

Sundale Mutual Water Company
POLICY ON DISCONTINUATION OF RESIDENTIAL
WATER SERVICE FOR NON-PAYMENT

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

Office location:

7337 West Ave A, Rosamond CA 93560

Mailing Address:

PO BOX 6708, Lancaster, CA 93539

Operating Hours:

Tuesday to Friday: 10:00pm to 12:00pm

Non-Operating Hours:

Tuesday to Friday: 12:00pm to 2:00pm

CLOSED: All Monday's & Major Holidays

- I. **Application of Policy; Contact Telephone Number:** This policy shall apply only to residential water service for non-payment. 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) 256-3100

- II. **Discontinuation of Residential Water Service for Non-Payment:**
 - A. **Rendering and Payment of Bills:** Bills for water service will be rendered to each consumer on a monthly basis unless otherwise provided for in the rate schedules. Bills for service are due and payable upon presentation and become overdue and subject to discontinuation of service if not paid within sixty (60) days from the date of the bill. Payment may be made at the office or to any representative authorized to make collections. However, it is the consumer's responsibility to assure that payments are received at the specified location in a timely manner. Partial payments are not authorized unless prior approval has been received. Bills will be computed as follows:
 1. Meters will be read at regular intervals for the preparation of opening bills and closing 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, date, and days of service for the current meter reading.

3. Billings shall be paid in legal tender of the United States of America. Notwithstanding the foregoing, Sundale Mutual Water Company shall have the right to refuse any payment of such billings in coin.

B. Overdue Bills: The following rules apply to consumers 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 forty-fifth (45th) day following the invoice date, a notice of overdue payment (the "Overdue Notice") will be mailed to the water service consumer approximately at least seven (7) days prior to the possible discontinuation of service date identified in the Overdue Notice. If the consumer's address is not the address of the property to which the service is provided, the Overdue Notice must also be sent to the address of the property served, addressed to "Occupant." The Overdue Notice must contain the following:
 - A. Consumer'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. Description of the procedure to petition for review and appeal of the bill giving rise to the delinquency (see Section IV, below)
 - F. Description of the procedure by which the consumer can request a deferred, amortized, reduced or alternative payment schedule (see Section III, below).

Sundale Mutual Water Company may alternatively provide notice to the consumer of the impending discontinuation of service by telephone. If that notice is provided by telephone, Sundale Mutual Water Company shall offer to provide the consumer with a copy of

this policy and also offer to discuss with the consumer the options for alternative payments, as described in Section III, below, and the procedures for review and appeal of the consumer's bill, as described in Section IV, below.

2. Unable to Contact Consumer: If Sundale Mutual Water Company is not able to contact the consumer by written notice (e.g., a mailed notice is returned as undeliverable) or by telephone, Sundale Mutual Water 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 Sundale Mutual Water Company's schedule of fees and charges, shall be assessed and added to the outstanding balance on the consumer's account if the amount owing on that account is not paid before the Overdue Notice is generated.
4. Turn-Off Deadline: Payment for water service charges must be received in Sundale Mutual Water Company office no **later than 12:00 p.m.** on the date specified in the Overdue Notice. *Postmarks are not acceptable.*
5. Notification of Returned Check: Upon receipt of a returned check rendered as remittance for water service or other charges, Sundale Mutual Water Company will consider the account not paid. Sundale Mutual Water Company will attempt to notify the consumer in person and leave a notice of termination of water service at the premises. 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 (60th) 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 Nonpayment:
 - a. If the check tendered and accepted as payment which resulted in restoring service to an account that had been disconnected for nonpayment is returned as non-negotiable, Sundale Mutual Water Company may disconnect said water

service upon at least three (3) calendar days' written notice. The consumer's account may only be reinstated by receipt of outstanding charges in the form of cash or certified funds. Once the consumer's account has been reinstated, the account will be flagged for a one-year period indicating the fact that a non-negotiable check was issued by the consumer.

- b. If at any time during the one year period described above, the consumer's account is again disconnected for nonpayment, Sundale Mutual Water Company may require the consumer to pay cash or certified funds to have that water service restored.

C. Conditions Prohibiting Discontinuation: Sundale Mutual Water Company shall not discontinue residential water service if all of the following conditions are met:

1. Health Conditions – The consumer or tenant of the consumer submits certification of a primary care provider that discontinuation of water service would (i) be life threatening, or (ii) pose a serious threat to the health and safety of a person residing at the property;
2. Financial Inability – The consumer demonstrates he or she is financially unable to pay for water service within the water system's normal billing cycle. The consumer is deemed "financially unable to pay" if any member of the consumer'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 Women, Infants and Children; or (ii) the consumer declares and proves the household's annual income is less than 200% of the federal poverty level

Please see this link for the federal poverty levels applicable in California:

<https://www.healthforcalifornia.com/covered-california/income-limits>

3. Alternative Payment Arrangements – The consumer 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 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 consumer. In order to allow Sundale Mutual Water Company sufficient time to process any request for assistance by a consumer, the consumer is encouraged to provide Sundale Mutual Water Company with the necessary documentation demonstrating the medical issues under Subdivision (II)(C)(1), financial inability under Subdivision (II)(C)(2) and willingness to enter into any alternative payment arrangement under Subdivision (II)(C)(3) as far in advance of any proposed date for discontinuation of service as possible. Upon receipt of such documentation, the Sundale Mutual Water Company's General Manager, or his or her designee, shall review that documentation and respond to the consumer 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 consumer of the alternative payment arrangement, and terms thereof, under Section III, below, in which Sundale Mutual Water Company will allow the consumer to participate. If Sundale Mutual Water Company has requested additional information, the consumer shall provide that requested information within five (5) calendar days of receipt of Sundale Mutual Water Company's request. Within five (5) calendar days of its receipt of that additional information, Sundale Mutual Water Company shall either notify the consumer in writing that the consumer does not meet the conditions under Subdivision (II)(C), above, or notify the consumer in writing of the alternative payment arrangement, and terms thereof, under Section III, below, in which Sundale Mutual Water Company will allow the consumer to participate. Consumers who fail to meet the conditions described in Subdivision (II)(C), above, must pay the delinquent amount, including any penalties and other charges, owing to Sundale Mutual Water Company within the latter to occur of: (i) two (2) business days after the date of notification from Sundale Mutual Water Company of Sundale Mutual Water Company's determination 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 Consumers: Consumers are deemed to have a household income below 200% of the federal poverty line if: (i) any member of the customer's 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 Women, Infants and Children; or (ii) the consumer declares the household's annual income is less than 200% of the federal poverty level (see this link for the federal poverty levels applicable in California: <https://www.healthforcalifornia.com/covered-california/income-limits>). If a consumer demonstrates either of those circumstances, then the following apply:
1. Reconnection Fees: If service has been discontinued and is to be reconnected, then any reconnection fees during Sundale Mutual Water

Company's normal operating hours is \$50 (\$40 reconnect fee / \$10 Hanging Fee) and reconnection fees during non-operational is \$150 (\$140 reconnect fee / \$10 hanging fee).

2. Interest Waiver: Sundale Mutual Water Company shall not impose any interest charges on delinquent bills

F. Landlord-Tenant Scenario: The below procedures apply to individually metered detached single-family dwellings or the manager is the customer of record and is responsible for payment of the water bill.

1. Required Notice:

- a. At least 7 calendar days prior to the possible discontinuation of water service, Sundale Mutual Water Company must make a good faith effort to inform the tenants/occupants at the property by written notice that the water service will be discontinued.
- 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 then delinquent amounts.

2. Tenants/Occupants Becoming Customers:

- a. Sundale Mutual Water 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 meets the Sundale Mutual Water Company's requirements and rules.
- b. However, if (i) one or more of the tenants/occupants assumes responsibility for subsequent charges to the account to the Sundale Mutual Water Company's satisfaction, or (ii) there is a physical means to selectively discontinue service to those tenants/occupants who have not met Sundale Mutual Water Company's requirements, then Sundale Mutual Water 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 Sundale Mutual Water Company, then residence at the property and proof of prompt payment of rent for that length of time, to Sundale Mutual Water Company's satisfaction, is a satisfactory equivalent.

- d. If a tenant/occupant becomes a customer of Sundale Mutual Water Company and the tenant's/occupant's rent payments 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 Sundale Mutual Water Company during the prior payment period.

III. Alternative Payment Arrangements: For any consumer who meets the three conditions under Section II(C), above, in accordance with the process set forth in Section II(D), above, Sundale Mutual Water Company shall offer the consumer one or more of the following alternative payment arrangements, to be selected by Sundale Mutual Water 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
- (iv) temporary deferral of payment under Subdivision (D), below

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 consumer and taking into consideration the consumer's financial situation and Sundale Mutual Water Company's payment needs.

A. Amortization: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under Section II(C), above, as Sundale Mutual Water Company shall confirm, may, if Sundale Mutual Water Company has selected this alternative, enter into an amortization plan on the following terms:

1. Term: The consumer shall pay the unpaid balance, with the administrative fee and interest 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 apply an amortization term of longer than twelve (12) months to avoid undue hardship on the consumer. The unpaid balance, together with the applicable administrative fee and any interest 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 consumer's ongoing monthly bills for water service.
2. Administrative Fee; Interest: For any approved amortization plan, the consumer will be charged an administrative fee, in the amount established by Sundale Mutual Water 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, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be amortized under this Subsection A.

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

B. Alternative Payment Schedule: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under Section II(C), above, as Sundale Mutual Water Company shall confirm, may, if Sundale Mutual Water Company has selected this alternative, enter into an alternative payment schedule for the unpaid balance in accordance with the following:

1. Repayment Period: The consumer shall pay the unpaid balance, with the administrative fee and interest 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 consumer.
2. Administrative Fee; Interest: For any approved alternative payment schedule, the consumer will be charged an administrative fee, in the amount established by Sundale Mutual Water 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, interest at an annual rate not to exceed eight percent (8%) shall be applied to any amounts to be paid under this Subsection B.
3. Schedule: After consulting with the consumer and considering the consumer's financial limitations, the General Manager or his or her designee shall develop an alternative payment schedule to be agreed upon with the consumer. That 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 frequently than monthly, or may provide that payments be made less frequently than monthly, provided that in all cases, subject to Subdivision (1), above, 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 consumer.

4. Compliance with Plan: The consumer must comply with the agreed upon payment schedule and remain current as charges accrue in each subsequent billing period. The consumer 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 consumer fails to comply with the terms of the agreed upon schedule for sixty (60) calendar days or more, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, Sundale Mutual Water Company may discontinue water service to the consumer'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: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under Section II(C), above, as Sundale Mutual Water Company shall confirm, may, if Sundale Mutual Water Company has selected this alternative, receive 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, Sundale Mutual Water Company's financial condition and needs and the availability of funds to offset the reduction of the consumer's unpaid balance.
1. Repayment Period: The consumer 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.
 2. Compliance with Reduced Payment Date: The consumer 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 consumer fails to pay the reduced payment amount within sixty (60) calendar days after the Reduced Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, Sundale Mutual Water Company may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer's residence a final notice of its intent to discontinue service.

D. Temporary Deferral of Payment: Any consumer who is unable to pay for water service within the normal payment period and meets the three conditions under Section II(C), above, as Sundale Mutual Water Company shall confirm, may, if Sundale Mutual Water Company has selected this alternative, have payment of the unpaid balance temporarily deferred for a period of up to six (6) months after the payment is due. Sundale Mutual Water Company shall determine, in its discretion, how long of a deferral shall be provided to the consumer.

1. Repayment Period: The consumer 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; provided, however, that the General Manager or his or her designee, in their reasonable discretion, may establish a Deferred Payment Date beyond that twelve (12) month period to avoid undue hardship on the consumer.

2. Compliance with Reduced Payment Date: The consumer 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 consumer fails to pay the unpaid payment amount within sixty (60) calendar days after the Deferred Payment Date, or fails to pay the consumer's current service charges for sixty (60) calendar days or more, Sundale Mutual Water Company may discontinue water service to the consumer's property at least five (5) business days after posting at the consumer'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 set forth below. A consumer shall be limited to three (3) appeals in any twelve (12) month period and if that limit has been reached, Sundale Mutual Water Company is not required to consider any subsequent appeals commenced by or on behalf of that consumer.

A. Initial Appeal: Within ten (10) days of receipt of the bill for water service, the consumer has a right to initiate an appeal or review of any bill or charge. Such request must be made in writing and be delivered to Sundale Mutual Water Company's office. For so long as the consumer's appeal and any resulting investigation is pending, Sundale Mutual Water Company cannot discontinue water service to the consumer.

B. Overdue Notice Appeal: In addition to the appeal rights provided under Subsection A, above, any consumer who receives an Overdue Notice may request an appeal or review of the bill to which the Overdue Notice relates at least five business (5) days after the date of the Overdue Notice if the consumer alleges the bill is in error with respect to the quantity of water consumption set forth on that bill; provided,

however, that 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 B must be in writing and must include documentation supporting the appeal or the reason for the review. The request for an appeal or review must be delivered to Sundale Mutual Water Company's office within that five (5) business day period. For so long as the consumer's appeal and any resulting investigation is pending, Sundale Mutual Water Company cannot discontinue water service to the consumer.

- C. Appeal Hearing: Following receipt of a request for an appeal or review under Subsections A or B, above, a hearing date shall be promptly set before the General Manager. After evaluation of the evidence provided by the consumer and the information on file with Sundale Mutual Water Company concerning the water charges in question, the General Manger shall render a decision as to the accuracy of the water charges set forth on the bill and shall provide the appealing consumer with a brief written summary of the decision.
1. If water charges are determined to be incorrect, Sundale Mutual Water Company will provide a corrected invoice and payment of the revised charges will be due within ten (10) calendar days of the invoice date for revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) calendar day period; provided that Sundale Mutual Water Company shall provide the consumer 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, fees, and any and all applicable reconnection charges.
 2.
 - a. If the water charges in question are determined to be correct, the water charges are due and payable within two (2) business days after the General Manager's decision is rendered. At the time the General Manager's decision is rendered, the consumer will be advised of the right to further appeal before the Board of Directors. Any such appeal must be filed in writing within seven (7) calendar days after the General Manager's decision is rendered if the appeal or review is an initial appeal under Subdivision A above, or within three (3) calendar days if the appeal or review is an Overdue Notice appeal under Subdivision B, above. The appeal hearing will occur at the next regular meeting of the Board of Directors, unless the consumer and Sundale Mutual Water Company agree to a later date.
 - b. For an initial appeal under Subdivision A, above, if the consumer does not timely appeal to the 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) calendar days after the original billing date, then Sundale Mutual Water Company shall provide with the Overdue Notice in accordance

with Section II(B)(1), above, and may proceed in potentially discontinuing service to the consumer's property.

- c. For an Overdue Notice appeal under Subdivision B, above, if the consumer does not timely appeal to the Board of Directors, then water service to the subject property may be discontinued on written or telephonic notice to the consumer to be given at least twenty-four (24) hours after the latter to occur of:
 - (i) expiration of the original sixty (60) calendar day notice period set forth in the Overdue Notice
 - OR**
 - (ii) the expiration of the appeal period
3. When a hearing before the Board of Directors is requested, such request shall be made in writing and delivered to Sundale Mutual Water Company at its office. The consumer will be required to personally appear before the Board and present evidence 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 consumer, as well as the information on file with Sundale Mutual Water Company concerning the water charges in question, and render a decision as to the accuracy of said charges.
 - a) If the Board finds the water charges in question are incorrect, the consumer will be invoiced for the revised charges. If the revised charges remain unpaid for more than sixty (60) calendar days after the corrected invoice is provided, water service will be disconnected, on the next regular working day after expiration of that sixty (60) calendar day period; provided that Sundale Mutual Water Company shall provide the consumer 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.
 - b) If the water charges in question are determined to be correct, the water charges are due and payable within two (2) business days after the decision of the Board is rendered. In the event the charges are not paid in full within sixty (60) calendar days after the original billing date, then Sundale Mutual Water Company shall provide with the Overdue Notice in accordance with Section II(B)(1), above, and may proceed in potentially discontinuing service to the consumer's property.
 - c) Any overcharges will be reflected as a credit on the next regular bill to the consumer.
 - d) Water service to any consumer shall not be discontinued at any time during which the consumer's appeal to Sundale Mutual Water Company or its Board of Directors is pending.

e) The Board's decision is final and binding.

- V. Restoration of Service:** In order to resume or continue service that has been discontinued due to non-payment, the consumer must pay a security deposit (\$260 or 3x times the highest water bill in the last year) and a Reconnection Fee established by Sundale Mutual Water Company, set forth in Section II(E)(1), above. Sundale Mutual Water Company will endeavor to make such reconnection as soon as practicable as a convenience to the consumer. Sundale Mutual Water Company shall make the reconnection no later than the end of the next regular working day following the consumer's request and payment of any applicable Reconnection Fee.
- a. Security Deposit will be returned within 45 business of receiving the disconnection application minus any outstanding water bills, fees etc or upon receiving payment on the demand issued through escrow.