

**STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2023-0038**

ADOPTING GUIDELINES FOR THE CALIFORNIA EXTENDED WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM (EXTENDED ARREARAGE PROGRAM) AND DELEGATING AUTHORITY TO THE DEPUTY DIRECTOR OF THE DIVISION OF DRINKING WATER, THE DEPUTY DIRECTOR OF THE DIVISION OF WATER QUALITY, AND THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE TO ADMINISTER THE EXTENDED ARREARAGE PROGRAM

WHEREAS:

1. The State Water Resources Control Board (State Water Board) previously provided payments to community water systems, wastewater treatment providers, and wastewater billing entities to forgive residential and commercial customer arrearages that accrued during the COVID-19 pandemic bill relief period of March 4, 2020 through June 15, 2021.
2. The State Water Resources Control Board has approximately \$600 million available from the Budget Act of 2021 (Senate Bill 129, Stats. 2021, ch. 69, § 128) and the Budget Act of 2023 (Assembly Bill 102, Stats. 2023, ch. 38 § 116) from the Coronavirus Fiscal Recovery Fund for payment to community water systems and wastewater treatment providers, including wastewater billing entities, to forgive COVID-19 related residential and commercial customer arrearages that accrued during the COVID-19 pandemic bill relief period.
3. A budget trailer bill (Senate Bill 122, Stats. 2023, ch. 51) extended the COVID-19 pandemic bill relief period through December 31, 2022 (Extended Arrearage Program). These funds are to be distributed to all eligible applicants, or proportionally distributed if application amounts exceed the funded amount.
4. Chapter 4.7 (commencing with Section 116773) of part 12 of division 104 of the Health and Safety Code (Arrearages Statute) establishes the requirements for the Extended Arrearage Program.

5. The Guidelines were released for public comment on August 25, 2023, and staff held a public information workshop/webinar on September 21, 2023.
6. The Guidelines establish the criteria and processes the State Water Board will use to administer the Extended Arrearage Program.
7. To promote efficiency and to expeditiously execute the Extended Arrearage Program, it is desirable to delegate authority to the Deputy Director of the Division of Drinking Water, or designee, the Deputy Director of the Division of Water Quality, or designee, and the Deputy Director of the Division of Financial Assistance, or designee, to administer the Extended Arrearage Program, including, but not limited to, making eligibility determinations and enforcing requirements in accordance with the Arrearages Statute, and approving and issuing payments of Extended Arrearage Program funds.
8. The State of California is subject to federal penalties for improper use of Extended Arrearage Program funds, and the Arrearages Statute provides for remittance of funds improperly received or used by Extended Arrearage Program recipients to the State Water Board. The Department of Finance or the State Auditor may separately audit and seek recovery from Extended Arrearage Program recipients. It is desirable to delegate to designated staff the authority to refer appropriate cost recovery matters to the California Attorney General.

THEREFORE, BE IT RESOLVED THAT:

The State Water Board:

1. Adopts the California Extended Water and Wastewater Arrearage Payment Program Guidelines.
2. Authorizes the Deputy Director of the Division of Drinking Water, or designee, the Deputy Director of the Division of Water Quality, or designee, and the Deputy Director of the Division of Financial Assistance, or designee, to administer the Extended Arrearage Program, including, but not limited to, making eligibility determinations, enforcing requirements in accordance with the Arrearages Statute, and approving and issuing payments of Extended Arrearage Program funds.

3. Authorizes the Deputy Director of the Division of Financial Assistance, with the concurrence of the Chief Counsel, to initiate processes to recover Extended Arrearage Program funds in appropriate cases, including, but not limited to, referring cost recovery requests to the Attorney General.

### CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on October 3, 2023.

AYE: Chair E. Joaquin Esquivel  
Vice Chair Dorene D'Adamo  
Board Member Sean Maguire  
Board Member Laurel Firestone  
Board Member Nichole Morgan

NAY: None

ABSENT: None

ABSTAIN: None

  
\_\_\_\_\_  
Courtney Tyler  
Clerk to the Board

# ***CALIFORNIA EXTENDED WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM GUIDELINES***

*Adopted  
October 3, 2023*



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## ***INTRODUCTION***

The purpose of this document is to establish the process and criteria for the allocation and administration of the funds appropriated to the State Water Resources Control Board (State Water Board) in the Fiscal Years 2021-22 and 2023-24 Budgets for the California Extended Water and Wastewater Arrearage Payment Program (Extended Arrearage Program). The criteria include requirements associated with establishing payment plans for customers, and prohibitions on discontinuation of service for water systems participating in the Extended Arrearage Program. The Extended Arrearage Program is separate and distinct from previous arrearage programs established by the State Water Board.

The previous arrearages programs:

- California Water and Wastewater Arrearage Payment Program: Water Arrearages (Water Arrearages Program); and
- California Water and Wastewater Arrearage Payment Program: Wastewater (Wastewater Arrearages Program)

were established by guidelines adopted September 21, 2021, and amended on December 7, 2021 and January 19, 2022, which remain in effect as previously approved. The Extended Arrearage Program Guidelines neither amend, nor impact these previous standalone programs.

The funding source for the Extended Arrearage Program is the American Rescue Plan Act (ARPA) of 2021. Any federal requirements associated with the funding source may be requirements of the Extended Arrearage Program. The State Water Board will notify applicants' administrative contacts via email if any requirements change during Extended Arrearage Program implementation and correspondingly post changes to its website.

The Deputy Director of the Division of Financial Assistance (DFA), the Deputy Director of the Division of Water Quality (DWQ), and the Deputy Director of the Division of Drinking Water (DDW) may make clarifying, non-substantive amendments to these Guidelines. Future changes to these Guidelines may be necessary due to changes in law or in State Water Board policy. If substantive changes are necessary, amendments to the Guidelines will be considered by the State Water Board.

## ***DEFINITIONS***

**Applicant** – is a community water system, wastewater treatment provider, or wastewater billing entity that has applied to receive funds from the Extended Arrearage Program and in doing so is bound by these guidelines.

**Arrearage** – amount of money owed to a water system or wastewater treatment provider from nonpayment of residential and commercial accounts that accrued from completed billing periods during the COVID-19 pandemic bill relief period. Arrearage does not include late fees and interest on outstanding balances.

**Community water system** – a system described and regulated under the Safe Drinking Water Act (commencing with section 116270 of the Health and Safety Code): a public water system that serves at least 15 service connections used by permanent residents or regularly serves at least 25 permanent residents of the area served by the system. (Health & Saf. Code, § 116275, subd. (i).)

**Commercial customer** – a water system or wastewater treatment provider customer or connection that serves a commercial/institutional customer e.g., hotels, motels, restaurants, office buildings, government and military facilities, gas stations, hospitals, educational institutions, retail establishments, dormitories, nursing homes, churches, jails, prisons, mental health facilities, addiction recovery centers, farmworker housing, and campgrounds. Commercial customer does not include industrial (manufacturing, chemical, refineries, cooling towers, animal & food processing, etc.), agriculture irrigation (crops, aquaculture, etc.), or landscape irrigation (parks, golf courses, etc.).

**COVID-19 pandemic bill relief period** – the period from March 4, 2020, to December 31, 2022, inclusive, and includes any customer billing period that includes these dates.

**Customer notification** – a written notification to residential and commercial water system customers or connections of the amount of debt/arrearage bill credit provided by the Program. Notification must acknowledge the source of funds from the State. Notification language will be provided at a later date.

**Default** – either of the following:

- A customer’s failure 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;
- A customer’s failure to pay current residential service charges for 60 days or more from its due date, regardless of whether the customer is subject to an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan for delinquent charges.

**Disadvantaged Community (DAC)** – a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

[\(Wat. Code, § 79505.5.\)](#)



**Large community water system** – a community water system that serves more than 3,300 connections or a yearlong population of more than 10,000 persons.

**Modified COVID-19 pandemic bill relief period** – the period beginning with the first billing period on or after June 16, 2021, that does not contain June 15, 2021, to December 31, 2022, inclusive, and includes any customer billing period that includes these dates.

**Past-due bills** – customer water or wastewater bills that are 60 days or more past due and includes active, inactive, and closed accounts and accounts that have payment plans or payment arrangements.

**Payment plan** – a plan for deferred or reduced payment including, but not limited to minimum payments, alternate payment schedules, or amortization of unpaid balances. The payment plan should include the option for 12 or more months for repayment of outstanding balances.

**Residential customer** – water service or wastewater treatment provider customers, including groundwater well owners charged for water in managed basins, residing in single-family residences, multifamily residences, mobile homes, including, but not limited to, mobile homes in mobile home parks, or farmworker housing that receive a bill for water or wastewater service.

**Small community water system** – a community water system as defined above that serves no more than 3,300 service connections or a yearlong population of no more than 10,000 persons. (Health and Saf. Code, § 116275, subd. (z).)

**State** – the State of California.

**Wastewater billing entity** – the designated billing entity for a wastewater treatment provider.

**Wastewater treatment provider** – either of the following: (1) city, county, special district, or joint powers authority that provides wastewater collection, treatment or disposal services through a publicly owned treatment works; or (2) any privately owned facility used in the treatment or reclamation of sewage or industrial wastes, and regulated by the Public Utilities Commission pursuant to sections 216 and 230.6 of, and chapter 4 (commencing with section 701) of part 1 of division 1 of the Public Utilities Code. (Health & Saf. Code, § 116773.2, subd. (h).)

**Water shutoff** – discontinuation of water service for nonpayment.

## **SECTION A: ELIGIBILITY**

The following are eligible for funding:

- Community water systems that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period are eligible for the Extended Arrearage Program. This includes community water systems that transferred arrearage debt to a third-party such as a county under a Teeter Plan or a debt collection entity.
- Community water systems that collect eligible customer revenue through property tax rolls are also eligible if they can identify drinking water arrearages and can directly credit customers' accounts.
- Community water systems that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period and used a customer assistance program for that arrearage.
- Wastewater treatment providers that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period. This includes wastewater treatment providers that transferred arrearage debt to a third-party such as a county under a Teeter Plan or a debt collection entity.
- Wastewater treatment providers that collect eligible customer revenue through property tax rolls are also eligible if they can identify wastewater arrearages and can directly credit customers' accounts.
- Wastewater billing entities that accrued residential and commercial customer wastewater arrearages during the COVID-19 pandemic bill relief period. The wastewater billing entity must be able to identify wastewater arrearages and directly credit customers' accounts.
- Wastewater treatment provider or a wastewater billing entity that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period and used a customer assistance program for that arrearage.

## **SECTION B: EXTENDED ARREARAGE PROGRAM REQUIREMENTS**

Applicants that do not comply with the Extended Arrearage Program requirements may be subject to enforcement actions by the State Water Board and may be required to return moneys to the State Water Board.

Community water systems that participate in the Extended Arrearage Program must:

- Waive customer late fees for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;

- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
- Notify customers 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;
- Make best efforts to notify customers of the applicant's participation in the Extended Arrearage Program;
- Offer to enroll customers with remaining debt into a payment plan by direct notification to each customer, unless the customer currently is enrolled in a payment plan that can be carried forward after the arrearage credit is provided;
- Allow customers 30 days to enroll in a payment plan;
- Not discontinue water service until the customer defaults on the payment plan or misses the deadline to enroll in the payment plan;
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

Wastewater treatment providers that participate in the Program must:

- Waive customer late fees and interest for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;
- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
- Notify customers 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;
- Make best efforts to notify customers of the applicant's participation in the Extended Arrearage Program;
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

Wastewater billing entities that participate in the Program must:

- Show proof the billing entity bills for services on behalf of a wastewater treatment provider;
- Waive customer late fees and interest for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;
- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;

- Notify customers of the amount credited;
- Make best efforts to notify customers of the applicant's participation in the Extended Arrearage Program;
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

More details on Extended Arrearage Program requirements are provided below.

## **B.1 REQUIREMENT FOR ALL COMMUNITY WATER SYSTEMS PARTICIPATING IN THE EXTENDED ARREARAGE PROGRAM**

All community water systems, regardless of size, participating in the Extended Arrearage Program, must offer payment plans to customers with arrearages, pursuant to Health & Safety Code § 116773.4, unless the customer currently is enrolled in a payment plan that can be carried forward after the arrearage credit is provided. The payment plans and their associated rules must be consistent with the Water Shutoff Protection Act established under Health and Safety Code section 116900 et seq. (Health & Saf. Code, § 116773.4, subd. (d).) Associated rules include, but are not limited to, rules and practices relating to the timing and manner of notice and discontinuation of service for payment plan defaults. Community water systems that violate provisions of the Water Shutoff Protection Act may be subject to enforcement action by DDW or the Attorney General.

## ***SECTION C: PROPORTIONAL ALLOCATION OF FUNDS TO APPLICANTS***

### **C.1 PURPOSE AND OVERVIEW**

Section C of the Guidelines describes the process the State Water Board will use to establish the allocation methodology. One-time payments will be made to applicants based on the allocation methodology established in this section. Applicants receiving payments will credit customer bills in accordance with the methodology established in Section E after receiving payment from the State Water Board.

### **C.2 METHODOLOGY TO ESTABLISH ALLOCATION OF FUNDS**

The State Water Board will announce a 60-day application period for submittal of application for those eligible for the Extended Arrearage Program. After the close of the application period, all eligible applications will be totaled. If the total amount of applications is less than available funds for the program, all eligible applications will receive 100 percent of their application amount. If the total amount of applications exceeds the funds available for the program, each eligible applicant will receive a proportional percentage of their application amount. (Health & Saf. Code, § 116773.4, subd. (b)(4)).

## **SECTION D: APPLICATION REQUIREMENTS**

State Water Board staff will provide an application package to all eligible applicants and begin accepting complete applications upon noticing that the application period has begun. The applications will be accepted through an online portal that will be available on the Program webpage. Technical assistance will be available through the State Water Board staff, and outside providers to assist applicants that need help completing the application.

Applicants will need to register for a Unique Entity Identification (UEI) number at [Sam.gov](https://sam.gov) before applying if they do not already have one.

The application will consist of the following forms:

- Application/disbursement form - identifying the maximum amount of funding the applicant may apply for. The application form must be signed by the applicant's authorized representative or designee.
- Conditions of payment form – details the program requirements with which the authorized representative, on behalf of the applicant, agrees to comply.

There will be an initial 60-day application period. State Water Board staff will attempt to electronically contact all community water systems, wastewater treatment providers, and wastewater billing entities and may provide technical assistance with the application if requested and resources allow. State Water Board staff will assist applicants with completing applications upon request.

### **D.1 PROGRAM ELIGIBILITY**

Applications for the Extended Arrearage Program will be stand-alone applications.

Applicants that participated in the Water Arrearages Program or the Wastewater Arrearages Program are eligible for the Extended Arrearages Program but are only eligible for the modified COVID relief period that excludes the previous programs' original COVID relief period (March 4, 2020 through June 15, 2021). No modifications or adjustments to applications or funding amounts for the Water Arrearage Program or the Wastewater Arrearage Program are allowed.

Applicants participating in the program for the first time are eligible for the Extended Arrearage Program for the full, unmodified COVID relief period.

### **D.2 PROGRAM APPLICATIONS**

#### **D.2.1 Application Process**

Applicants must submit the application with the designated forms, signed by the authorized representative or designee, to the application portal and mail the forms to the State Water Board prior to the end of the application period announced by the State Water Board. Applicants must provide documentation from accounting or billing

systems verifying the reported arrearages as part of the application. The authorized representative, or its designee, must attest to the accuracy of the application material and the reported arrearages based on the applicant's documentation or the methodology used by the State Water Board if supporting documentation is unavailable.

## **D.2.2 Application Review Process**

State Water Board staff will verify that the reported arrearages are supported by the applicant's documentation. Staff may request additional information if the arrearages submitted with the application lack adequate supporting documentation. Technical assistance may be available for systems serving disadvantaged communities that lack supporting documentation of arrearages.

## **D.3 COMBINED BILLING SYSTEMS**

For applicants that combine water or wastewater with other utilities including but not limited to stormwater, refuse, and/or energy, only the water and wastewater-related portion of the arrearage is eligible for total or partial reimbursement. Community water systems with combined billing may not shut off water due to non-payment of the portion of the bill for other services that accrued during the COVID-19 pandemic relief bill period. This prohibition does not apply to debt accrued before or after the COVID-19 pandemic relief bill period.

For applicants that cannot determine the proportion of the arrearage related to water or wastewater service for each customer account, the applicant will use an average customer approach to estimate the proportion of the applicant's arrearage that is attributable to the water or wastewater portion of the bill for its residential and commercial customer classes. For each customer class, the applicant will first calculate the average annual bill. Next the applicant will calculate the average annual water or wastewater portion of the average annual customer bill. Then the average annual water or wastewater portion will be determined using the following formula:

*Average Annual Percentage of Water or Wastewater Charge =*

*(Average Annual Water or Wastewater Charges / Total Average Annual Bill) x 100*

The average annual percentage of water or wastewater charge will be the percentage that is applied to the applicant's customer arrearages.

The Deputy Director of DDW is authorized to resolve any disputes regarding the estimation methodology for water charges. The Deputy Director of DWQ is authorized to resolve any disputes regarding the estimation methodology for wastewater charges.

## **D.4 LATE APPLICATIONS**

The State Water Board will hold leftover funds for eligible applicants that do not

complete the application by the end of the 60-day application period until January 31, 2024. Third-party technical assistance providers will be available to assist systems. Applicants that submit late applications are not guaranteed funding.

## ***SECTION E: DISBURSEMENT PROCESS AND PRIORITY***

State Water Board staff will process disbursements as soon as complete applications are received and reviewed. Staff will prioritize the timing of disbursements to small applicants serving small communities. State Water Board staff may also prioritize the timing of disbursements to applicants serving disadvantaged communities. Staff will begin disbursing funds shortly after the close of the application period. In order to expedite payments, checks may be sent to either the applicant's physical address or the address of the Authorized Representative, if that address is on file with DFA.

Staff will contact applicants with incomplete or missing applications to assist applicants and expedite payments.

## ***SECTION F: ALLOCATION TO CUSTOMERS***

### **F.1 ALLOCATION**

Applicants may request and expend funds up to three percent (3%) of the value reported in the application for customer arrearages, or up to \$1 million, whichever is less, for administrative costs they incur in applying for assistance or complying with Extended Arrearage Program requirements. Applicant's administrative costs to apply for funds and comply with Program requirements must be documented and reported to the State Water Board. The State Water Board will provide a template for reporting administrative costs.

#### **F1.1 Debt Transferred to Third Parties**

Applicants that have transferred their arrearages that qualify for the Program to a third party are eligible and may still apply to receive funding. Applicants that no longer hold the arrearage debt may credit qualifying customer accounts by doing any of the following: (1) directly paying the third party to reduce or eliminate the debt; (2) refunding the credited amount to the customer; or (3) creating a positive balance for customers to apply toward future bills. Applicants must notify their customers of this credit and must indicate that the relief afforded by this credit should be used to pay down the debt that was transferred to the third party.

#### **F.1.2 Applicants that Utilized Customer Assistance Funds**

Applicants that utilized an existing customer assistance program to aid customers with qualifying arrearages may be eligible for the Program and receive payment for those arrearages previously covered by their customer assistance program. Eligibility will be determined after consultation with the State Water Board to determine that all Program requirements can be met.

### **F.1.3 Late Fees**

Approved applicants must waive late fees for customers with arrearages. Late fees cannot be included in the calculation of total arrearages or deducted from the amount to credit to customers' accounts. This prohibition does not apply to debt accrued before or after the COVID-19 pandemic relief bill period.

## **F.2 CUSTOMER CREDIT AND NOTIFICATION**

### **F.2.1 Notifications to Customers**

Approved applicants must make best efforts to notify customers that they have applied for arrearage assistance from the State Water Board, and that this funding may be applied to customer debt accrued during the COVID-19 pandemic relief period, or the modified COVID-19 pandemic relief period, whichever is appropriate. Best efforts include notices on internet webpages, notices on social media sites, and signage at offices or payment centers.

Applicants are encouraged to modify their accounting systems to the extent feasible, or take other reasonable steps, to assign any past due amounts paid by customers to debt outside of the eligible COVID-19 pandemic relief period so that customer may receive the maximum amount of aid from the Extended Arrearage Program. Applicants are encouraged to communicate information regarding the Extended Arrearage Program to customers who are attempting to pay past due bills or are on a payment plan to maximize the amount of aid from the Extended Arrearage Program.

Approved applicants must allocate the funds as bill credits to customers within 60 days of receiving funds. Approved applicants must notify customers in writing of the amount credited. The acknowledgement must state that the credited amount 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.

Approved applicants must provide a public notice in their customer billing inserts, newsletters, websites, or other appropriate customer communication methods of the total amount of funding the applicant has received from the State Water Resources Control Board using federal American Rescue Plan Act funds for customer assistance. The total amount stated should be the sum of all the funding the applicant received under the Water Arrearages Program, the Wastewater Arrearages Program, and the Extended Arrearages Program.



## **F.2.2 Payment Plan Requirements for Community Water Systems**

Approved community water systems 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 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.

- Policies and related notices must be in English and any other language spoken by 10% or more of the community water system's customers
- A formal mechanism for a customer to contest or appeal a bill must exist and must be shared with customers.
- The community water system must provide a telephone number to allow a customer to contact a system representative to discuss options for averting water shutoff for nonpayment.

Community water systems also must include a referral statement in the payment plan notice that additional assistance may be available through the Low Income Household Water Assistance Program administered by the Department of Community Services and Development (CSD) and other low-income assistance programs, including a contact number for appropriate Local Service Provider(s) or other program hotline to help with enrollment in those programs.

The State Water Board recommends that community water systems enter into agreements with CSD and other appropriate agencies and local service providers to share appropriate information to identify and target assistance to customers at risk of being shutoff so that eligible customers receive benefits through those and other assistance programs. The State Water Board further recommends that community water systems that offer local customer assistance programs consider entering into data sharing agreements with Investor Owned Utilities participating in the California Alternate Rates for Energy (CARE) program to support ongoing enrollment.

## **F.2.3 Shut Off Prohibition for Community Water Systems**

Beginning on the date that a community water system applies for funds from this Program, the community water system 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 community water 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; or (2) for a customer that has been offered a payment plan, 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.

#### **F.2.4 Consumer Debt Reporting and Third-Party Collection**

Applicants must agree to not furnish information regarding arrearages for which credits have been provided to customers under the Extend Arrearages Program to any consumer reporting agency, as that term is defined at 15 U.S.C. section 1681a, subdivision (f). Applicants must also agree not to assign to a third party any arrearage for which a credit has been provided to a customer under the Extended Arrearage Program for purposes of collection.

If an applicant has furnished information regarding arrearages for which credits have been provided to customers under the Extended Arrearage Program to a consumer reporting agency, as that term is defined at 15 U.S.C. section 1681a, subdivision (f), the applicant agrees to, within thirty days of receiving payment:

Instruct each such consumer reporting agency to delete all information regarding the arrearages for which credits have been provided to customers under the Extended Arrearage program; and

Cease further furnishing of information regarding the arrearages for which credits have been provided to customers under the Extended Arrearage Program to any consumer reporting agency.

If an applicant has assigned arrearages for which credits have been provided to customers under the Extended Arrearage Program for purposes of collection to a third party that is not a tax agency, the applicant agrees to recall the debt. If the third party at any time furnished information regarding the debt to one or more consumer reporting agencies, as that term is defined at 15 U.S.C. section 1681a, subdivision (f), the applicant agrees to, within thirty days of receiving payment, require the third party to:

Instruct each such consumer reporting agency to delete all information regarding the debt; and

Cease further furnishing of information regarding the debt to any consumer reporting agency.

#### **F.2.5 Tax Information**

Applicants should consult with tax professionals regarding potential tax liability and reporting requirements. The State Water Board is not authorized to provide federal or state tax advice to applicants.

The Internal Revenue Service posted fact sheets for “Frequently asked questions for states and local governments on taxability and reporting of payments from

Coronavirus State and Local Fiscal Recovery Funds.” The fact sheets provide general information to taxpayers and tax professionals related to the Coronavirus State and Local Fiscal Recovery Funds established under the American Rescue Plan Act. The fact sheets can be found at this web location:

<https://www.irs.gov/newsroom/frequently-asked-questions-for-states-and-local-governments-on-taxability-and-reporting-of-payments-from-coronavirus-state-and-local-fiscal-recovery-funds>

### **F.3 RETURN OF FUNDS NOT CREDITED TO CUSTOMERS**

Applicants must remit any funds not credited to customers in accordance with Program requirements, with the exception of authorized administrative costs, back to the State Water Board within six months of receiving payment.

## ***SECTION G: REPORTING REQUIREMENTS***

All applicants that receive funds must provide certification to the State Water Board within six-months from receipt that, except for authorized administrative costs, Extended Arrearage Program funds were applied as credits to customer bills to offset COVID-19 arrearages. Applicants must report the total amount credited, the number of accounts credited, the number of customers enrolled in a payment plan and the number of customers that did not enroll in a payment plan. Applicants must also report the amount used for administration of the Program. The State Water Board will provide a template and/or online portal for reporting, including a template for reporting administrative costs. The State Water Board may request the supporting documentation to validate the reported amounts. Applicants accepting funds may be audited and must retain documentation supporting the reported amounts for seven years following final reporting.