

SHIA Water Service Shutoff Policy (rev. Feb. 12, 2026) by Mark McReynolds

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Introduction

What follows is a lightly edited version of an article in the Fall 2025 CA Rural Water Association magazine: SB 3 – Service Termination Requirements Applicable to Small Water Systems, by James Ciampa, Lagerlof, LLP. All legal requirements are unaltered in content and a few policy issues were decided where there was legal latitude given to do so. Additions to the article and policy issues (both by MMc) are largely found in the sections called Reconnection Fees, Cabin Ownership Changes, and Old Debts Utility Liens or Small Claims Court in pages six and seven. This information below should be posted on the SHIA website.

In 2018, the California Legislature passed, and Governor Jerry Brown signed into law, SB 998 – the Water Shutoff Protection Act (the “Act”), found at Health and Safety Code Sections 116900 et seq. which was applicable to water systems with over 200 service connections. SHIA has about 126 service connections.

In 2023, the Legislature enacted SB 3, which expanded the 2018 Act’s coverage to water systems with between 15 and 200 service connections, starting on August 1, 2024. SB 3 also made several other changes to the Act. Those changes include:

- SB 3 now requires that alternative payment arrangements be made available for any Member regardless of whether they meet health conditions or have financial inability to pay.
- A system with fewer than 200 service connections [SHIA] must only translate the notices and policy into a language other than English that is spoken by at least 10% of the people residing within its service area and into any of the other listed languages if requested by a Member.
- Regarding enforcement, SB 3 limits actions to enforce the Act to actions brought by the California Attorney General, at the request of the State Water Resources Control Board, or upon the Attorney General’s own motion. Such an action can seek to restore to any person, any money, or real or personal property that was acquired by any method, act, or practice prohibited by the Act.

Application of the Act

The Act applies only to the shutoff of residential water service. Thus, a water supplier may have different service shutoff procedures for a commercial or non-residential service. SHIA will treat commercial water services the same as its residential services.

Water Service Shutoff for Nonpayment & Unauthorized Uses

The Act applies only to service shut off for non-payment and does not apply to shutoff for other reasons, such as unauthorized water use or for violation of a supplier’s rules and regulations. Thus, a service shutoff that is not related to payment does not need to comply with the Act’s requirements. SHIA may immediately and without notice shut off water if there is unauthorized water use or violation of our rules and regulations. Examples of the unauthorized use and violation of our rules and regulation include, but are not limited to the following: adjustment or tampering with SHIA valves, pipes and tanks without permission from SHIA; cutting shutoff locks, waste of large amounts of water by refusal to fix private plumbing or other cause; transfer or sale of water to shutoff Members; transfer or sale of waters for non-SHIA member use; transfer or sale of water for commercial use (the latter does not apply for commercial connections).

Water Service Shutoff Policy

Sending Assessment Invoices

Bylaws: “Assessment invoices will be mailed by the first day of the month following membership approval and are due and payable on the last day of the second month thereafter, the “due date”. Assessments that are not paid by the due date will be declared delinquent and are subject to late fees, penalties, and possible water shut off.”

Overdue Notice and Late Penalty Fees

Overdue Notices are sent for non-payment of annual assessments to SHIA. The annual assessment includes water services, which are not individually metered. Payment of the annual assessment is due 90 days from the date shown on the regular bill. If payment is not made by this date, the bill (assessment) becomes delinquent, a late penalty equal to 10% of the annual assessment is levied, and an Overdue Notice is generated and mailed. The Overdue Notice will show a Shut Off Date (60 days from the Overdue Notice date) by which the bill needs to be paid to avoid water service shutoff.

Service Shutoff Policy Requirements

The Act requires SHIA to have a written policy on shutoff of residential water service for non-payment, and it must be available on the water supplier’s website. SHIA’s policy includes the following components of the Act:

- (1) a plan for deferred or reduced payments
- (2) alternative payment schedules
- (3) a formal mechanism for a Member to contest or appeal a bill
- (4) a telephone number for a Member to discuss options to avoid discontinuation of service due to non-payment.

Additional required details include when an account is due which will start the 60-day clock for the termination of service, a detailed description of the supplier’s alternative payment arrangements, a formal appeals or bill review process, and the manner in which the water supplier will provide the required notices.

Notice to SHIA Member

In line with the Act, SHIA imposes a 60-day waiting period before we discontinue water service. The delinquency period starts on day 61 after the annual assessment is due. Any past due accounts as of the adoption of this policy will also be granted a 60-day waiting period and then the shutoff process will start.

In line with the Act, notice of potential water service shutoff is given to the Member named on the account at least seven (7) business days before the possible water service shutoff on Day 61. The notice can be given by telephone or in writing. SHIA will use current contact information and first email, then write (via mail), and then telephone in that order. This shutoff policy will be sent via email and via regular US mail and offered to be sent if the notice is given by telephone. In all these notifications SHIA must: (a) offer to provide the Member SHIA’s written policy on water service

shutoff; and (b) offer to discuss options to avoid water service shutoff, including alternative payment schedules, deferred payments, minimum payments, amortization, and bill review and appeal.

Notice to SHIA Member Tenant

The Act uses the same concepts as were enacted in 2009 in SB 120 with respect to terminating water service to tenants. In a situation where the property is a rental property of some sort and the owner pays the water bill, if the account becomes delinquent, before water service is shutoff, notice must be provided to the tenants at that property.

The Act requires that at least 7 days prior to the possible water service shutoff, SHIA must make every good faith effort to inform the tenants/occupants by written notice that the water service will be shutoff.

The written notice must also inform the tenants that they have the right to become people to whom the service will be billed without having to pay any of the delinquent amounts. For a tenant or occupant to take over the water service payment, each tenant/ occupant must agree to the terms and conditions for service and meet the water supplier's requirements and rules. SHIA, in following USFS regulations pertaining to recreational use only cabins not allowing tenants, and only if the owner does not pay, will allow a tenant or occupant to pay for water on a monthly basis to prevent shutoff only until the owner resumes payment. Tenant or occupant is not required to pay owner back payments and payment for water will not reduce the membership assessment of the owner. SHIA will not allow the tenant to become a SHIA member since only cabin owners are SHIA members.

However, if

- (a) one or more of the tenants/ occupants assumes responsibility for subsequent charges to the account to the water supplier's satisfaction, or
- (b) there is a physical means to selectively terminate service to those tenants/occupants who have not met the system's requirements, then the system may make service available only to those tenants/occupants who have met the requirements.

Address for Notice

If the notice is given in writing, the notice must be mailed to the Member at the residence's address, but if the Member's address is not the address of the property to which the service is provided, the notice must also be sent to the property's address, addressed to "Occupant." Since mail is not sent to cabins, SHIA will use any Mt. Baldy PO Box also. The notice must include the following:

1. Member's name and address.
2. Amount of delinquency as of a particular date.
3. Date by which payment or arrangement for payment is required to avoid water service shutoff.

4. Description of the process to apply for an extension of time to pay the amount owed.
5. Description of the procedure to petition for review and appeal of the bill which has caused the delinquency.
6. Description of the procedure by which the Member can request a deferred, amortized, reduced, or alternative payment schedule.

Prohibitions on Water Service Shutoffs

There are two scenarios that prohibit the water service from being shut off due to nonpayment.

1. If the Member appeals their water bill to SHIA or to any other administrative or legal body, SHIA cannot shutoff water service while that appeal is pending. Appeals are directed to the Board President and must be in writing. Appeals are decided by the SHIA Board and the applicant must attend the Board meeting in person or via Zoom.
2. SHIA cannot shut off residential water service if **all** three of the conditions below are met:
 - A. Health Conditions – the Member or tenant of the Member submits certification of a primary care provider that discontinuation of water service would, to any resident at the property, (i) be life threatening, or (ii) pose a serious threat to a resident’s health and safety.
 - B. Financial Inability – the Member demonstrates he or she is financially unable to pay for water service within the water system’s normal billing cycle. The Member is deemed “financially unable to pay” if any member of the Member’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.
 - (ii) the Member declares the household’s annual income is less than 200% of the federal poverty level. The Act does not require the Member to show any proof relating to that income declaration.
 - C. Alternative Payment Arrangements – the Member is willing to enter into an alternative payment arrangement consistent with the SHIA’s policies. Based on the change made by SB 3, SHIA must offer a Member one of the following alternative payment arrangements (without any conditions to qualify):
 - (i) Amortization of the unpaid balance to spread out payments over 12 months may be offered by the Board President after the Treasurer and the Bookkeeper are notified of terms.
 - (ii) Participation in an alternative payment schedule may be offered by the Board President after the Treasurer and the Bookkeeper are notified of terms.

- (iii) Partial or full reduction of the unpaid balance, without additional charges to other ratepayers, are considered by the SHIA Board and the Members physical or Zoom presence is required at that meeting.
- (iv) Temporary deferral of payment. One-time payment extensions of 30 days, with no interest, may be offered by the Board President after the Treasurer and the Bookkeeper are notified. Longer extensions are considered by the SHIA Board.

The Act states that ordinarily the payment option to be offered should result in full payment within 12 months, but SHIA may allow a longer repayment period to avoid undue hardship to the Member.

Non-payment of Alternative Payment Agreements

If the Member has entered into an alternative payment agreement and then fails to abide by that agreement or fails to keep his or her account current, SHIA may shut off water service no sooner than five (5) business days after the supplier posts a final notice of intent to discontinue service in a prominent place at the Member's property if either of the following has occurred:

- (i) the Member fails to comply with the agreed upon payment arrangement for 60 days or more; or
- (ii) while undertaking an agreed upon payment arrangement, the Member does not pay the current service charges for 60 days or more.

Interest Fees

Bylaws: "A late penalty in the amount of 10% of the annual assessment shall be imposed on the first day of the month following the due date on any member account that is not paid in full by the due date. Thereafter, a late fee in the amount of 1% of the annual assessment shall be imposed on the first day of the month until the member's account balance is paid in full or until the following year's assessment invoices are sent to members, whichever comes first. The combined total of annual assessment, late penalty, and late fees imposed on a member account in any given year shall not be more than 120% of the annual assessment for that year. Water service is subject to shut off if the assessment is not paid 6 months after the due date." Low Income Members: see exceptions below.

Reconnection Fees

This fee is assessed regardless of the duration of the water service shutoff (1 minute to 365 days +) and must be paid first, before any other water payment fees, in order to resume water service. Low Income members: see exceptions below. Once the water service has been shut off there is a (2025) \$250.00 water service reconnection fee that automatically increases by \$5.00 every calendar year.

Low Income Members – Interest Waiver, Cap of Reconnection Fees

If a Member demonstrates either A or B below:

- A. Any Member of the 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
- B. The Member declares the household's annual income is less than 200% of the federal poverty level.

# in Family	200% of Fed Pov. Level
1	\$32,000.00
2	\$43,200.00
3	\$54,600.00
4	\$66,000.00
5	\$77,400.00
6	\$88,800.00
7	\$100,000.00
8	\$111,400.00

2026 Federal Poverty Levels

Then SHIA must do both of the following:

1. Ensure reconnection fees during normal operating hours do not exceed \$50, and during non-operational hours do not exceed \$150. Those fees cannot exceed the actual cost of reconnection if that cost is less than the statutory caps. Those caps may be adjusted annually for changes in the CPI beginning January 1, 2021. ***There is no cap on reconnection fees for Members who are not low income under the tests listed above.***
2. Interest Waiver – the water system must waive interest charges on delinquent bills once every 12 months.

Cabin Ownership Changes

Pursuant to California Civil Code § 1102-1102.17, property owners must disclose material facts affecting property value when selling real estate, including known defects, hazards, and legal issues. Cabin sellers must inform cabin buyers of the requirement of SHIA membership for water service and of any previous unpaid debt. SHIA will not hold new cabin owners responsible for previous cabin owner debts.

Old Debts May Become Utility Liens or Small Claims Court Cases

Nonpayment may result in a utility lien placed on the title of the cabin as well as notification sent to the USFS and added to their file on the cabin. Title companies check the cabin title at the San

Bernardino County Recorder's Office and look for liens during property sales. When the cabin is sold any liens are paid first and utility bills often have first priority.

Small claims court is another method SHIA may use for debts that are over one year old. The cabin owner may end up paying for SHIA's court fees and any penalties assessed by the judge in addition to the delinquent bill.

Bylaws: "In any action to enforce the obligation of a member to pay assessments, the Association shall be allowed, as part of its recovery, the full amount of any collections costs, reasonable attorney fees, taxable costs, and any other costs to locate the offending party. These costs shall automatically be added to the amount of the original assessment.

Reporting

An urban and community water system must report annually on its website and to the State Water Resources Control Board the number of service discontinuations for inability to pay. The Act does not provide any details regarding the timing for that reporting. The State Water Resources Control Board must post that information on its website.

Enforcement

SB 3 limits any legal action to enforce the Act to an action brought by the California Attorney General or the California Public Utilities Commission for systems subject to the PUC's jurisdiction.