

AMENDED IN SENATE APRIL 20, 1998

AMENDED IN SENATE MARCH 31, 1998

SENATE BILL

No. 2166

Introduced by Senator Costa

February 20, 1998

An act to amend Sections 10009.6, 10016, 12811.1, 12811.5, and 12822.6 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 2166, as amended, Costa. Public utilities: services to tenant.

(1) Existing law provides for the furnishing of utility services, including residential electrical, gas, heat, and water services, by privately owned public utilities subject to the jurisdiction and control of the Public Utilities Commission and similar services by publicly owned public utilities, including municipal corporations subject to their governing bodies and municipal utility districts and public utility districts subject to their boards of directors. Existing law requires the decision to require a new residential applicant to deposit a sum of money, prior to establishing an account and furnishing service, to be based solely upon the creditworthiness of the applicant as determined by the entity. Existing law prohibits municipally owned utilities and municipal utility districts from requiring that service to tenants subsequent to a tenant for which there are unpaid charges or penalties be furnished on the account of the landlord or property owner unless the property owner

consents through a written agreement. Existing law exempts master-metered buildings from these and other related provisions.

This bill would prohibit municipally owned utilities and municipal utility districts from denying a new residential applicant an account in his or her name unless the entity determines that the applicant is not creditworthy. The bill would prohibit municipally owned utilities and municipal utility districts from requiring that service to subsequent tenants be furnished on the account of the landlord or property owner unless the property owner voluntarily agrees to that requirement and the entity determines that the subsequent tenant is not creditworthy. ~~The bill would, in addition to master-metered buildings, exempt dwelling units where the utility is not metered.~~

Because this bill would create new duties for municipally owned utilities and municipal utility districts, the bill would impose a state-mandated local program.

(2) Existing law provides that accounts of a municipal utility district that are delinquent become a lien on the property to which services were rendered, with the force, effect, and priority of a judgment lien, when a certificate to this effect is filed for recordation with the county recorder, but exempts from that provision delinquent fees or charges for the furnishing of water service to residential property.

This bill would also exempt delinquent fees or charges for the furnishing of sewer service to residential property.

(3) Existing law prohibits any municipal utility district, furnishing water service for residential use to a tenant under an account established by the tenant, from seeking to recover any charges or penalties for the furnishing of water service to or for the tenant's residential use from any subsequent tenant or the property owner due to nonpayment of charges by a previous tenant.

This bill would expand that provision to also apply to the furnishing of sewer service for residential use.

(4) 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 10009.6 of the Public Utilities
2 Code is amended to read:

3 10009.6. (a) A public utility may not deny a new
4 residential applicant an account in his or her name unless
5 the public utility determines that the applicant is not
6 creditworthy.

7 (b) The decision of a public utility to require a new
8 residential applicant to deposit a sum of money with the
9 public utility prior to establishing an account and
10 furnishing service shall be based solely upon the
11 creditworthiness of the applicant as determined by the
12 public utility.

13 (c) No municipal corporation owning or operating a
14 public utility furnishing services for residential use to a
15 tenant under an account established by the tenant shall
16 seek to recover any charges or penalties for the furnishing
17 of services to or for the tenant's residential use from any
18 subsequent tenant or the property owner due to
19 nonpayment of charges by a previous tenant. For this
20 purpose, the term "subsequent tenant" shall not include
21 any adult person who lived at the residence during the
22 period that the charges or penalties accrued. The
23 municipal corporation may collect a deposit from the
24 tenant service applicant prior to establishing an account
25 for the tenant. The municipal corporation may not
26 require that service to subsequent tenants be furnished
27 on the account of the landlord or property owner unless



1 the property owner voluntarily agrees to that
2 requirement and the public utility determines that the
3 subsequent tenant is not creditworthy.

4 (d) A public utility subject to this section may not
5 demand or receive security in an amount that exceeds
6 twice the estimated average periodic bill or three times
7 the estimated average monthly bill.

8 (e) In the event of tenant nonpayment of all or a
9 portion of the bill, the deposit shall be applied to the final
10 bill issued when service is terminated.

11 (f) This section shall not apply to master-metered
12 apartment buildings ~~or dwelling units where the utility is~~
13 ~~not metered.~~

14 SEC. 2. Section 10016 of the Public Utilities Code is
15 amended to read:

16 10016. (a) No municipal corporation owning or
17 operating a public utility furnishing water or sewer
18 service for residential use to a tenant under an account
19 established by the tenant shall seek to recover any
20 charges or penalties for the furnishing of water or sewage
21 service to or for the tenant's residential use from any
22 subsequent tenant or the property owner due to
23 nonpayment of charges by a previous tenant. For this
24 purpose the term "subsequent tenant" shall not include
25 any adult person who lived at the residence during the
26 period that the charges or penalties accrued. The
27 municipal corporation may collect a deposit from the
28 tenant service applicant prior to establishing an account
29 for the tenant. The municipal corporation may not
30 require that service to subsequent tenants be furnished
31 on the account of the landlord or property owner unless
32 the property owner voluntarily agrees to that
33 requirement and the public utility determines that the
34 subsequent tenant is not creditworthy.

35 (b) A public utility subject to this section may not
36 demand or receive security in an amount that exceeds
37 twice the estimated average periodic bill or three times
38 the estimated average monthly bill.



1 (c) In the event of tenant nonpayment of all or a
2 portion of the bill, the deposit shall be applied to the final
3 bill issued when service is terminated.

4 (d) This section shall not apply to master-metered
5 apartment buildings ~~or dwelling units where the utility is~~
6 ~~not metered.~~

7 SEC. 3. Section 12811.1 of the Public Utilities Code is
8 amended to read:

9 12811.1. (a) A district may, by resolution or
10 ordinance, require the owner of record of real property
11 within the district to pay the fees, tolls, rates, rentals, or
12 other charges for services rendered to a lessee, tenant, or
13 subtenant and those fees, tolls, rates, rentals, and other
14 charges that have become delinquent, together with
15 interest and penalties thereon, are a lien on the property
16 when a certificate is filed in the office of the county
17 recorder pursuant to subdivision (b) and the lien has the
18 force, effect, and priority of a judgment lien. No lien may
19 be created under this section on any publicly owned
20 property.

21 (b) A lien under this section attaches when the district
22 files for recordation in the office of the county recorder
23 a certificate specifying the amount of the delinquent fees,
24 tolls, rates, rentals, or other charges together with interest
25 and penalties thereon; the name of the owner of record
26 of the property to which services were rendered by the
27 district; and the legal description of the property. Within
28 30 days of receipt of payment of all amounts due,
29 including recordation fees paid by the district, the district
30 shall file for recordation a release of the lien.

31 (c) In filing any instrument for recordation under this
32 section, the district shall pay the fees specified in Sections
33 27361 and 27361.4 of the Government Code.

34 (d) The remedies in this section are in addition to any
35 other remedy provided by law.

36 (e) This section does not apply to delinquent fees or
37 charges for the furnishing of water or sewer service to
38 residential property or electrical service.

39 SEC. 4. Section 12811.5 of the Public Utilities Code is
40 amended to read:



1 12811.5. (a) No district furnishing water or sewer
2 service for residential use to a tenant under an account
3 established by the tenant shall seek to recover any
4 charges or penalties for the furnishing of water or sewer
5 service to or for the tenant's residential use from any
6 subsequent tenant or the property owner due to
7 nonpayment of charges by a previous tenant. For this
8 purpose the term "subsequent tenant" shall not include
9 any adult person who lived at the residence during the
10 period that the charges or penalties accrued. The district
11 may collect a deposit from the tenant service applicant
12 prior to establishing an account for the tenant. The
13 district may not require that service to subsequent
14 tenants be furnished on the account of the landlord or
15 property owner unless the property owner voluntarily
16 agrees to that requirement and the public utility
17 determines that the subsequent tenant is not
18 creditworthy.

19 (b) A public utility subject to this section may not
20 demand or receive security in an amount that exceeds
21 twice the estimated average periodic bill or three times
22 the estimated average monthly bill.

23 (c) In the event of tenant nonpayment of all or a
24 portion of the bill, the deposit shall be applied to the final
25 bill issued when service is terminated.

26 (d) This section shall not apply to master-metered
27 apartment buildings ~~or dwelling units where the utility is~~
28 ~~not metered.~~

29 SEC. 5. Section 12822.6 of the Public Utilities Code is
30 amended to read:

31 12822.6. (a) A public utility may not deny a new
32 residential applicant an account in his or her name unless
33 the public utility determines that the applicant is not
34 creditworthy.

35 (b) The decision of a district to require a new
36 residential applicant to deposit a sum of money with the
37 district prior to establishing an account and furnishing
38 service shall be based solely upon the creditworthiness of
39 the applicant as determined by the district.



1 (c) No municipal utility district owning or operating
2 a public utility furnishing services for residential use to a
3 tenant under an account established by the tenant shall
4 seek to recover any charges or penalties for the furnishing
5 of services to or for the tenant's residential use from any
6 subsequent tenant or the property owner due to
7 nonpayment of charges by a previous tenant. For this
8 purpose, the term "subsequent tenant" shall not include
9 any adult person who lived at the residence during the
10 period that the charges or penalties accrued. The district
11 may collect a deposit from the tenant service applicant
12 prior to establishing an account for the tenant. The
13 district may not require that service to subsequent
14 tenants be furnished on the account of the landlord or
15 property owner unless the property owner voluntarily
16 agrees to that requirement and the public utility
17 determines that the subsequent tenant is not
18 creditworthy.

19 (d) A district subject to this section may not demand
20 or receive security in an amount that exceeds twice the
21 estimated average periodic bill or three times the
22 estimated average monthly bill.

23 (e) In the event of tenant nonpayment of all or a
24 portion of the bill, the deposit shall be applied to the final
25 bill issued when service is terminated.

26 (f) This section shall not apply to master-metered
27 apartment buildings ~~or dwelling units where the utility is~~
28 ~~not metered.~~

29 SEC. 6. Notwithstanding Section 17610 of the
30 Government Code, if the Commission on State Mandates
31 determines that this act contains costs mandated by the
32 state, reimbursement to local agencies and school
33 districts for those costs shall be made pursuant to Part 7
34 (commencing with Section 17500) of Division 4 of Title
35 2 of the Government Code. If the statewide cost of the
36 claim for reimbursement does not exceed one million
37 dollars (\$1,000,000), reimbursement shall be made from
38 the State Mandates Claims Fund.

39 Notwithstanding Section 17580 of the Government
40 Code, unless otherwise specified, the provisions of this act



1 shall become operative on the same date that the act
2 takes effect pursuant to the California Constitution.

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