

**Senate Bill No. 2166**

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Passed the Senate August 27, 1998

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*Secretary of the Senate*

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Passed the Assembly August 17, 1998

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 1998, at \_\_\_\_ o'clock \_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

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## CHAPTER \_\_\_\_

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

## LEGISLATIVE COUNSEL'S DIGEST

SB 2166, 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.

This bill would delete the requirement that the owner's consent be in writing. The bill also would prohibit municipally owned utilities and municipal utility districts from refusing to furnish services to a tenant in the tenant's name based upon the nonpayment of charges by a previous tenant. The bill would make related technical changes.

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, and would make related technical changes.

(3) 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.

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

SECTION 1. Section 10009.6 of the Public Utilities Code is amended to read:

10009.6. (a) The decision of a public utility to require a new residential applicant to deposit a sum of money with the public utility prior to establishing an account and furnishing service shall be based solely upon the creditworthiness of the applicant as determined by the public utility.

(b) No municipal corporation owning or operating a public utility furnishing services for residential use to a tenant under an account established by the tenant shall seek to recover any charges or penalties for the furnishing of services 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. For this purpose, the term "subsequent tenant" shall not include



any adult person who lived at the residence during the period that the charges or penalties accrued. The municipal corporation may collect a deposit from the tenant service applicant prior to establishing an account for the tenant. The municipal corporation may not require 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, nor may the municipal corporation refuse to furnish services to a tenant in the tenant's name based upon the nonpayment of charges by a previous tenant.

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

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

(e) This section shall not apply to master-metered apartment buildings.

SEC. 2. Section 10016 of the Public Utilities Code is repealed.

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

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

(b) A lien under this section attaches when the district files for recordation in the office of the county recorder a certificate specifying the amount of the delinquent fees, tolls, rates, rentals, or other charges together with interest



and penalties thereon; the name of the owner of record of the property to which services were rendered by the district; and the legal description of the property. Within 30 days of receipt of payment of all amounts due, including recordation fees paid by the district, the district shall file for recordation a release of the lien.

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

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

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

SEC. 4. Section 12811.5 of the Public Utilities Code is repealed.

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

12822.6. (a) The decision of a district to require a new residential applicant to deposit a sum of money with the district prior to establishing an account and furnishing service shall be based solely upon the creditworthiness of the applicant as determined by the district.

(b) No municipal utility district owning or operating a public utility furnishing services for residential use to a tenant under an account established by the tenant shall seek to recover any charges or penalties for the furnishing of services 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. For this purpose, the term "subsequent tenant" shall not include any adult person who lived at the residence during the period that the charges or penalties accrued. The district may collect a deposit from the tenant service applicant prior to establishing an account for the tenant. The district may not require 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, nor may the district refuse to



furnish services to a tenant in the tenant's name based on the nonpayment of charges by a previous tenant.

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

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

(e) This section shall not apply to master-metered apartment buildings.

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

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.



Approved \_\_\_\_\_, 1998

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*Governor*

