

February 7, 2017

The Honorable Felicia Marcus, Chair
and Members of the State Water Resources Control Board
c/o Kathy Frevert
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Delivered by email: Kathy.Frevert@waterboards.ca.gov

Subject: CWA Comments on Low-Income Rate Assistance

Dear Chair Marcus and Members of the Board:

On behalf of the California Water Association ("CWA") and its more than 100 investor-owned, CPUC¹-regulated member water companies, thank you for the opportunity to provide comments on the efforts of the State Water Resources Control Board ("Board") to develop a statewide low-income rate assistance program. CWA offers these comments in advance of the workshop scheduled to be held on February 8, 2017, to discuss the Board's "Affordable, Safe Drinking Water Initiative," in order to help facilitate a productive discussion on this important effort.

Comments

CWA's Class A (10,000+ connections) water utility members have had low-income ratepayer assistance (generally referred to as "LIRA") programs in their service areas for many years. These programs vary to some degree from company to company in order to address district- and company-specific circumstances, but all such programs provide qualifying low-income customers with a discount on their water services. These programs help customers in need and further the CPUC's Water Action Plan objective to "set rates that balance investment, conservation, and affordability."²

¹ California Public Utilities Commission.

² 2010 Water Action Plan (available at:
<http://docs.cpuc.ca.gov/PUBLISHED/Graphics/125501.PDF>)

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Since 2012, the CPUC-regulated water utilities have had data-sharing agreements in place with the CPUC-regulated energy utilities, which have enabled the water companies to make water more affordable to a significant proportion of eligible customers within their respective service areas. Indeed, since 2012, the regulated water utilities' collective penetration percentage of eligible low-income customers taking advantage of the program has grown from the mid-teens to well in excess of 50 percent.³ Together with tiered rates, the CPUC-authorized LIRA programs have worked well to provide low-income customers with more affordable prices for their essential water needs.

CWA considers the success of the CPUC's LIRA programs (in both water and energy) to bode well for a statewide arrangement, but recognizes that there are unique challenges administering a low-income ratepayer assistance program extending beyond the CPUC-regulated water utility community. The Board has identified and discussed some of these challenges at outreach meetings across the state and CWA understands that one of the thornier legal issues – the effect of Proposition 218 – is currently being researched by Board staff.

A statewide program – depending on how it is funded and implemented – also presents concerns for the CPUC-regulated water utilities. Without having a specific proposal to comment upon at this time, CWA raises the following broadly stated concerns:

- Eligible customers of the CPUC-regulated water utilities are already receiving a benefit under the CPUC-authorized LIRA programs. CWA does not want to see those programs' benefits diminished by a statewide program that replaces them.
- At the same time, customers of the CPUC-regulated water utilities should not be on the hook to pay twice for LIRA programs – once to pay for the CPUC-authorized program through a bill subsidy paid by ineligible customers, and again to pay for a statewide program through the General Fund, bottled water tax or other funding mechanism that draws from all Californians.
- The CPUC-regulated water utilities should have the option of participating in a statewide ratepayer assistance program as an alternative to continuing to offer their CPUC-approved LIRA program. This may be appropriate in circumstances where, for example, a CPUC-regulated utility has a service area with a disproportionately large

³ This number does not capture residential water customers who live in multi-family dwellings that are master-metered.

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number of low-income customers.⁴ In such a scenario, customers that do not qualify for LIRA (but may still face economic hardship) pay more to fund low-income subsidies than they otherwise would, merely because of service area demographics. A statewide program would significantly reduce the unique burden borne by such customers, without diminishing important benefits to those eligible to receive them.

CWA urges the Board, as it develops its plan to address water affordability issues on a statewide scale, to consider how to preserve existing benefits levels for low-income customers that are already receiving this important assistance, and to fund a statewide program applicable to all water utilities and customers without unduly burdening customers that are presently funding programs that help to make water affordable for their eligible neighbors.

Consistent with the intent of AB 401, CWA looks forward to lending the benefits of its member companies' 10+ years of experience with LIRA programs to the Board's efforts to develop a plan to fund and implement a statewide low-income water rate assistance program.

Thank you for providing us the opportunity to provide these comments. If you have any questions, please feel free to contact me at jhawks@calwaterassn.com or (415) 561-9650.

Sincerely,



Jack Hawks

Executive Director, California Water Association

cc: The Honorable Frances Spivy-Weber, Vice Chair, State Water Resources Control Board
The Honorable Dorene D'Adamo, Member, State Water Resources Control Board
The Honorable Steven Moore, Member, State Water Resources Control Board
The Honorable Tam Doduc, Member, State Water Resources Control Board
The Honorable Michael Picker, President, California Public Utilities Commission
The Honorable Martha Guzman-Aceves, Commissioner, California Public Utilities Commission
Ms. Kim Craig, Deputy Cabinet Secretary, Office of Governor Edmund G. Brown Jr.

⁴ Indeed, LIRA program participation rates are significant. For example, San Gabriel Valley Water Company has a 50.1% customer participation rate in its Los Angeles County Division and a 55.9% customer participation rate in its Fontana Water Company Division.

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