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

City of Corona
Department of Water and Power
"Protecting Public Health"

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2-1-19
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January 31, 2019

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

Subject: Public Comment on the Options for Implementation of a Statewide Low-Income Water Rate Assistance Program Draft Report

Dear Ms. Townsend,

On behalf of the City of Corona Department of Water and Power (DWP), a water, wastewater, recycled water and small electric provider in Riverside County, we would like to thank the State Water Resources Control Board for the opportunity to provide input on the draft report on Options for Implementation of a Statewide Low-Income Water Rate Assistance Program (W-LIRA) required by AB 401 (2015, Dodd) for consideration in the final report.

The DWP supports water affordability objectives and would like to suggest the following recommendations to be considered in the implementation of a W-LIRA program to address water affordability.

1. **Eligibility Criteria**: Using 200% of the federal poverty level (FPL) is congruent with other low-income assistance programs offered throughout the state reducing the administrative burden and associated cost of verifying eligibility of existing benefit eligible households.

2. **Determination of Benefit Level**: Using a combined fixed consumption level (12CCF) along with a three-tier structure (discount based on monthly service cost of 12CCF) not only provides affordability assistance to all low-income households but also delivers the greatest benefits to those who face the greatest cost burden. Using a fixed consumption level does not incentivize over use since discount would only apply to consumption up to the determined fixed consumption level. Households with lower water consumption would see the most savings on their water bill. This is consistent with the values expressed in

the state initiative on water use efficiency and complements existing and future conservation policy objectives.

3. **Enrollment and Administrative Cost Assumptions:** In addition to the administrative costs borne by the agencies implementing the W-LIRA program, the board should consider any associated costs incurred initially by Community Water System for billing system adaptations to calculate the annual average cost of 12 CCF consumption that would be required to be submitted to the State to determine benefit level.

4. **Revenue Collection Options:** A combination of personal income taxes combined with targeted business taxes seems to be the most progressive, feasible and sustainable way to raise enough revenues to support a W-LIRA program. Taxing businesses' income directly could have a negative effect and drive more corporations out of State. California already has the highest labor cost with a State minimum wage of $12.00/hr. Levying an excise tax on goods that have a direct nexus to water would allow the State to raise additional revenues to sustain this program. Bottled water, juice beverages, sports drinks, beer, wine, and hard liquor may be goods with inelastic demand that are not considered basic necessities.

5. **Benefit Distribution:** Benefit distribution through electric bills has several advantages as there is already an existing similar program, the California Alternate Rates for Energy (CARE) which provides relief for eligible households on their electric bills with income levels below 200% of the FPL. Since CARE has the highest percentage of eligible participants enrolled and has the lowest percentage of program costs allocated to administration as a proportion of its total budget as stated in the draft report, it makes this option the most cost efficient for implementing the distribution of the W-LIRA program benefits. However, to ensure that all low-income households get the same benefits, the state would have to mandate that publicly-owned utilities (POUs) standardize their (LIRA) program eligibility criteria to match the eligibility criteria of CARE.

   Nevertheless, there could be unintended consequences in applying credits for water affordability on electric bills. For instance, the additional credit applied on the electric bill would provide a false sense of greater affordability for energy usage. It would be the same with other low-income programs such as CalFresh as the additional benefit received for water affordability could be applied to other household expenses such as rent, food or emergencies. Therefore, there is no guarantee that households would apply the benefits received from the W-LIRA program towards making timely payment of their water bill or that water would seem more affordable. With passage of SB998, which extends the delinquency period to 60 days and restricts providers from being able to shut-off water service for non-payment, water agencies would need to build greater operating reserves to offset the delayed collection of fees and possibly increase water rates to build this reserve and replace aging infrastructure which works against water affordability objectives.

6. **Implementation Over – Time:** Implementing a statewide program is costly, burdensome to operate and requires adjustments over time to ensure that it meets the objectives of the program. The program should be implemented in phases focusing first in areas where water systems have the highest rates and where low-income households are most impacted by these. This would allow the implementing and oversight agencies to adjust the program design and build evaluation metrics to ensure it meets the goals and objectives before instituting the program statewide and spend a large amount of funding and resources.

Water affordability continues to be a challenging issue especially when framed by funding limitations and policy considerations; however, we very much appreciate the opportunity the Board has allowed to share our opinion and be involved in the process. Should you have any questions or concerns, please contact me at (951) 736-2477 or by email at Tom.Moody@CoronaCA.gov.

Sincerely,

Tom Moody
General Manager