



**Environmental Utilities
Administration**
2005 Hilltop Circle
Roseville, California 95747

December 6, 2016

Ms. Kathy Frevert
State Water Resources Control Board
Via email: Kathy.Frevert@waterboards.ca.gov

Re: Comments on Low-Income Rate Assistance

The City of Roseville appreciates the opportunity to provide comments on the state's development of a low-income water rates assistance plan as mandated under Assembly Bill 401 (Chapter 662, Statutes of 2015) requiring the State Water Resources Control Board to develop recommendations to the State Legislature on alternatives to fund and implement low-income water rates assistance programs.

Roseville owns and operates its own water utility that serves over 130,000 people and thousands of businesses. We recognize that although our water utility rates are affordable to most, some rate assistance to customers under financial hardship could make a real difference in their financial security.

However, with current legal limits brought by Proposition 218 and subsequent legal interpretations, offering a low-income water rate assistance program is not legally permissible. Roseville's comments reflect that reality and hence we offer an option that may be workable as elaborated below in Attachment 1.

Thank you again for providing this opportunity to comment, if you have additional questions, please feel free to contact Terri Shirhall at (916) 774-5536.

Sincerely,

A handwritten signature in blue ink that reads "Richard D. Plecker".

Richard D. Plecker, P.E.
Environmental Utilities Director

cc: Assemblymember Kevin Kiley
Senator Jim Nielsen
John Woodling, Executive Director, Regional Water Authority

Attachment 1

- **Nature of the assistance that could be offered by the program**

- **What is a reasonable amount of assistance to low-income households?**

Typical rate discounts are in the range of 15% to 25%. Consideration should be given to the fact that rates and rate structures vary widely across the state.

- **What form should this assistance take (rebate, bill cost reduction, tax credit, other)?**

Roseville recommends a tax credit through the State of California. We do not recommend programs that are locally funded, implemented or managed. A utility bill credit would require local implementation and would allow the customer to see immediate benefits; however, Roseville is not clear on the legality of that option short of changes to the State's Constitution to modify Proposition 218.

- **Program eligibility**

- **How should a household's eligibility be determined?** Cost of rates relative to annual household income should be the basis for eligibility. See American Water Works Association Benchmarking for Residential Cost of Water or Sewer Service (2011).

- **What other entities besides households should qualify for assistance? (Schools? Day care centers? Health care centers?)** Consider retrofits/water efficiency improvements of these institutions before resorting to rate subsidies.

- **What changes should increase or decrease the level of assistance?** Changes in utility rates, customer's income level.

- **What percentage of income spent on water should trigger eligibility?** American Water Works Association 2011 Benchmarking survey identifies target affordability as less than 2.5% of the household income according to U.S. EPA guidelines.

$$\text{Water Service Affordability (\%)} = \frac{100\% \times (\text{Average Annual Residential Water Bill})}{(\text{Real Median household income})}$$

- **Should enrollment in other programs serve as a basis for which to make an individual eligible? If so, which programs could serve this role: electric utility lifeline programs, telephone lifeline programs, Medicaid, other forms of government aid, other programs?** Electric utility lifeline programs. Not sure about other programs.

Attachment 1

- **Program funding resources**

- **How much revenue is needed for the program?** This is to be determined based on the proposed structure of the program.
- **How should the revenue be generated; what revenue sources are appropriate?** Existing State fines and penalty revenue should be repurposed to fund the tax credits. Roseville strongly opposes any approach that would impose a state water public good charge on local utility bills.
- **How should the revenue be collected?** Existing fines and penalties collected by the State.
- **How should the assistance be distributed?** Via a state tax credit.
- **How should the revenue be allocated across customer classes within systems?** Customer classes will probably be limited to residential and multi-family. Tax credit approach would allow for allocation of funds to be based on individual household reporting.

- **Technical administration of the program**

- **Should the program be administered at the local or state level?** State level via a tax credit framework.
- **If at the local level, should it be administered by the water system or by local government?** Water system (local government, if municipally owned).
- **If at the local level, should the State Water Board be involved in administration?** No, we would prefer to implement the program with the appropriate tools and resources from the State, if requested.
- **What measures should be in place to ensure proper program oversight?** Incorporate measures to ensure transparency, and regular audits.
- **How should program performance be evaluated?** Establish key performance indicators and tracking mechanisms at outset. For transparency and to maintain efficiency, implement routine tracking and reporting of key performance indicators.