



# CALIFORNIA WATER & WASTEWATER ARREARAGE PAYMENT PROGRAM

## Program Implementation FAQs for the Extended Arrearage Program

1. **How can an agency apply if its billing period does not line up with the COVID-19 bill relief period dates (March 4, 2020 through December 31, 2022)? What about an entity that does annual billing?**
  - a. Applicants that previously received funding under the Water Arrearages Program and/or the Wastewater Arrearages Program cannot include any arrearages for the billing period of March 4, 2020 through June 15, 2021, which was previously covered by those programs. No modifications or adjustments to applications or funding amounts for the Water Arrearage Program or the Wastewater Arrearage Program are allowed.
  - b. Applicants can request arrearages incurred during any billing period that contains any date within the COVID-19 pandemic bill relief period of March 4, 2020 to December 31, 2022.
    - i. Customers are billed annually: Arrearages for annual bills for 2020, 2021 and 2022 may be eligible. (NOTE: If only applying for the extended bill relief period, then annual bills for 2020 and 2021 are not eligible.)
    - ii. Customers are billed semi-annually: Arrearages for both semi-annual bills for 2020, 2021, and 2022 may be eligible. (NOTE: If only applying for the extended bill relief period, then semi-annual bills for 2020 and first semi-annual bills for 2021 are not eligible.)
    - iii. Monthly billing: All arrearages for monthly bills for March 2020 through December 2022 may be eligible. (NOTE: If only applying for the extended bill relief period, then monthly bills for 2020 through June 2021 are not eligible.)
2. **How can an agency that combines water or wastewater billing with other utilities apply for the program?**
  - a. Applicants that combine water or wastewater with other utilities such as stormwater, refuse, and energy, can only apply for funding for the water or wastewater portion of customer arrearages.
  - b. If the water or wastewater portion of the arrearage cannot be determined for each customer account, the entity can use an average customer ratio to estimate arrearages for individual customers. To do so, first calculate the average annual bill. Then, calculate the average annual water or

wastewater portion of the average annual bill. Then use the following formula to calculate the average annual water or wastewater percentage:

$$\text{Average Annual Percentage of Water or Wastewater Charge} = (\text{Average Annual Water or Wastewater Charges} / \text{Total Average Annual Bill}) \times 100$$

- c. This Average Annual Percentage of Water or Wastewater Charge can be applied to customer arrearages to determine the customer's arrearages. For example, if the Average Annual Percentage of Wastewater Charge is 27% and a customer's total arrearages for the COVID-19 relief bill period is \$1,000, the wastewater arrearages would be 27% of \$1,000, or \$270.
- d. If this method does not work for your agency's circumstances, please contact State Water Resources Control Board (State Water Board) staff at [DFA-WaterArrearages@waterboards.ca.gov](mailto:DFA-WaterArrearages@waterboards.ca.gov) to discuss an alternative approach.

**3. Can an entity apply if it missed the designated application period?**

An entity can apply after the 60-day application period closes, through January 31, 2024. Applicants that submit late applications are not guaranteed funding.

**Program Implementation and Requirements**

**4. Does the program cover late fees and/or interest?**

- a. No, late fees and/or interest cannot be included in the calculation for total arrearages or deducted from the amount to credit customers.
- b. Applicants that participate must waive late fees and/or interest that occurred during the billing cycles that were used to calculate the arrearages (see examples of possible billing cycles in question #1 above). However, this prohibition does not apply to debt accrued before or after the COVID-19 pandemic relief bill period.

**5. Does the program cover administrative costs for community water systems, wastewater treatment providers, and wastewater billing entities that apply?**

- a. Yes, approved Applicants may request up to 3% (up to \$1 million, whichever is less) of the value reported in the application for customer arrearages for costs related to applying for the assistance or complying with Program requirements. This limit is set by statute.
- b. Applicants must document these costs and report them to the State Water Board. The State Water Board will provide a template.

**6. When will payments be disbursed?**

- a. The online application portal will open after the State Water Board adopts the Extended Arrearage Program Guidelines. Funding will start disbursement after the 60-day application period is completed.

- b. The State Water Board may prioritize the timing of releasing disbursements to approved Applicants that serve small communities and disadvantaged communities.

**7. Where will payments be sent?**

- a. Payments will be issued by check and may be sent to either the Applicant's physical address or to the address of the authorized representative.
- b. Applicants should indicate the address where they would like payments to be mailed by including it on the Taxpayer ID Form and in the arrearage application, and the Disbursement Request Form.

**8. What requirements are there for approved applicants to allocate funds and notify customers?**

- a. Approved applicants must allocate the funds as bill credits to customers within 60 days of receiving funds.
- b. Approved applicants must notify customers in writing of the amount credited toward eligible arrearages, except that an applicant may exclude Extended Arrearage Program funds used to replace the applicant's customer assistance program funds previously provided to the customer. The acknowledgement must state that the credit is being provided through the California Extended Water and Wastewater Arrearage Payment Program through funding from the State Water Resources Control Board using federal American Rescue Plan Act funds.
- c. Approved applicants must provide a public notice to customers notifying them of the total amount of funding the applicant has received from the State Water Board for the Water Arrearages Program, Wastewater Arrearages Program, and Extended Arrearage Program, using federal American Rescue Plan Act funds.

**9. What are the reporting requirements?**

- a. Applicants that receive funds must certify that Program funds were applied as bill credits to customers. They must report the total amount credited, the number of accounts credited, the number of customers enrolled in a payment plan, the number of customers not enrolled in a payment plan, and the amount used for administration of the Program.
- b. The State Water Board will provide a template to facilitate reporting as well as a template for reporting administrative costs.
- c. The State Water Board may request supporting documentation. Applicants may be audited and should retain documentation supporting the reported amounts for seven years.
- d. Approved applicants must comply with all state and federal Single Audit requirements.

**10. What are the requirements regarding Consumer Debt Reporting and Third-Party collection?**

- a. Applicants must not furnish information about debts cleared through the Program to any consumer reporting agency. If an Applicant has previously

furnished information about debt cleared through the Program to a consumer reporting agency, then the Applicant must, within 30 days of receiving program funding, instruct the consumer reporting agency to delete all information about the debt.

- b. Applicants must not assign debt covered by the Program to a third party for collection. If Applicants receive funding for arrearages that have been assigned to a third-party debt collector, the Applicant must recall the debt.

**11. What other requirements should community water systems be aware of?**

- a. Water Service Shut Offs: At the time of application, community water systems must cease shut offs due to non-payment of bills and restore any discontinued services eligible to receive bill credits from the Extended Arrearage Program. A system may not discontinue water service before the later of the following dates: (1) the date 30-days after the customer's account was credited and the customer was notified of the opportunity to enter into a payment plan, if the customer is not already enrolled in a payment plan at the time the credits are applied; or (2) for a customer that has been offered a payment plan, or remains on a payment plan that was carried forward after the arrearage credit was provided, the date the customer misses the enrollment deadline for, or defaults on, the payment plan. A community water system may not discontinue water service to a customer that remains current on a payment plan. Community water systems, regardless of size, must comply with Health and Safety Code section 116908 et seq. regarding discontinuation of service. This prohibition does not apply to a customer whose debt accrued entirely outside of the COVID-19 pandemic relief bill period. This prohibition does apply to any customer who will receive Extended Arrearage Program funding regardless of whether the customer also has debt outside of the COVID-19 pandemic relief bill period.
- b. Payment Plans: Systems that receive funds must offer to enroll any residential and commercial customers with remaining balances after the credits have been applied in a payment plan, if the customer is not already enrolled in a payment plan at the time the credits are applied. The notice offering the payment plan must provide the customer with 30 days to enroll in the plan from the date of the notice. All other provisions of Health and Safety Code section 116900 related to payment plans apply to any plans established under this Program, regardless of the size of the community water system.

**12. What other requirements should wastewater treatment providers and wastewater billing entities be aware of?**

- a. Wastewater billing entities must show proof that the billing entity bills for services on behalf of a wastewater treatment provider.

*For support with additional questions, please contact:*

[DFA-WaterArrearages@waterboards.ca.gov](mailto:DFA-WaterArrearages@waterboards.ca.gov)