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

CMUA
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SWRCB Clerk

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Sent via ELECTRONIC MAIL to: commentletters@waterboards.ca.gov

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

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

Dear Ms. Townsend,

The California Municipal Utilities Association (CMUA), representing over 60 public water and electric utilities, appreciates the opportunity to comment on the State Water Resources Control Board's (Board) Options for Implementation of a Statewide Low-Income Water Rate Assistance Program Report and Appendices (Report). As an active stakeholder in the development of the draft Report, CMUA would like to commend the Board and its staff for its release.

Stakeholder Outreach/Participation Must Continue

CMUA and its member agencies have been active participants in the development of the draft Report as part of the AB 401 work group, which has met multiple times in the past year and a half. In 2017, CMUA established a Working Group consisting of public electric and water agencies to provide input regarding the development of a low-income water rate assistance (W-LIRA) program. The attached document is a product of the Working Group and outlines potential revenue collection and benefit distribution pathways. This document has been given to Board Members and Staff and CMUA requests its inclusion on the Water Conservation Portal – Low-Income Water Rate Assistance Program Webpage and in any communication with the Legislature.

CMUA is concerned that at this time, there are no scheduled workshops between the release of the draft Report and the submittal of the final Report to the Legislature. CMUA requests the Board and staff host at least one stakeholder workshop between the comment deadline of February 1 and the release of the final Report. This will allow stakeholders and staff to discuss the current draft and to ensure that comments received by Board staff are properly contextualized in the final Report.

Additional State Oversight of Water Systems Rates is Unnecessary

CMUA is alarmed by language in Appendix L, which suggests that the Legislature should grant the Board additional oversight options for determining how public water systems set rates. The Board has recognized the difficulty public water systems face in setting rates when discussing Executive Order B-29-15, "rate-setting is a complex undertaking that involves numerous local determinations…," "…pricing must be carefully tailored to local circumstances to be effective" and "…water suppliers must carefully construct and document their rate structures to comply with the constitutional limitations of Proposition 218."[1] CMUA recommends the Report remove language on page 56 related to public water system rate setting oversight and instead focus on other non-direct rate assistance. Non-direct rate assistance efforts have a proven track record of increasing customer awareness of water issues and increasing conservation. CMUA member agencies have managed successful programs that include whole house water audits, conservation education outreach, rebates to customers and direct installation of water saving devices in single family, multi-family and commercial structures.

CMUA would caution the Report's attempted comparison of water rates for the City of Mountain View versus Tahoe City Public Utility District in Appendix L. Tahoe City PUD's service area is in an elevated forested region of California with a highly transient population whereas the City of Mountain View is in the San Francisco Bay Area.

Collection and Distribution of Funds Should Utilize Existing Programs to Minimize Administrative Costs

CMUA appreciates the research conducted by staff in exploring multiple scenarios for how a W-LIRA program could be implemented. CMUA and its member agencies agree that administrative costs are an important consideration when choosing the best implementation pathway.

The Report's consideration of distributing the benefit via CalFresh is an important one that should be examined further. In discussion of the benefits of utilizing CalFresh, CMUA recommends the Report and Appendix I both note that utilizing an existing benefit distribution network could result in a much quicker distribution of benefits than might be possible should a new distribution mechanism be created. Additionally, the Report/Appendix should note that since 2005, CalFresh's enrollment has grown by 2 million.[2]

Appendix I suggests that CalFresh has a higher percentage of administrative costs as a percentage of total spending when compared to other affordability programs, but this is not an accurate assessment. Administrative costs associated with CalFresh are fixed to the current program. To extrapolate that an additional monetary benefit would result in similar administrative costs does not reflect actual practices. CMUA recommends the Appendix include further research on the anticipated administrative costs of the Safe Drinking Water Supplemental Benefit Pilot Program.

[1] https://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/pricing/docs/notice_conservation%20pricing.pdf
[2] "CalFresh (Food Stamp) Participation." Kidsdata.org, Lucille Packard Foundation for Children's Health, www.kidsdata.org/topic/742/food-stamps/trend#fmt=2261&loc=2&tf=3,84.

CMUA disagrees with the Appendix's assertion that distributing the benefit via CalFresh would have little to no nexus with water. A simple explanation of change in benefits could be easily included in existing communications with CalFresh enrollees in addition to work with CalFresh Contractors[3]. This benefit could also be communicated in water agencies' billing statements to customers.

Report Should Highlight Difficulties in Distributing Benefit Through Electric Utilities

CMUA appreciates language in Appendix H which outlines the difficulties in distributing the benefit via electric or gas utilities. As noted, SMUD has more than 20 water systems within its service territory. CMUA recommends Appendix H language be included in the Report in order to contextualize the difficulties publicly owned electric and gas utilities would face in implementing such a program. Additionally, CMUA would like clarification as to how the Board anticipates that publicly owned electric/gas utilities would expend funds to establish these programs before recovering costs associated with implementation. While the CPUC has a process for investor owned utilities, a cost recovery process does not exist for publicly owned electric utilities that are not regulated by the CPUC or the Board.

While very informative, the Report and Appendix do not take into consideration the increased requirements that electric utilities currently face as a result of a changing climate, state mandates to reduce carbon emissions and to ensure public safety. CMUA and its member agencies respectfully request that the Report and applicable Appendices note the current legislative and regulatory requirements placed on publicly owned electric utilities, which should be considered when reviewing the potential for distributing the benefit through these entities.

Subsidized Water Consumption Should Emphasize Conservation

When determining program benefit levels, it is important to accurately measure how much water households utilize and to the extent it should be subsidized. The Report recommends subsidizing water bills at the 12 CCF level, in part to provide additional benefit to families larger than four, but also to allow for "modest" outdoor usage. CMUA is concerned about the policy implication of subsidizing usage beyond standards set by the legislation implementing Making Water Conservation a California Way of Life[4] and higher than the Board's own reports, which cite national and state agency studies suggesting that "the national residential indoor water usage average is about 59 GPCD…Many experts believe California's average residential indoor use to be lower."[5] CMUA recommends the Report include a comprehensive discussion of the potential of subsidizing 9 or 10 CCF, including how such a difference could impact the overall cost of the program.[6]

The Report cites the California Public Utilities Code Section 739.1h(i)(1), as one justification for recommending 12 CCF. The Report suggests electric utilities subsidize amounts above "baseline

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[3] http://www.cdss.ca.gov/calfreshoutreach/res/pdf/Prime_Contractor_Contact_List.pdf
[4] CWC §10609.4(a)
[5] Water Research Foundation (2016), Residential End Uses of Water Study, Version 2: Executive Report / Mitchell, D., 2016. Projected Statewide and County-Level Effects of Plumbing Codes and Appliance Standards on Indoor GPCD, for Department of Water Resources, August.
[6] Feinstein, L. (2018, September). Measuring Progress Toward Universal Access to Water and Sanitation in California. Retrieved from https://pacinst.org/wp-content/uploads/2018/08/Measuring-Progress_ES_Pacific-Institute_Sep-2018.pdf

usage". A further reading of the section indicates customers who exceed 400% or 600% in usage can be required by the utility to enroll in an energy savings program, including an energy assessment. As currently written, there would be no funding for a water conservation program that could reduce a household's water usage which differs significantly from the cited statute.

CMUA recommends the report examine setting aside funding for water conservation programs or grants. During the most recent drought, the state collected significant data regarding the production and usage of water in agencies across California. Funding could be made available to agencies with the highest usage to be utilized in a water conservation programs similar to those mentioned earlier in this comment letter.

Customer Data Must Be Protected

As noted earlier, CMUA's member utilities include publicly owned water and electric utilities. CMUA is deeply concerned with the suggestion in Appendix M that the Board would have direct jurisdiction over publicly owned electric utilities, including which administrative costs are recoverable by electric POUs and how POUs data would be managed. The inference that electric and water utilities would be required to transmit data to the Board could result in disclosure of sensitive customer information. It is CMUA's hope that the report considers protections the Board would undertake to guard customer privacy. Additionally, CMUA has significant concerns regarding the inferred ability of the Board to regulate functions of publicly owned electric utilities.

Report Must Highlight the Need for A Reasonable Implementation Timeline

The Report touches extensively on the ways to implement an assistance program; however, the Report does not explicitly state how long it could or should take to successfully implement such a program. If it is the goal of the Board and Report to see legislative action taken, inclusion of a timeline of implementation would be prudent in ensuring the feasibility of the legislation. CMUA recommends the Report consider including similar language that was recently chaptered into law as part of the Making Conservation a California Way of Life (AB 1668 / SB 606), which set a reasonable timeline for adoption.

CMUA thanks the State Water Resources Control Board and its staff for consideration of these comments. If you have any questions, I can be reached at (916) 326-5806.

Sincerely,

Jonathan Young

Jonathan Young
Regulatory Advocate
California Municipal Utilities Association

Cc: Max Gomberg, Climate and Conservation Manager

Attachments: CMUA LIWRA Alternative Proposal

CMUA Low-Income Water Rate Assistance Program Proposal

Prepared by: Danielle Blacet | Director for Water

Jonathan Young | Regulatory Advocate

January 3, 2018

Revenue Collection:

a. Franchise Tax Board (FTB) / income tax
   i. How it would work
      - Legislature would require the FTB to add a new charge on taxpayers – either all taxpayers with incomes over 200% of the federal poverty line or only high-income earners and corporations.
      - The state would develop a neutral band of Californians who would not pay the tax nor receive the benefit. For example, individuals who earn between 201% and 205% of the Federal poverty line would be exempt.
      - Collected funds would go to a special fund that would be separate from the General Fund, such as the FTB's existing Voluntary Contribution Funds.
   ii. Considerations
      - Single agent for collection; optimizes efficiency.
      - Builds on an existing structure that has direct access to income information and household size.
      - If flat tax collected on individuals, no price signal for conservation.
      - No clear nexus with water rates.

Benefit Distribution Via Local Agency/CalFresh Model

a. Statewide online portal
   i. Applicants would visit a State Water Board maintained webpage/database as part of the Human Right to Water Portal. The webpage could be similar to http://findyourrep.legislature.ca.gov/.
      - Agencies with LIWRA programs would be required to submit service boundaries and details of their program to the state. This information would be required to receive funds as noted below, incentivizing agencies to participate and/or develop programs.
      - Once an applicant enters their respective information (address, single family/multifamily), the website would indicate whether a local rate assistance program exists along with that agency's contact information (agency name, phone number, website, etc.).
      - If a local program does not exist, and for residents living in multi-family housing, the website would direct the applicant to the California Department of Social Services CalFresh application website: http://www.cdss.ca.gov/food-nutrition/calfresh. Applicants could apply online, or at their local county social services agency.

b. Local Agency/CalFresh Model

i. **Existing Programs**

- Local agencies/IOUs would maintain their existing LIWRA programs.
- Applicants would be required to apply annually. Annual application ensures up to date information and correct distribution of the benefit.
- The state would send the local agency a portion of the funds for direct rate assistance. Funding would be based on a set of minimum requirements.
- Agencies could use existing funding mechanisms or state collected funds to promote alternatives to direct rate assistance similar to Energy Savings Assistance Programs, rebates, home inspections, education, outreach, etc.
    a. This approach would ensure water savings incentive/efficiency participation by low-income qualified residents and help resolve barriers to low-income assistance similar to those studied recently by the Energy Commission regarding the electric utility sector.
    b. For low-income housing operated publicly or through non-profits, this type of local water savings assistance program would also assist in reducing operating costs that are passed on to the low-income residents.
- Agencies would submit an annual report to the SWRCB highlighting enrollment statistics, benefits distributed and other relevant information.

ii. **State Run Program**

- Where a local program does not exist, individuals would apply via the state portal, via an NGO contracted through CalFresh or at local county assistance offices.
- Current enrollees in CalFresh where a local program exists would receive a notice alerting them of the local program and how to enroll. Enrollees where there is not a local program would automatically be enrolled in the statewide assistance program. Enrollees would receive an explanation of the benefit via the corresponding agency.
- Utilize lessons learned and best practices developed by the Department of Social Services' Safe Drinking Water Pilot Program.
- This structure could lead to higher enrollment in CalFresh, a bonus for eligible families.

iii. **Non-Profit Engagement**

- State/local agencies would approve 3rd party/non-profit or community assistance organizations to participate in rate assistance programs similar to the way the Department of Social Services already contracts for enrollment outreach.
    a. Approved parties would receive a pre-determined portion of the overall benefit for the designated community for outreach, application assistance and rate assistance.
- Approved parties would provide quarterly reports on enrollment and efficacy to the CDSS/SWRCB.