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Delivered by e-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 Jeanine Townsend:

The Carmichael Water District (CWD) has reviewed the State Water Resources Control Board (Water Board) draft report "Options for implementation of a Statewide Low-Income Water Rate Assistance Program" (Report) required under AB 401 (Dodd, Chapter 662, Statutes of 2015) and appreciates the opportunity to comment. CWD recognizes the hardships faced by many low-income households in paying their water bills and appreciates the complexity in implementing a solution. This challenge is not new to water agencies like CWD who have worked diligently to strike a balance between safety, reliability, and affordability while maintaining compliance with ever expanding statutes, laws, and regulations.

In responding to the Water Board's request for comments, CWD provides the following:

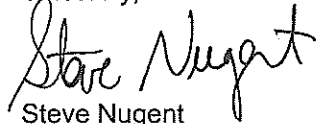
- CWD agrees with the report's conclusion that developing a comprehensive low-income rate assistance program at the individual system level is not practical and that a statewide program should not include a fee on community water systems bills. Requiring local water agencies across the state to collect a new tax or fee would not only exacerbate the issue of affordability, but in turn would negatively affect the relationships they have established with their customers, especially as water agencies struggle to strike a balance between maintaining affordability and providing safe reliable drinking water.
- In Appendix L of the Report (Options for Improving Affordability That Do Not Include Direct Rate Assistance), it is recommended that the Legislature evaluate (or direct the Board to evaluate) options for additional state oversight and direction on how public water systems set rates. Water districts are overseen by their locally-elected boards of directors who are the authorities in assessing the unique conditions of their agencies. They make decisions in their geographic service territories based on what works locally to strike the balance between safety, reliability and affordability. There is no obvious nexus between achieving these goals and expanded Water Board authority.
- Additionally Appendix L states that "a means of potential statewide affordability assistance could be extending guidance to water systems to use very progressive rate structures." CWD cautions the State Board in pursuing this approach as it would expose water agencies to potential revenue shortfalls rendering them unable to cover operating expenses while continuing to meet legally required debt service obligations. During the economic downturn, CWD experienced a large reduction in water usage exposing us to a potential shortfall due to a rate structure that was more progressive in design. This forced the CWD boards of directors to make difficult budget cuts and to implement a rate adjustment to more accurately reflect CWD's fixed vs. variable cost. Requiring progressive rate structures can negatively affect cash flow leaving water agencies unable to meet financial obligations.

Well managed water agencies like CWD should be applauded for their efforts in maintaining resilient and affordable systems. Implementing a Statewide Low-Income Water Rate Assistance Program must avoid

altering water agencies current, responsible practices and should not come at the expense of dependable water agencies and their ratepayers.

CWD appreciates your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Steve Nugent". The signature is written in a cursive, slightly slanted style.

Steve Nugent
General Manager