



San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

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February 1, 2019

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



Subject: Comments on "Options for Implementation of a Statewide Low-Income Water Rate Assistance Program"

Dear State Water Resources Control Board,

The San Francisco Public Utilities Commission (SFPUC) appreciates the opportunity to comment on the draft report "Options for Implementation of a Statewide Low-Income Water Rate Assistance Program." The SFPUC supports the State Water Resources Control Board's (SWRCB) efforts to address water affordability in California and remains committed to developing a program that efficiently provides meaningful benefits to residents struggling to afford their water bills. We agree with the State Board that benefit distribution should not be administered by water utilities, desire the program be more adaptable to local conditions, and request an option for community water systems to implement their own programs that comply with state requirements.

Benefit Distribution and Administration

To maximize the number of eligible customers receiving the proposed benefit and to minimize administration costs, the SWRCB should leverage existing programs and expertise when determining the methods for revenue collection, eligibility-verification, and benefit distribution.

We strongly support the recommendation that a direct bill discount administered by water utilities is a poor choice and appreciate that the SWRCB has incorporated comments from water utilities to this effect.

Of the proposed distribution options, using the existing CalFresh EBT cards seems the most cost-effective solution, while simultaneously reducing enrollment burden for customers. However, research suggests that many households eligible for CalFresh are not enrolled in the program. The California Department of Social Services reported that only 56.5 percent of eligible individuals participated in CalFresh in 2014, one of the lowest participation levels for federally funded food assistance in any U.S. state. This suggests that reliance on benefit distribution via CalFresh would prevent millions

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of eligible Californians from accessing W-LIRA benefits because they are not enrolled in CalFresh.¹

There are many entities with significant experience in designing and administering benefit distribution programs, including county social service agencies, advocacy groups, and NGOs. We recommend that the SWRCB consult with these experts on the benefit distribution methodology, including proactive outreach to entities that have expertise in this area, but who may not be engaged in the AB 401 process.

Program Design

The proposed methodology for determining the benefit level does not account for the significant variation in water consumption levels across the state and may lead to disproportionate benefits being distributed to regions with lower average water usage.

Per capita water consumption in San Francisco is among the lowest in the state – approximately 42 gallons/person/day as of Fiscal Year 2017-18. Combined with an average household size below the state average, the average monthly water usage for single family residential customers in San Francisco was approximately 5.3 CCF between July 2017 and June 2018.² Because water rates are set to cost of service based on actual demands within the service area, this means that San Francisco’s *volumetric rate* per CCF is higher than many other California agencies. But because usage is low, the average *water bill* is comparable to state averages, at approximately \$53 annually in FY 2018-19.

If the bill is calculated assuming 12 CCF monthly consumption, as proposed by the draft report, a bill in San Francisco would be \$114. Based on this “average” bill, San Francisco would be in Tier 2 of the proposed benefits with a 35% discount of \$39.73 – representing a 76% discount off the average water bill. This proportionally large discount does not accurately reflect the cost borne by San Francisco residents, and would divert program resources from residents of areas where usage is closer to the assumed 12 CCF monthly. This higher benefit may ultimately incentivize customer over-use of water if the benefit is too high as compare to the underlying bill.

Table 1 shows the calculation for the water bill for the average single family residential customer, using current rates. While San Francisco may be an outlier, we believe this example illustrates a problem inherent to using such a high fixed water usage assumption. We understand the desire for administrative simplicity but given that the current proposal requires collecting individualized data on the boundaries and rates of all Community Water Systems (CWSs), benefit levels already require individualized administration and calculations. Since all CWSs currently submit monthly water usage data to the SWRCB, including per capita usage, we suggest using

¹ California Department of Social Services, Research Services Branch. *Methodology for Measuring Neighborhood Access to CalFresh*. March 2017.

² All examples in this letter refer to single family residential customers. Since multi-family residential households tend to be smaller and have less outdoor space, their water usage and subsequent bills are lower and would be even more extreme examples than ones listed here.

this information to adjust the assumed water usage for each utility. If this is not practical, then at the very least, we suggest using a 9 CCF or even 6 CCF usage level to calculate discounts. Otherwise, the program will provide disproportionate benefits to areas such as San Francisco, to the disadvantage of customers in areas where rates are set to accommodate higher water usage.

Table 1. Average Monthly Water Bill for San Francisco Single Family Residential Customer

	Current Rate (FY 2018-19)	Total Bill @ Average Consumption	Total Bill @ Proposed Benefit Calculation Level
Monthly Consumption (CCF)		5.3	12
Service Charge (3/4" meter)	\$12.30	\$12.30	\$12.30
Tier 1 (First 4 CCF)	\$7.10	\$28.40	\$28.40
Tier 2 (All Other CCF)	\$9.10	\$11.83	\$72.80
Total		\$52.53	\$113.50
Benefit Tier & Discount Level Using Assumed Consumption		<i>Tier 1 – 20%</i>	<i>Tier 2 – 35%</i>
Benefit Received Under Proposal, As Percent of Bill		<i>\$39.73 (76%)</i>	<i>\$39.73 (35%)</i>

Further Recommendations

The SFPUC is currently working on a multi-year project to better understand and address affordability within our service area. While we support the AB 401 efforts, we also request that any proposal not limit utilities from creating their own low-income discount programs. Local programs could supplement a state-wide one by filling unmet needs, such as providing discounts on wastewater bills and tailoring programs to area-specific conditions. To that end, we encourage the SWRCB and legislature to continue discussions about revisions to Proposition 218 to remove restrictions on cross-subsidization for low-income discounts.

Finally, addressing high water infrastructure costs at their source provides rate relief for not only low-income customers, but for all Californians who need access to this basic good. The State Revolving Fund Program provides low-cost financing for water projects that would otherwise be unaffordable, and targeted grant programs in high-need areas are even more valuable. Increasing funding for these programs should be a part of any comprehensive approach to improving water affordability in California.

If you or your staff have any questions, please do not hesitate to contact Erin Franks, Principal Revenue/Rates Analyst at (415) 487-5227 or efranks@sfgwater.org. Thank you for your consideration.

Sincerely,


 Harlan L. Kelly, Jr.
 General Manager