
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Benjamin Allen, Chair
2025 - 2026 Regular**

Bill No: SB 1417 **Hearing Date:** 4/13/2026
Author: Pérez
Version: 3/25/2026 Amended
Urgency: No **Fiscal:** No
Consultant: Nidia Bautista

SUBJECT: Mutual water companies: assessments and water charges: notice

DIGEST: This bill includes various provisions to provide greater transparency regarding rate increases by mutual water companies.

ANALYSIS:

Existing law:

- 1) Authorizes any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes, and requires any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use, to provide in its articles or bylaws that water shall be sold, distributed, supplied, or delivered only to owners of its shares and that those shares are appurtenant to certain lands, as specified. Under existing law, these corporations are known as mutual water companies. (Corporations Code §14300)
- 2) Authorizes a mutual water company that is not a public utility to levy assessments upon its shares, except as provided. (Corporations Code §14303)
- 3) The Mutual Water Company Open Meeting Act requires a board of directors of a mutual water company that operates a public water system to allow an eligible person, as defined, to personally attend a meeting of the board, if the eligible person gave the board at least 24 hours' advance written notice of their intent to personally attend the meeting. Authorizes the board to allow an eligible person who was denied attendance at a meeting for failure to provide this notice, or because the number of eligible persons having already provided notice of attendance exceeds the room capacity of the place of the meeting, to attend the meeting by teleconference. Existing law requires the board to provide an eligible person attending a meeting by teleconference a copy of the documents to be discussed at the meeting, except as specified. (Corporations Code §14305)

- 4) Requires a mutual water company that operates a public water system to make certain records promptly available upon written request to an eligible person, as defined, upon payment of fees covering direct costs of duplication, including, among other documents, agendas and minutes of board meetings and copies of the mutual water company's annual budget and accounting report. (Corporations Code §14307)
- 5) Defines "eligible persons" for purposes of this requirement to include, among others, shareholders of the mutual water company, a person who is an occupant, pursuant to a lease or rental agreement, of commercial space or a dwelling unit to which the mutual water company sells, distributes, supplies, or delivers drinking water, and an elected official of a city or county who represents people who receive drinking water directly from the mutual water company, as specified. (Corporations Code §14305(o))

This bill:

- 1) Prohibits a mutual water company from charging, issuing a bill, or otherwise seeking to hold tenants of shareholders responsible for the costs of water or its delivery and would require all notices of charges for water to be sent to the shareholders at their last known address.
- 2) Requires a mutual water company that operates a public water system and that proposes to levy an assessment or to increase the charge for water to shareholders by more than 20% to comply with specified notice and public meeting requirements at least 30 days before it seeks to collect the assessment or increase the water charge. Requires the mutual water company to prepare a written proposal to collect an assessment or to increase a water charge, as specified, and to convene a public meeting regarding the proposal, as provided. Requires the mutual water company to send a copy of the written proposal and the notice of the public meeting to specified persons, along with other information, and to also send a copy of the written proposal and the notice of the public meeting to certain newspapers and radio stations.
- 3) Requires a mutual water company to make available to eligible persons, upon request, a copy of the current list of shareholders, including all contact information, and a copy of a written proposal to levy an assessment or to increase a water charge. Includes as an eligible person, for purposes of all of the above-described provisions, the chief administrative officer for each city, county, and government water agency in the mutual water company's service area, as specified. Prohibits a mutual water company that provides the requested records in digital form from charging for any duplication costs, as provided.

Background

Mutual water companies. Mutual water companies are private not-for-profit organizations of shareholder-owned water systems organized under Corporations Code §14300 *et seq.* and serving 1.3 million Californians in rural and pockets of urban areas. These water companies date back to the 1800's when they constructed irrigation channels and installed pumps to distribute water to shareholder-owned properties, at the time in largely rural areas. Over time, mutual water companies gave way to municipally owned water departments and investor-owned water utilities, that are regulated by the California Public Utilities Commission. However, mutual water companies are governed by their shareholders, via a board (often of volunteers). Shareholders are property owners who receive service and hold shares and liability for the integrity of the water system, including assessments to cover the costs to maintain the systems.

Comments

Eaton Fire impacts on mutual water companies. The Southern California January 2025 Eaton Fire killed 31 people and forced more than 200,000 to evacuate the area, destroyed 18,000 homes and structures, and burned nearly 60,000 acres of land. The fire also impacted water systems serving the community, including three mutual water companies in Altadena: Los Flores Water Company, Lincoln Avenue Water Company, Rubio Canyon Land and Water Association, who serve most residents and businesses in Altadena. These water companies had varying degrees of insurance to help them rebuild the infrastructure to restore service. Though the continued ability of the water system to provide service may also rest on the pace of the return of the customer base to the impacted area, as the ability to recover costs rests on providing service to customers.

Mutual water companies seek rate increases to recover from the Eaton Fire. In order to restore service, each of the mutual water companies have sought rate increases to financially recover from the Eaton Fire. The author's office contends they have done so without consistent timelines of outreach to shareholders. For instance, the advanced notification, which would include a public forum to discuss proposed charges, is not always clear. The author's office provided the following information concerning rate and assessment increases:

Las Flores Water Company:

- Applied a \$3,000 fee for standing homes, and to destroyed homes once rebuilt.¹
- The charge appeared to be presented in the October 2025 and January 2026 board meetings, which discussed plans for wildfire recovery, but no advanced notice of a prospective rate increase to advertise these meetings was provided in advance to shareholders.² Ultimately, nearly 200 shareholders demanded answers and expressed frustration and concern over these proposed charges.³
- A written notification dated March 2026 indicated that the charge was adopted by the board on their February 5th meeting to be applied on April 1, 2026.⁴

Rubio Cañon Land and Water Association:

- Proposed an 11% rate increase, and fire recovery fee of up to \$30 a month.⁵
- A March 18th notice indicated that charge will be applied May 1st with reference to rate adjustments being discussed at a February 3rd special meeting, but no advanced notification for shareholders to know that a rate increase would be discussed appeared to be found.⁶

Lincoln Avenue Water Company:

- Adopted a \$15 rate increase that took effect in March 2026 and considered imposing an additional fee.⁷
- No advanced notification to specifically highlight or discuss the rate increase appeared to be found but a letter was reportedly sent after the decision was made, and the company's website did not provide further details about any forum or agenda.⁸

¹ <https://laist.com/brief/news/climate-environment/las-flores-water-company-altadena-whats-happening-and-why>

² <https://lasfloreswaterco.com/documents/lfwc-Fire-Assessment-Letter-2026.pdf>

³ <https://www.sgvtribune.com/2026/02/13/in-the-pipeline-altadena-utility-customers-to-see-water-rate-increases-in-2026-amid-fire-recovery/>

⁴ <https://lasfloreswaterco.com/documents/lfwc-Fire-Assessment-Letter-2026.pdf>

⁵ <https://www.pasadenastarnews.com/2026/02/13/in-the-pipeline-altadena-utility-customers-to-see-water-rate-increases-in-2026-amid-fire-recovery/>

⁶ <https://www.rclwa.org/uploads/files/LatestNews/2026%20Rate%20Increase.pdf>

⁷ <https://pasadenanow.com/main/another-altadena-water-company-calls-shareholder-meeting-to-address-eaton-fire-financial-woes>

⁸ <https://www.sgvtribune.com/2026/02/13/in-the-pipeline-altadena-utility-customers-to-see-water-rate-increases-in-2026-amid-fire-recovery/>

Bill seeks greater notification and transparency concerning increasing assessments. This bill attempts to require greater notification of proposed rate and assessment increases. The author's office has shared that survivors from the fires are dealing with increased costs to rebuild their homes, and communities, including costs from the rebuilding of these systems. They share the need for more transparency as residents were surprised by the increased costs being placed on them. The author's office notes the lack of more visible and advanced notifications about rate changes being proposed. In opposition to this bill, the California Association of Mutual Water Companies (CalMutuals) states they support aspects of this bill to provide greater explanation of significant rate increases. However, they have concerns with the prescriptive nature of some of the requirements, including the disclosure of shareholder names and contact information, the identification of board members who voted for a rate increase, and prescriptive notice and meeting mandates (such as publicizing in newspapers and other media or using facilities with specific room capacity (at least 100 people). Additionally, the association also raises concerns with this bill's language that prohibits the companies from charging tenants for water service. They note that in some cases, tenants and property owners have mutually agreed on billing arrangements. Given the need to help the community rebuild, it seems an amendment to allow for water service collection from tenants who agreed to arrangements could help restore service more quickly, while protecting customers who are not the customer of record. *The author and committee may wish to amend this bill to incorporate the exemption from the prohibition where a tenant and shareholder have mutually agreed to billing arrangements to assume responsibility as direct customers, where authorized by law.*

Prior/Related Legislation

SB 1291 (Gonzalez) of 2026, requires specified actions of mutual water companies and their boards, including providing teleconferencing for certain companies, and adopt an annual budget, among other requirements. The bill is pending in the Senate Banking and Financial Institutions Committee.

AB 240 (Rendon, Chapter 633, Statutes of 2013) required mutual water companies to comply with open meeting, public record, audit, and budget requirements and allows them to impose liens to collect unpaid charges.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:

None received

OPPOSITION:

California Association of Mutual Water Companies

ARGUMENTS IN SUPPORT: According to the author's office:

In a joint meeting facilitated by the Altadena Coalition of Neighborhood Associations, the companies fielded questions about these water rate increases among other charges facing fire survivors. Some residents have still received water service charges from the time of the Eaton Fire although their property was destroyed. This dynamic underscores the need for state law to ensure consistent requirements for how mutual water companies provide advanced notification and a meeting for shareholders specifically if they are proposing a rate increase to ensure appropriate shareholder notice and feedback prior to adoption.

ARGUMENTS IN OPPOSITION: According to Cal Mutuals, "...SB 1417 as drafted includes requirements that do not appear reasonably related to achieving the bill's intended purpose. The bill raises several significant policy and legal concerns." They express concerns with the prohibition on tenant billing, requiring board vote identification, prescriptive requirements in the bill, and disclosure of shareholder information.

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