

**Introduced by Senator Haynes**

February 25, 1999

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An act to amend Sections 13580.5 and 13580.7 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 855, as introduced, Haynes. Recycled water.

(1) The Water Recycling Act of 1999 requires a retail water supplier that receives a specified request from a customer to enter into an agreement to provide recycled water, if recycled water is available, or can be made available, to the retail water supplier for sale to the customer. The act requires a retail water supplier, if a recycled water producer or wholesaler provides a customer of that supplier with a written statement that it will provide recycled water to that supplier, to submit a written offer to the customer not later than 120 days from the date on which that supplier receives the written statement from the customer. The act requires the retail water supplier, not later than 120 days from the date on which that supplier receives a copy of a specified determination by the State Water Resources Control Board, to submit a written offer to the customer.

The act requires the rate for, and conditions of, recycled water service to be established by contract between a public agency retail water supplier and the customer, if there is no rate in effect for recycled water service within the service area of that supplier and prescribes certain other requirements relating to recycled water service rates

established by a public agency retail water supplier on and after January 1, 1999.

This bill would require the retail water supplier, not later than 60 days from the date on which that supplier receives from the customer that written statement regarding the availability of recycled water from a producer or wholesaler, or a copy of that state board determination, to submit a written offer to provide recycled water service to the customer.

The bill would require a public agency retail water supplier, if a customer requests, in writing, recycled water service and that supplier determines that a recycled water wholesaler or producer, by contract or otherwise, can provide the recycled water to that supplier, to adopt, by resolution or ordinance, a rate for recycled water service not later than 60 days from the date of the customer's request, thereby imposing a state-mandated local program. The bill would require the rate for, and conditions of, recycled water service to be established by contract between the public agency retail water supplier and the customer, not later than 60 days from the date of the receipt of a written request for recycled water service, if no rate is in effect or being proposed for adoption, as prescribed, within the service area of that supplier, thereby imposing a state-mandated local program.

The bill would make those prescribed recycled water service rate requirements applicable to rates established by a public agency retail water supplier on and after January 1, 2000, instead of January 1, 1999.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.



Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 13580.5 of the Water Code is  
2 amended to read:

3 13580.5. (a) (1) Subject to subdivision (d) of Section  
4 13580.7, a retail water supplier that receives a request  
5 from a customer pursuant to subdivision (c) of Section  
6 13580 shall enter into an agreement to provide recycled  
7 water, if recycled water is available, or can be made  
8 available, to the retail water supplier for sale to the  
9 customer.

10 (2) Notwithstanding paragraph (1), in accordance  
11 with a written agreement between a recycled water  
12 producer or a recycled water wholesaler and a retail  
13 water supplier, the retail water supplier may delegate to  
14 a recycled water producer or a recycled water wholesaler  
15 its responsibility under this section to provide recycled  
16 water.

17 (3) *If a customer requests, in writing, a retail water*  
18 *supplier that is a public agency, to provide recycled water*  
19 *and the retail water supplier determines that a recycled*  
20 *water wholesaler or producer, by contract or otherwise,*  
21 *can provide recycled water to that retail water supplier,*  
22 *the retail water supplier shall adopt, by resolution or*  
23 *ordinance, a rate, not later than 60 days from the date of*  
24 *the customer's request.*

25 (b) A customer may not obtain recycled water from a  
26 recycled water producer, a recycled water wholesaler, or  
27 a retail water supplier that is not the retailer without the  
28 agreement of the retailer.

29 (c) If either a recycled water producer or a recycled  
30 water wholesaler provides a customer of a retail water  
31 supplier with a written statement that it can and will  
32 provide recycled water to the retailer, the retail water  
33 supplier shall, not later than ~~120~~ 60 days from the date on  
34 which the retail water supplier receives the written  
35 statement from the customer, by certified mail, return

1 receipt requested, submit a written offer to the customer.  
2 A determination of availability pursuant to Section 13550  
3 is not required.

4 (d) If the state board pursuant to Section 13550 makes  
5 a determination that there is available recycled water to  
6 serve a customer of a retail water supplier, the retail  
7 water supplier, not later than ~~120~~ 60 days from the date  
8 on which the retail water supplier receives a copy of that  
9 determination from the customer, by certified mail,  
10 return receipt requested, shall submit a written offer to  
11 the customer.

12 SEC. 2. Section 13580.7 of the Water Code is amended  
13 to read:

14 13580.7. (a) This section applies only to a retail water  
15 supplier that is a public agency.

16 (b) If no rate is in effect, *or if no rate is being proposed*  
17 *for adoption pursuant to paragraph (3) of subdivision (a)*  
18 *of Section 13580.5*, for recycled water service within the  
19 service area of a retail water supplier, the rate *for*, and  
20 conditions of ~~service for~~ recycled water service shall be  
21 established by contract between the retail water supplier  
22 and the customer, *not later than 60 days from the date on*  
23 *which the retail water supplier receives a written request*  
24 *for recycled water service from the customer.*

25 (c) A rate for recycled water service established by  
26 contract, ordinance, or resolution, shall reflect a  
27 reasonable relationship between the amount of the rate  
28 and the retail cost of obtaining or producing the recycled  
29 water, the cost of conveying the recycled water, and  
30 overhead expenses for providing recycled water service.  
31 Capital costs of facilities required to serve the customer  
32 shall be amortized over the economic life of the facility,  
33 or the length of time the customer agrees to purchase  
34 recycled water, whichever is less. The rate shall not  
35 exceed the estimated reasonable cost of providing the  
36 service, and any additional costs agreed to by the  
37 customer for recycled water supplemental treatment.

38 (d) The rate for recycled water shall be comparable to,  
39 or less than, the retail water supplier's rate for potable  
40 water. If recycled water service cannot be provided at a

1 rate comparable to, or less than, the rate for potable  
2 water, the retail water supplier is not required to provide  
3 the recycled water service, unless the customer agrees to  
4 pay a rate that reimburses the retail water supplier for the  
5 costs described in subdivision (c).

6 (e) The offer required by subdivisions (c) and (d) of  
7 Section 13580.5 shall identify all of the following:

8 (1) The source for the recycled water.

9 (2) The method of conveying the recycled water.

10 (3) A schedule for delivery of the recycled water.

11 (4) The terms of service.

12 (5) The rate for the recycled water, including the  
13 per-unit cost for that water.

14 (6) The costs necessary to provide service and the basis  
15 for determining those costs.

16 (f) This section does not apply to recycled water  
17 service rates established before January 1, ~~1999~~ 2000, or  
18 any amendments to those rates.

19 SEC. 3. Notwithstanding Section 17610 of the  
20 Government Code, if the Commission on State Mandates  
21 determines that this act contains costs mandated by the  
22 state, reimbursement to local agencies and school  
23 districts for those costs shall be made pursuant to Part 7  
24 (commencing with Section 17500) of Division 4 of Title  
25 2 of the Government Code. If the statewide cost of the  
26 claim for reimbursement does not exceed one million  
27 dollars (\$1,000,000), reimbursement shall be made from  
28 the State Mandates Claims Fund.