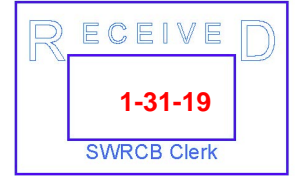




PADRE DAM
Municipal Water District

Public Comment
Low-Income Water Rate Assistance Program
Deadline: 2/1/19 by 12 noon



January 30, 2019

Ms. Jeanine Townsend, Clerk of the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-2000

Sent via e-mail: Ms. Jeanine Townsend, Clerk of the Board at commentletters@waterboards.ca.gov

Subject: Comment Letter - Options for Implementation of a Statewide Low-Income Water Rate Assistance Program

Dear Ms. Townsend:

Thank you for the opportunity to provide comments on the State Water Resources Control Board's (SRCWB) report on Implementation of a Statewide Low-Income Water Rate Assistance Program (W-LIRA) as the result of AB 401. Padre Dam Municipal Water District provides water and wastewater services to approximately 100,000 people in East San Diego County.

General Comments

We appreciate the efforts of the SRCWB to work with stakeholders through the State to draft the low income water rate assistance program report. We agree that drinking water is an important need and that general affordability throughout California is an ongoing concern. The report provides a balanced discussion of the pros and cons for each of the various options available for generating revenue and distributing benefits.

In general, the report recognizes that, for a variety of reasons, California's 3,000 individual water systems (made up of special districts, municipal water utilities, mutual water companies, etc.) cannot feasibly implement a statewide low-income assistance program within their individual service areas.

The report also recognizes that because of Proposition 218, raising revenue for such a program through water rates is not possible. Accordingly, the Board "envisions a statewide program, with benefits distributed through other existing assistance program[s], such as utility bill credits, tax credits, or direct cash benefits," with funds raised through non-water rate sources.

Padre Dam strongly supports the concept of not using individual water systems to administer or raise funds for the program. For the reasons described in the draft report, administering the program through other existing low-income assistance programs (utility bills, tax credits, or direct cash benefits) would be more practical and efficient than implementation at the water system level.

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Appendix L – Statewide Rate Structure Guidance Concerns

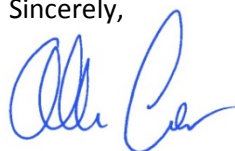
One aspect of the AB 401 report which caused great concern for our agency is Appendix L: Options for Improving Affordability. Specifically, Appendix L of the report discusses the possibility of enhancing water affordability by “keeping rates low for low-income households that consume low levels of water.” The report proposes this could be done by “extending guidance to water systems to use very progressive rates structures.” Appendix L suggests that a possible option for enhancing affordability is for the Legislature to encourage or mandate that water systems use rate structures that recover revenue through variable components of water bills, rather than using fixed rates or rates that are not highly progressive. Although the report recognizes that such highly progressive rates would need to be structured in a manner consistent with Proposition 218, may affect some water systems’ revenue stability during droughts or economic downturns, and would be strongly opposed by high-use customers, the mention of providing statewide “guidance” on how local agencies should structure their water rates is particularly concerning to Padre Dam and many other retail water systems.

There is no standard community, water supply, service area, water system operations, financial conditions or agency circumstances. Using rate structures to achieve W-LIRA could have significant financial implications on the State’s 3,000+ community water systems. Financial and operational challenges could derail the State’s goals around water efficiency, water quality and affordability for all Californians.

Accordingly, we strongly advise against regulatory or legislative efforts to address W-LIRA through rate structure design standards. However, if such an effort is nonetheless undertaken, it should consist of a lengthy and collaborative process with a broad cross section of water agency expertise to assess what can legally, affordably and effectively be done through rate structure design while preserving the long-term viability of water agencies.

Thank you again for the opportunity to provide comments on this very important issue for the State of California. We look forward to reviewing the final results. Please contact me at acarlisle@padre.org or 619-258-4762 if you have any questions about the comments we have provided.

Sincerely,



Allen Carlisle
CEO/General Manager

cc: Padre Dam Municipal Water District Board of Directors