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**AB-428 Joint powers agreements: water corporations.** (2025-2026)

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**Assembly Bill No. 428**

**CHAPTER 151**

An act to amend Sections 990.8 and 6525 of the Government Code, relating to water corporations.

[ Approved by Governor October 01, 2025. Filed with Secretary of State October 01, 2025. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 428, Blanca Rubio. Joint powers agreements: water corporations.

Existing law, the Joint Exercise of Powers Act, authorizes 2 or more public agencies, if authorized by their governing bodies, by agreement to jointly exercise any power common to the contracting parties. Existing law authorizes 2 or more local public entities, or a mutual water company, as defined, and a public agency, to provide insurance, as specified, by a joint powers agreement. Existing law authorizes a mutual water company and a public agency to enter into a joint powers agreement for the purposes of risk pooling, as specified.

Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including water corporations.

This bill would authorize a water corporation, as defined, a mutual water company, and one or more public agencies to provide insurance, as specified, by a joint powers agreement. The bill would also authorize a water corporation, a mutual water company, and one or more public agencies to enter into a joint powers agreement for the purposes of risk pooling, as specified. The bill would prohibit the Public Utilities Commission from allowing a water corporation to join a joint powers agency for insurance coverage if there are no greater benefits to the customers of the water corporation than are provided by the water corporation's current insurance policy. The bill would require the joint powers agency to be 100% reinsured with no joint and several liability, no assessments, and no financial liability attributable to the participating members, as provided. If a water corporation enters into a joint powers agreement for the purposes of risk pooling, the bill would require the water corporation to submit an annual information filing to the Public Utilities Commission and the joint powers agency, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 990.8 of the Government Code is amended to read:

**990.8.** (a) (1) Any of the following may provide insurance authorized by this part or for any other purpose by any one or more of the methods specified in Section 990.4 by a joint powers agreement made pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7:

(A) Two or more local public entities.

(B) A mutual water company and a public agency, as authorized under subdivision (b) of Section 6525.

(C) A water corporation, a mutual water company, and one or more public agencies, as authorized under subdivision (b) of Section 6525.

(2) If two or more hospital districts have joined together to pool their self-insurance claims or losses, any nonprofit corporation created pursuant to subdivision (p) of Section 32121 of the Health and Safety Code, and affiliated with a hospital district that is a party to the pool may participate in the pool.

(b) Two or more local public entities having the same governing board, a mutual water company and a public agency, or a water corporation, a mutual water company, and one or more public agencies, as authorized under subdivision (b) of Section 6525, may be coinsured under a master policy and the total premium may be prorated among those entities.

(c) The pooling of self-insured claims or losses among entities as authorized in subdivision (a) of Section 990.4 shall not be considered insurance nor be subject to regulation under the Insurance Code.

(d) Any liability or loss under a joint powers agreement for the pooling of self-insured claims or losses authorized by this part and provided pursuant to this section may, notwithstanding Section 620 of the Insurance Code or any other provision of law, be reinsured to the same extent and the same manner as insurance provided by an insurer.

(e) If a joint powers agreement authorized by this part or authorized pursuant to Section 6516 provides for the pooling of self-insured claims or losses among entities, if any peril insured or covered under contract has existed, and the joint powers authority or other parties to the pool have been liable for any period, however short, the agreement may provide that the party insured or covered under contract is not entitled to the return of premiums, contributions, payments, or advances so far as that particular risk is concerned.

(f) For purposes of this section:

(1) "Mutual water company" has the same meaning as defined in Section 14300 of the Corporations Code.

(2) "Water corporation" has the same meaning as defined in Section 241 of the Public Utilities Code.

**SEC. 2.** Section 6525 of the Government Code is amended to read:

**6525.** (a) Notwithstanding any other provision of this chapter, a mutual water company may enter into a joint powers agreement with any public agency for the purpose of jointly exercising any power common to the contracting parties.

(b) (1) Notwithstanding any other provisions of this chapter, a mutual water company and a public agency, or a water corporation, a mutual water company, and one or more public agencies, may enter into a joint powers agreement for the purpose of risk pooling in accordance with Section 990.8, provided that the agreement shall ensure that no participating public agency becomes responsible for the underlying debts or liabilities of the joint powers agency, and shall indemnify any participating public agency against those debts and liabilities.

(2) A joint powers agency established pursuant to this subdivision shall solely utilize any revenues it generates through the insurance provided to its members under this section for its necessary operating expenses, and to provide technical support, continuing education, safety engineering, and operational and managerial advisory assistance to its members for the purpose of reducing risk liabilities and furthering the technical managerial and financial capacity of those members.

(3) (A) A water corporation shall not enter into a joint powers agreement for the purpose of risk pooling in accordance with Section 990.8, unless a mutual water company is already a party to that agreement and the joint powers agency is eligible, pursuant to subparagraph (B).

(B) An eligible joint powers agency shall be 100 percent reinsured with no joint and several liability, no assessments, and no financial liability attributable to the participating members irrespective of whether they are public, nonprofit, or for-profit agencies.

(4) A joint powers agency created pursuant to this subdivision that includes a water corporation shall not join any other joint powers agencies or public agencies or exercise any powers, except as described in this subdivision.

(5) (A) Before a water corporation can enter into a joint powers agreement pursuant to this subdivision, the water corporation shall submit an information filing to the Public Utilities Commission that includes three years of historical insurance costs and current-year estimated insurance costs.

(B) The Public Utilities Commission shall not allow a water corporation to join a joint powers agency for insurance coverage if there are no greater benefits to the customers of the water corporation than are provided by the water corporation's

current insurance policy.

(6) If a water corporation enters into a joint powers agreement pursuant to this subdivision, the water corporation shall ensure any cost savings or expansion of insurance coverage attributable to its membership in the joint powers agency shall be used solely to reduce rates, improve service, or both, for California customers of the water corporation.

(7) If a water corporation enters into a joint powers agreement pursuant to this subdivision, the water corporation shall submit an annual information filing to the Public Utilities Commission and the joint powers agency that reports both of the following:

(A) The estimated level of savings resulting from its membership in the joint powers agency, including three years of historical insurance costs, estimated current-year insurance costs resulting from membership in the joint powers agency, and estimated current-year costs for obtaining comparable coverage on the private insurance market, if available.

(B) How the savings described in subparagraph (A) was used to benefit customers of the water corporation.

(c) For purposes of this section:

(1) "Mutual water company" has the same meaning as defined in Section 14300 of the Corporations Code.

(2) "Water corporation" has the same meaning as defined in Section 241 of the Public Utilities Code.