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**RE: Comment Letter – Options for Implementation of a Statewide Low Income Water Rate Assistance Program**

The Georgetown Divide Public Utility District (GDPUD) is submitting this letter with comments in response to the Notice of Opportunity for Public Comment on the Low-Income Water Rate Assistance Draft Report that was issued by the State Water Board on January 3, 2019. GDPUD previously submitted a comment letter on this program to the State Water Board on July 24, 2017. That letter is attached and GDPUD requests that those comments also be considered.

GDPUD believes that low income water rate assistance programs are best left to local agencies to fund and administer. Local agencies are best suited to assist their customers in the most cost-effective method possible. Statewide efforts towards water affordability should instead focus on providing State and Federal funding for replacing, rehabilitating, and upgrading water infrastructure.

GDPUD has the following specific comments on the Draft Report provided by the State Board:

1. The costs shown in Figure 1 on Page 4 is misleading. Most water agencies have a fixed monthly charge in addition to the usage charge. The cost comparison should indicate a time period as well as a usage amount. Also, the usage amount should correlate to the average monthly usage. Lastly, Note 3 references 12 CCF, but Figure 1 references 15 CCF; why are they different?
2. Page 5. The solution described to “impose outsized cost burdens on higher-income households served by the systems” is illegal and not allowed under the current restrictions of State law and Proposition 218. Charging higher rates for some customers to subsidize lower rates for other customers is illegal.
3. Page 5. The description in Footnote 5 is not accurate as it relates to water service. Proposition 218 also requires that property related assessments such as water service be proportional to the benefit received. That is the main challenge for water

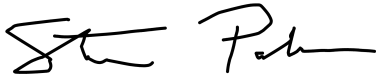
service providers, charging higher rates for some customers to subsidize lower rates for other customers is illegal.

4. Page 6. The statement that “developing a comprehensive low-income rate assistance program at the system level is not practical” is not accurate. The State could modify State law to allow water providers to subsidize low income rate assistance programs.
5. Page 6. Suggest that to avoid concerns about the program subsidizing high water usage and discouraging water efficiency, the discount should only apply to the fixed charges on the water bill and not the water usage charges.
6. Page 12. In the first paragraph, the report describes how federal funding for infrastructure has decreased significantly. The need to replace aging infrastructure soon is the reason for the recent significant increase in the average cost of water. To help address this need to replace aging infrastructure and keep water rates low, the State should dedicate funding towards funding local water agency infrastructure replacement and rehabilitation.
7. Page 14. Second paragraph and Figure 6 illustrate the reduction in federal government spending on water utility infrastructure. The need to replace aging infrastructure soon is the reason for the recent significant increase in the average cost of water. To help address this need to replace aging infrastructure and keep water rates low, the State should dedicate funding towards funding local water agency infrastructure replacement and rehabilitation.
8. Page 15. Explain why many low-income households do not pay for water directly. This statement is made several pages before the data is presented to justify the statement.
9. Page 15. The statement that existing rate assistance program funding is “insufficient to provide benefits to all eligible households in their jurisdiction” is not accurate. GDPUD’s low income rate assistance program has nearly twice as much dedicate funding as needed. The issue is not a lack of funding.
10. Page 15. Table 2. Explain how this table illustrates that these low income rate assistance funding amounts are insufficient.
11. Page 15. Last paragraph. One solution to the legal problem with subsidizing water rates for low income customers is to change State law (Proposition 218) to allow local agencies to implement a low income rate assistance program in this manner.
12. Page 18. To avoid concerns about the program subsidizing high water usage and discouraging water efficiency, the discount should only apply to the fixed charges on the water bill and not the water usage charges.

13. Page 20. Last paragraph. With increasing State regulation forcing conservation, subsidizing any amount of water usage does not make sense. The discount should only apply to the fixed charges on the water bill and not the water usage charges.
14. Page 24. Explain why water rate low income benefits would be delivered via an electric or gas bill.
15. Page 25. Is the State going to rely entirely on the community water systems to verify eligibility, or will the State provide additional oversight, approval, or auditing of eligibility decisions?

GDPUD appreciates this opportunity to provide comment on the Draft Report and looks forward to collaborating with the State Water Board and other stakeholders as the process moves forward and a report is prepared for the legislature.

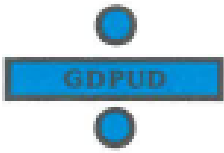
Sincerely,

A handwritten signature in black ink, appearing to read "S. Palmer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven Palmer, PE  
General Manager

Attached: Comment Letter dated July 24, 2017

Cc: Board of Directors



Mary Yang  
State Water Resources Control Board  
P.O. Box 100  
Sacramento, CA 95812-0100

Email: [Mary.Yang@waterboards.ca.gov](mailto:Mary.Yang@waterboards.ca.gov).

**RE: Comment Letter – LIRA Program Scenarios**

The Georgetown Divide Public Utility District (GDPUD) is submitting this letter with comments in response to the request for input regarding the Low Income Rate Assistance Program (LIRA) scenarios that have been presented by the State Water Board. During May and July 2017, I attended two presentations by State Water Board staff regarding the implementation scenarios for AB401. Based on the information presented, and the presentations available, GDPUD has the following comments.

1. A comprehensive program to collaborate with stakeholders is needed. AB401 requires the State Water Board to collaborate with stakeholders. At this point in time, there has been no collaboration with water agencies. The public meetings have been a useful tool for the State Water Board staff to communicate their proposals to interested parties. Unfortunately, the two meetings that I have attended provided no opportunity for meaningful input from stakeholders. State Water Board staff that attended the meetings answered questions to the best of their ability. Unfortunately, they did not attempt to collaborate with water agencies and appeared to be interested in defending the scenarios and dismissing any concerns raised by stakeholders. GDPUD recommends that the State Water Board create a stakeholder group or groups to work collaboratively through a series of meetings to develop a well thought out LIRA. The stakeholder group would be able to truly evaluate suggestions from all interested parties and utilize the skills of the many experts in the water utility field to work through issues and develop a successful LIRA program
2. Water cost as a percentage of household income needs to be factored into the LIRA. The presentations and scenarios rely heavily on the 200% of the Federal Poverty Level to establish the threshold to qualify for LIRA. This results in 34% of California households qualifying for the program, and over 75% of customers in some water agencies. This metric appears overly broad. Best practices for Proposition 218 water rate studies take into account affordability by calculating the water bill as a percentage of household income. This metric of water bill as a percentage of household income should also be used in the LIRA program.

3. Consider basing the discount on the volume of water for reasonable indoor usage.
4. Provide a mechanism that will allow water agencies to continue or develop their own local programs, and allow those local programs to have access to any new funding mechanism that is implemented as part of the statewide LIRA.
5. Evaluate and determine the best method to distribute the discounts to renters who may or may not pay the water bill directly.
6. Evaluate the impact of Proposition 218 requirements on the proposed funding mechanisms. Current law does not allow one user group to subsidize water use by another user group. Current local LIRA programs must use funding sources other than water rates.
7. Explain why 20% rebate amount was chosen and evaluate other rebate amounts.
8. The LIRA plan needs to include an evaluation and recommendation of other methods of assistance besides rate assistance. AB401 states that the plan may also include recommendations for other cost-effective methods of offering assistance to low-income water customers besides rate assistance, including billing alternatives, installation of water conservation devices, and leak repair.

GDPUD appreciates this opportunity to provide comment on the information presented to date and looks forward to collaborating with the State Water Board and other stakeholders as the process moves forward and a report is prepared for the legislature.

Sincerely,

A handwritten signature in black ink, appearing to read 'S Palmer', with a stylized flourish at the end.

Steven Palmer, PE  
General Manager

Cc: Board of Directors