days of the invoice date for revised charges. If the revised charges remain unpaid for more than 60 calendar days after the corrected invoice is provided, water service will be disconnected. Prior to disconnection, the Company shall provide the member/ and or consumer with the 10-Day Notice in accordance with Section 2(c), above. Water service will only be restored upon full payment of all outstanding water charges, penalties, interest, and any applicable reconnection charges. -10-

iii. If the water charges in question are determined to be correct, the water charges are due and payable within three business days after receipt of the Manager's, or his or her designee's, decision. At the time the decision is rendered, the member/ and or consumer 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 three business days after receipt of the Manager's, or his or her designee's, decision. The appeal hearing will occur at the next regular meeting of the Company's Board of Directors, unless the member/ and or consumer and Manager, or his or her designee, agree to a later date.

iv. If the member/ and or consumer 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 60 calendar days after the original billing date, then the Company shall provide member/ and or consumer with the 10-Day Notice in accordance with Section 2(b), above, and may disconnect water service to the member/ and or consumer's property if the outstanding bill is not timely paid.

v. When a hearing before the Board of Directors is requested, the member/ and or consumer will be required to personally appear before the Board and present supporting material 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 member/ and or consumer, as well as the information on file with the Company concerning the water charges in question (including the Manager's/designee's decision) and any staff presentation, and render a decision as to the accuracy of the charges. The Board's decision shall be final and binding.

vi. If the Board finds that the water service charges in question are incorrect, the member/ and or consumer will be invoiced for the revised charges. If the revised charges remain unpaid for more than 60 calendar days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that period. The Company shall provide the member/ and or consumer with the 10-Day Notice in accordance with Section 2(b), above.

vii. If the water service charges in question are determined to be correct, they shall be due and payable within three business days after the date of the decision of the Board. In the event the charges are not paid in full within 45 calendar days after the original billing date, then the Company shall provide with the 10-Day Notice in accordance with Section 2(b), above, and may disconnect water service to the member/ and or consumer's property if the outstanding bill is not timely paid.

d. Any overcharges due from the Company will be reflected as a credit on the next regular bill to the member/ and or consumer, or refunded directly to the member/ and or consumer, at the sole discretion of the General Manager or Board of Directors.

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e. Water service to any member/ and or consumer shall not be disconnected at any time during which the member/ and or consumer's appeal to the Manager or the Board of Directors is pending.