SENATE THIRD READING
SB 1417 (Pérez)
As Amended August 18, 2026
Majority vote

SUMMARY

Establishes additional transparency, public notice, and meeting requirements, *including specified notice and collection timelines,* for mutual water companies (MWCs) proposing to levy an assessment or increase water charges by more than 20%.

Major Provisions

1) *Removes* the requirement that MWCs comply with the notice and public meeting requirements *at least 30 days* before collecting an assessment or increased water charge.

2) *Requires* the written proposal to be prepared *at least 45 days before the public meeting to adopt the proposal.*

3) *Requires* the written proposal and notice to be provided and posted at least *45 days before the public meeting to adopt the proposal.*

4) *Prohibits collection of an assessment or increased water charge earlier than 30 days after the public meeting in which the proposed assessment is adopted.*

5) *Makes non-substantive and conforming changes for clarity purposes.*

COMMENTS

*MWC***s** are private corporations organized as either nonprofit mutual benefit corporations or general corporations that provide water service exclusively to their shareholders. In companies that supply domestic water, shares are generally tied to a specific property, and ownership of that property includes the right to receive water service. More than 1,000 MWCs serve an estimated 1.3 million Californians across rural, suburban, and urban communities.

Unlike investor-owned utilities, MWCs are governed by boards of directors elected by shareholders, who fund the operation, maintenance, and improvement of the water system through water charges and assessments. While some MWCs are managed by shareholder-volunteers, others employ full-time staff. Smaller companies often face challenges related to aging infrastructure and limited access to capital for system improvements.

Although generally exempt from the California Public Utilities Commission (CPUC) regulation, MWCs remain subject to state and federal oversight. Companies with 200 or more service connections are regulated by the State Water Resources Control Board's Division of Drinking Water, while smaller systems are typically overseen by county health departments. MWCs are further subject to the federal Safe Drinking Water Act.

*Need for this Bill***.** Unlike public water agencies, MWCs are not subject to Proposition 218's notice and public participation requirements for certain rate increases. While current law requires specified open meeting, recordkeeping, and budget practices, it does not establish uniform notice or public meeting requirements before significant assessments or water charge increases are considered. According to the author, during the Eaton Fire recovery, shareholders did not always receive advance notice of when proposed assessments and water charge increases would be discussed or adopted.

Therefore, SB 1417 builds upon the existing governance and meeting requirements applicable to MWCs. Specifically, the bill establishes additional transparency, notice, and public meeting requirements for MWCs that propose to levy an assessment or increase water charges by more than 20%.

As part of these requirements, MWCs must *prepare a written proposal and provide notice at least 45 days before the public meeting. The proposal and notice must also be posted on company websites or social media platforms, as applicable, at least 45 days before the meeting. Following the meeting, an MWC may not begin collecting an assessment or increased water charge for at least 30 days.*

In addition, the bill requires individual board member votes to be recorded in the meeting minutes, expands the categories of persons eligible to receive certain notices and request company records, and prohibits MWCs from billing most tenants directly for water service.

According to the Author
According to the author, "California is served by public and private water service providers, including mutual water companies that operate as small, private nonprofit corporations. Unlike public water providers, mutual water companies are not automatically subject to standard transparency requirements. Prior legislation extended Brown Act-style transparency requirements to these entities (Chapter 633, Statutes of 2013). Public agencies are also subject to Proposition 218, which. requires advanced customer notification and engagement when rate changes are proposed. However, these requirements do not apply to mutual water companies, meaning their shareholders are not guaranteed advance notice or a forum to speak before a mutual water company's board raises water service prices. This impact of a lack of advanced notice and transparency for mutual water company shareholders is highlighted in Altadena, were the three mutual water companies have sought rate increases following Eaton Fire without abiding by standard advanced outreach and public forum standards. SB 1417 addresses this gap by setting the necessary advanced shareholder notification and public meeting requirements before a rate increase exceeding 20% is applied by a mutual water company."

Arguments in Support
Supporters, including the County of Los Angeles, environmental justice, public health, and community organizations, state that the bill would strengthen transparency by improving notice requirements for significant assessments and water charge increases, expanding access to company records, and providing communities with more information about decisions affecting their water service. They further contend that the need for improved notice became especially apparent following the Eaton Fire, when some displaced residents reportedly did not receive notice of proposed assessments and water charge increases.

Arguments in Opposition
None on file.

FISCAL COMMENTS

Unknown. This bill is keyed non-fiscal by the Legislative Counsel.

VOTES

SENATE FLOOR: 30-9-1
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Ochoa Bogh, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Niello

ASM UTILITIES AND ENERGY: 14-0-4
YES: Petrie-Norris, Boerner, Calderon, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta
ABS, ABST OR NV: Patterson, Chen, Wallis, Zbur

UPDATED

VERSION: August 18, 2026

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