

February 1, 2019

Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Delivered by Electronic Mail to: commentletters@waterboard.ca.gov

Subject: California Water Association Comment Letter – Options for Implementation of a Statewide Low-Income Water Rate[payer] Assistance Program

Dear Ms. Townsend:

California Water Association (“CWA”) is pleased to provide these comments on the draft report, *Options for Implementation of a Statewide Low-Income Water Rate Assistance Program* (the “Draft Report”), released for public comment on January 3, 2019 by the State Water Resources Control Board (“Board”).

INTRODUCTION

CWA is the statewide association representing the interests of investor-owned public water suppliers subject to the jurisdiction of the California Public Utilities Commission (“CPUC”). CWA’s member water utilities serve safe, reliable, high-quality drinking water to approximately 6 million Californians. CWA offers these comments on the options for the design, funding, and administration of a statewide low-income water service assistance program, drawing from the experience of the CPUC’s Class A (10,000+ connections) regulated water utilities, which have had low-income ratepayer assistance (generally referred to as “LIRA”) programs in their service areas for many years.

COMMENTS

Implementing a statewide LIRA program for water has considerable challenges, given the patchwork nature of water service delivery and regulation in California. The Draft Report works through these issues while maintaining some optionality with respect to possible program components. CWA appreciates the opportunity to provide these comments at this intermediate stage of program development.

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I. Design

A. Program Scenarios: Split-Program or Statewide?

The Draft Report indicates that the Board evaluated more than 70 program scenarios before arriving at its recommended scenario of a single statewide LIRA program. Other approaches included a “Split-Program” alternative that would retain the CPUC-approved LIRA programs while another program applied statewide. Although CWA’s members have been skeptical about abandoning their own LIRA programs – out of concern that their customers might receive lesser benefits or be unhappy by a change in how benefits are delivered – this “Split-Program” scenario presents numerous grounds for concern, including the potential for duplicative and inequitable burdens on the customers of CPUC-regulated water utilities not eligible for LIRA benefits.

As compared with multiple LIRA programs, a single statewide approach presents better opportunities to reach more low-income households, to spread the costs of providing the assistance more fairly (*i.e.*, beyond non-participating water ratepayers), and to achieve economies of scale in program administration. Therefore, if a statewide program is adopted and implemented, it should entirely replace current customer-funded LIRA programs authorized by the CPUC. Provided that the concerns of CWA’s members can be addressed in program design and customer messaging, CWA’s members would support a sunset of the CPUC-approved programs upon implementation of a single statewide LIRA program.

B. Benefit Calculation

The Draft Report recommends that a statewide LIRA program provide a monthly benefit to eligible households calculated as a percentage of a fixed consumption level of 12 CCF¹ per month. CWA agrees that the alternative – calculating a percentage discount using each low-income household’s actual bills – is problematic in various respects, including that it is not feasible to determine the actual water use of households that are not individually metered and therefore not customers of the water utility.² CWA supports the fixed consumption level approach proposed for the tiers with respect to eligibility, as set forth in the Draft Report. CWA agrees that further examination of a tiered design to provide larger benefits to households in high-cost areas is warranted, with the caveats that tier breaks should be compatible with the fixed consumption level adopted and that administration of a tiered system should not be overly burdensome to implement.

¹ Centum cubic feet.

² Draft Report, at 17-20.

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II. Funding

After considering a range of options for financing a statewide LIRA program, the Draft Report recommends that a “progressive” personal income tax, combined with a bottled water sales tax, be used to generate program revenues. In arriving at this recommendation, the Draft Report expressly rejects levying surcharges on the water bills of non-low income customers of water service providers to fund the program. CWA agrees with the Board that a ratepayer subsidy model would not translate well to a statewide assistance program and favors identifying a funding source apart from utility customer bills to support the proposed LIRA program.

Regardless of the exact manner selected to finance a statewide LIRA program, the customers of CPUC-regulated water utilities must not be required to pay twice to support LIRA program benefits – once through a CPUC-approved bill surcharge, and again through a tax or other statewide source. The Board’s final report to the Legislature should emphasize that the customers of the CPUC-regulated Class A water utilities already pay a surcharge to support their low-income neighbors. The final report also should make it clear that any future legislative proposal to create a statewide LIRA program funded from taxpayer revenue must include direction to the CPUC to discontinue what would then amount to duplicative LIRA program funding.

III. Administration

A. Benefit Distribution

CWA supports a utility-related benefit being delivered on a utility bill so that costs and benefits remain transparent to consumers. That said, CWA acknowledges that delivering a low-income water service credit via a water bill is unworkable, given that the Board seeks to provide benefits to water users in low-income households in multi-unit or multi-family dwellings that are not water utility customers. Therefore, CWA supports distributing the benefit through an eligible household’s electric or gas bill, so long as any concerns regarding the complexity and cost of implementing this method can be resolved. While other options, such as the CalFresh approach, may be feasible, CWA is not in favor of further attenuating the connection between the LIRA assistance and utility services. It is more intuitive that a benefit related to utility service would appear on a utility bill, rather than via a food assistance program – through early and consistent communications with eligible households should still be a hallmark of any statewide LIRA program.

CWA further recommends that, for effective administration of a statewide LIRA program, benefits be delivered in a single, consistent manner, rather than by multiple methods.

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B. Administrative Entity

Consistent with CWA's recommendation that a water LIRA benefit be delivered via a credit on an electric or gas bill, CWA suggests that the Board's final report to the Legislature recommend that the Board and CPUC work with the state's electric and gas utilities to implement a statewide LIRA program benefit, with the caveats expressed above. To accommodate the energy utilities not regulated by the CPUC (where the need for their participation is necessary to reach low-income water users statewide and help overcome the master-meter challenge), the final report should recommend a process for those utilities to be included as administrative entities with full reimbursement for their costs.

IV. Correction to the Draft Report

On pages 19-20 of the Appendices (Appendix C), the Draft Report describes how certain of the CPUC-regulated Class A water utilities' LIRA programs are funded. Contrary to the information provided in Draft Appendix C, the CPUC-approved assistance programs for Great Oaks Water Company (the Low-Income Customer Assistance Program) and San Gabriel Valley Water Company (California Alternative Rates for Water Program) are funded through CPUC-authorized surcharges. CWA requests that the Board correct these details in the final report submitted to the Legislature.

CONCLUSION

Thank you for the opportunity to provide these comments in advance of the Board's submission of its final report to the Legislature. If you have any questions, please feel free to contact me at jhawks@calwaterassn.com or (415) 561-9650.

Sincerely,



Jack Hawks
Executive Director

cc: The Honorable Felicia Marcus, Chair, State Water Resources Control Board
Honorable Members, State Water Resources Control Board
Ms. Eileen Sobek, Executive Director, State Water Resources Control Board
Mr. Eric Oppenheimer, Chief Deputy Director, State Water Resources Control Board
Mr. Max Gomberg, Water Conservation and Climate Change Manager, SWRCB
The Honorable Michael Picker, President, California Public Utilities Commission
The Honorable Martha Guzman Aceves, Commissioner, California Public Utilities Commission
Mr. Rami S. Kahlon, Director, Water Division, California Public Utilities Commission