

## Senate Bill No. 855

### CHAPTER 173

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

[Approved by Governor July 23, 1999. Filed with  
Secretary of State July 26, 1999.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 855, Haynes. Recycled water.

(1) The Water Recycling Act of 1999 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 allow a customer to request, in writing, a retail water supplier to enter into an agreement or adopt recycled water rates in order to provide recycled water service to the customer. The bill would require the public agency retail water supplier, by certified mail return receipt requested, to submit a written offer to the customer not later than 120 days from the date on which the retail water supplier receives the written request from the customer. The bill would require the rate and conditions for recycled water service to be established by contract between the retail water supplier and the customer, if no rate is in effect for recycled water service within the service area of a retail water supplier, not later than 120 days from the date of the customer's request for a contract, or, by resolution or ordinance by the retail water supplier, not later than 120 days from the date of the customer's written request for an ordinance or resolution. By imposing duties on public agency retail water suppliers, the bill would impose a state-mandated local program.

(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.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

13580.5. (a) (1) Subject to subdivision (e) of Section 13580.7, a retail water supplier that receives a request from a customer pursuant to subdivision (c) of Section 13580 shall 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.

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

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

(c) If either a recycled water producer or a recycled water wholesaler provides a customer of a retail water supplier with a written statement that it can and will provide recycled water to the retailer, the retail water supplier shall, not later than 120 days from the date on which the retail water supplier receives the written statement from the customer, by certified mail, return receipt requested, submit a written offer to the customer. A determination of availability pursuant to Section 13550 is not required.

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

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

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

(b) A customer may request, in writing, a retail water supplier to enter into an agreement or adopt recycled water rates in order to provide recycled water service to the customer. The retail water supplier, by certified mail return receipt requested, shall submit a written offer to the customer not later than 120 days from the date on which the retail water supplier receives the written request from the customer.

(c) If no rate is in effect for recycled water service within the service area of a retail water supplier, the rate and conditions for recycled water service shall be established by contract between the retail water supplier and the customer, not later than 120 days from the date on which the customer requests a contract, or, by resolution or ordinance by the retail water supplier, not later than 120 days from the date on which the retail water supplier receives the customer's written request for an ordinance or resolution.

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

(e) The rate for recycled water shall be comparable to, or less than, the retail water supplier's rate for potable water. If recycled water service cannot be provided at a rate comparable to, or less than, the rate for potable water, the retail water supplier is not required to provide the recycled water service, unless the customer agrees to pay a rate that reimburses the retail water supplier for the costs described in subdivision (c).

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

- (1) The source for the recycled water.
- (2) The method of conveying the recycled water.
- (3) A schedule for delivery of the recycled water.
- (4) The terms of service.
- (5) The rate for the recycled water, including the per-unit cost for that water.
- (6) The costs necessary to provide service and the basis for determining those costs.

(g) This section does not apply to recycled water service rates established before January 1, 1999, or any amendments to those rates.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.