

Vaughn Water Company Shut-off Policy

Purpose/Background

Notwithstanding any other policy or rule, this Policy on Discontinuation of Residential Water Service for Non-Payment (the “Policy”) shall apply to the discontinuation of residential water service (the “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 of Vaughn Water Company (the “Company”), this Policy shall prevail.

Application of Policy; Contact Telephone Number

This Policy shall apply only to discontinuation of residential water service only, and all other existing policies and procedures regarding delinquent payments shall continue to apply to residential, 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 (661) 589-2931.

Text of Policy

As an urban or community water system that supplies water to more than 200 service connections, the Company is governed by Senate Bill No. 998.

Payment for Residential Water Service

1. Rendering and Payment of Bills

Bills for Service will be rendered to each residential customer on a monthly basis unless otherwise provided for in the Company’s rate schedules. Bills for service are due and payable upon presentation and become overdue for purposes of the Service becoming subject to discontinuation if not paid within sixty (60) days from the date of the billing statement. The Company’s other policies, rules and regulations pertaining to delinquent payments for Service remain in full force and effect to the extent they do not conflict with this Policy.

Payment may be made at the Company’s principle office, electronic payment on the Company’s website at www.vaughnwater.org, or by mailing in a payment. However, it is the customers responsibility to ensure that the Company receives payment in a timely manner. Partial payments are not authorized unless the Company has granted prior written approval. Bills will be computed as follows:

- A. 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.
- B. 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.
- C. Billing shall be paid in legal tender of the United States of America. Notwithstanding the foregoing, the Company reserves the right to refuse any payment of such billings in coin.

Overdue Bills

The following rules for discontinuation of Service shall apply to customers whose bills remain unpaid for more than sixty (60) days following the statement date:

1. Small Balance Accounts

Any balance of a bill of \$20 or less may be carried over, and added to, the next billing period without being assessed a late fee or incurring further collection action.

2. **Discontinuation Notice**

If payment for a bill rendered is not made on or before the forty-fifth day following the invoice date, a notice of discontinuation for overdue payment (the “Discontinuation Notice”) will be mailed to the customer at least ten (10) business days prior to the possible discontinuation of Service date identified in the Discontinuation 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 customer’s mailing address is not that of the address of the property to which the Service is provided, the Discontinuation Notice must also be sent to the address of the property served, addressed to “Occupant”. The Discontinuation 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;
- e. Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency; and
- f. Description of the procedure by which the customer can request a deferred, amortized, reduced or alternative payment schedule.

Notice to Residential Tenants/Occupants in an individually Metered Residence: The Company will make a reasonable, good faith effort to inform the occupants, by means of written notice, when the water service account is in arrears and subject to discontinuation at least 10 calendars before water service is shut off. The written notice will advise the tenant/occupant that they have the right to become customers of the Company without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service the tenant/occupant must provide verification of tenancy in the form of a rental agreement, and verify that the delinquent account holder was the landlord, property manager, or other agent of the property.

Notice to Tenants/Occupants in a Multi-Unit Complex Served through a Master Meter: The Company will make a reasonable, good faith effort to inform the occupants, by means of written notice hung on the door of each residence, when the water service account is in arrears and subject to disconnection at least 10 business days before water service is shut off. The written notice will advise the tenant/occupant that they have the right to become customers of the Company without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at the address(es) served by the master meter. If one or more of the occupants are willing and able to assume responsibility for the subsequent charges for water service to the satisfaction of the Company, or if there is a physical means, legally available to the Company, of selectively termination service to those occupants who have not met the requirements for service, the Company will make service available to the occupants who have met those requirements.

If the written Discontinuation Notice is returned through the mail as undeliverable, the Company will make a reasonable, good faith effort to visit the residence and leave a Discontinuation Notice and a copy of this Policy.

3. Conditions Prohibiting Discontinuation

The Company shall not discontinue Service if **ALL** of the following conditions are met:

- A. **Health Conditions** – The customer or tenant of the customer submits certification of a primary care provider attesting that discontinuation of Service would (i) be life threatening, or (ii) pose a serious threat to the health and safety of a person residing at the property;
- B. **Financial Inability** – The customer demonstrates he or she is financially unable to pay for Service with the Company’s normal billing cycle. The customer is deemed “financially unable to pay” if any member of the customer’s household is: (1) a current recipient of the following benefits: CalWORKS, CalFresh, general assistance, Medi-Cal, SSI/State Nutrition Program for Women, Infants and Children; or (3) the customer declares the household’s annual income is less than 200% of the federal poverty level (see this link for federal poverty levels applicable in California: <https://www.healthforcalifornia.com/covered-california/income-limits>); and
- C. **Alternative Payment Arrangements** – The customer 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 Five (5) below.

4. Process for Determination of Conditions Prohibiting Discontinuation of Service

The burden of proving compliance with the conditions described in Subdivision (3), above, is on the customer. In order to provide the Company sufficient time to process any request for assistance by a customer, the customer should provide the Company with documentation sufficient to demonstrate the existence of medical issues described in Subdivision (3)(A), financial inability in Subdivision (3)(B), and willingness to enter into any alternative payment arrangement described Subdivision (3)(C) 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 customer 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 customer of the alternative payment arrangement, and terms thereof, under Section 6, below, to which the Company is willing to agree. If the Company requests additional information the customer shall provide that requested information within five (5) calendar days of receipt of the Company’s request. Within five (5) calendar days of Company’s receipt of said information, the Company shall either notify the customer in writing that the customer does not meet the conditions under Subdivision (4), above, or notify the customer in writing of the alternative payment arrangement, and terms thereof, under Section 6, below. Customers who fail to meet the conditions described in Subdivision (4), 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 conditions are not satisfied; or (ii) the date of the impending Service discontinuation, as specified in the Discontinuation Notice.

5. Alternative Payment Arrangements

For any customer who satisfies any of the conditions under Section 3 above, in accordance with the process set forth in Section 4 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. 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 customer. Any customer requesting an alternative payment arrangement that extends into the next billing period must be agreed upon in writing and signed by the customer at the Company office. Any customer who is unable to pay for Service within the normal payment period and meets all of the conditions under Section 3 above, may, if the Company so chooses, enter into an agreement with the Company for one of the following alternatives:

A. Amortization

1. Term: The customer shall pay the unpaid balance, together with the administrative fee of \$25.00 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. The unpaid balance, together with the applicable administrative fee 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 customer's ongoing monthly bills for Service. The agreed upon schedule shall be set forth in writing and be signed by the customer.

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 of initiating and administering the plan. At the discretion of the General Manager or his or her designee, the administrative fee of \$25.00 shall be applied to any amounts to be amortized under this Subsection A.

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

B. Alternative Payment Schedule

1. Repayment Period: 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 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 customer.

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 of initiating and administering the schedule. At the discretion of the General Manager or his or her designee an administrative fee of \$25.00 shall be applied to any amounts to be paid under this Subsection B.

3. Schedule: After consulting with the customer and considering the customer's financial limitations, the General Manager or his or her designee shall develop an alternative payment schedule to be agreed upon with the customer. The 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 or less frequently than monthly, provided that in either case, 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 signed by 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. If the customer fails to comply with the terms of the agreed upon schedule for sixty (60) calendar days or more, or fails to pay the customer's current service charges for sixty (60) calendar days or more, the Company may discontinue Service to the customer'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

1. The Company may agree to 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 Supplier's financial condition and needs and the availability of funds to offset the reduction of the consumer's unpaid balance.

2. Repayment Period: The customer 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.

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

D. Temporary Deferral of Payment:

The Company may, in its discretion, agree to deferring payment on an unpaid balance for a period of up to twelve (12) months after the payment is due.

1. Repayment Period: The customer 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.

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) calendar days after the Deferred Payment Date, or fails to pay the customer’s current service charges for sixty (60) calendar days or more, the Company may discontinue Service to the customer’s property at least five (5) business days after posting at the consumer’s residence a final notice of its intent to discontinue service.

6. Forty-eight (48) Hour Courtesy Call

The Company will make a reasonable, good faith effort to notify the customer 48 hours in advance of discontinuation of water service for non-payment. The means of notification will be by phone. The forty-eight (48) hour courtesy call is meant entirely as a courtesy and failure of the Company to send the notice or failure by the customer to receive the notice shall not constitute an acceptable reason for non-payment or delay of discontinuation. It is the customers responsibility to notify the Company of changes to phone numbers.

7. Discontinuation Deadline

The Company must receive payment for water Service no later than 4:00 p.m. on the date specified in the Discontinuation of Service Notice. Postmarks are not acceptable.

8. Disconnection of Water Service for Non-Payment

The Company will disconnect water service by turning off and locking out the meter. Before service is disconnected, the customer will be notified by a delinquent notice, a discontinuation notice, and a forty-eight (48) hour courtesy call. The customer will be charged a reconnection fee in the billing system regardless of whether the meter has physically been turned off and locked out. This fee will be added at 4:00 pm on the date payment is due specified in the Discontinuation of Service Notice.

9. Re-establishment of Service

In order to resume or continue service that has been disconnected for non-payment, the customer must pay a reconnection fee. The Company will endeavor to reconnect service as soon as practicable; however, at a minimum, will restore service before the end of the day following payment of any past due amount, delinquent fees, and reconnection fees attributable to the discontinuation of the service. Water service that is turned on and/or unlocked by any person other than a Company employee 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 customer.

10. Re-establishment of Service After Business Hours

Service restored after 5:00 p.m. Monday through Friday, weekends, or holidays will be charged an after-hours reconnection fee. Service will not be restored after regular business hours unless the customer has been informed of the after-hours reconnection fee and agreeing to contact the Company billing department no later than noon the following business day to pay the past due amount, delinquent fees, and reconnection fees. Company staff responding to service calls are not permitted to collect payment; however, will instruct the customer to contact the billing department before noon the following business day.

11. Notification of Returned Payment

Upon receipt of a returned check, returned electronic check, or disputed credit card rendered as remittance for water service or other charges, the Company will consider the account not paid. The Company will make a reasonable, good faith effort to provide a forty-eight (48) hour courtesy notice of termination of service due to a returned check and/or returned electronic check. The means of notification will be by a notice left at the premises.

Water service will be disconnected if the amount of the returned check and/or returned electronic check and the returned check fee are not paid on or before the date specified in the notice of termination. All amounts paid to redeem a returned check and / or returned electronic check and fees must be in cash, credit card or certified funds.

12. Returned Payment for Previously Disconnected Service

In the event a customer tenders a non-negotiable check as payment to restore water service previously disconnected for non-payment and the Company restores service, the Company may promptly disconnect service without providing further notice. No forty-eight (48) hour notice of termination will be given in the case of a non-negotiable check tendered for payment of water charges that were subject to discontinuance.

Once the customer's account has been reinstated, the account will be in probationary status for a one-year period. If at any time during the one year period described above, the customer's service is again disconnected for non-payment, the Company will require the customer to remit payment in full in order for the service to be restored, in addition to any deposit the Company may require in its reasonable discretion.

13. Disputed Bills

If a customer believes he or she was overcharged for residential water service or charged for residential water service not rendered, the customer may contest the amount due by notifying the Company in writing no later than 35 calendar days from the original issue date of the disputed bill. The Company will evaluate the information provided by the customer and investigate the matter. The General Manager, or designee, shall make a decision based upon all the information and shall have the authority to adjust the amount due in a fair and equitable manner, if appropriate.

If the customer disagrees, the customer may, within 10 calendar days from the General Manager's decision, appeal the decision, in writing, to the Board of Directors. The Board of Directors will review the record and make a determination at its next regular Board of Directors meeting. The decision of the Board of Directors shall be final.