

From: Leslie Strohm [mailto:leslies@soquelcreekwater.org]
Sent: Monday, November 21, 2016 9:41 AM
To: Frevert, Kathy@Waterboards
Subject: Comments on low-income rate assistance

Hi Kathy,

We were considering implementing a low-income rate assistance program with the interest off of some of our investments, but with the SWRCB considering a state-wide mandate we don't want to roll something out now and then confuse our customers by changing it substantially 2 years from now to comply with the state program. It looks like we'll just wait and see what happens.

However, here are some of the things we were considering to ease implementation:

1. Tie program eligibility to the PG&E CARE program. We don't have the staff to make a program eligibility determination ourselves, nor do we want to place ourselves in that position where we have to request and retain copies of private information. If the customer qualifies for CARE then they simply bring in a copy of their most recent PG&E bill to be eligible for a reduction on their water bill. We would need to request verification every year or every 2 years, because presumably circumstances change and we can't rely on being notified when they do. Don't limit eligibility to DACs. Ours is a fairly affluent service area, but that doesn't mean there aren't households that struggle and are in need of help, especially seniors and families.
2. Make the assistance a reduction of the fixed charge on their water bill. Consumption tiers are too variable, and differ between single-family, multi-family, etc. If we were to reduce the fixed charge portion by a fixed amount, it is easier to forecast the cost of the program. Plus, the variable tiered rates are presumably something the customer has some control over.
3. I don't feel a tax credit is particularly useful in managing a monthly or bi-monthly water bill. A tax credit results in a tax refund, which in a low-income house is typically spent one time on something notable and not parsed out to monthly bills over the course of the year. Customers really need help managing their monthly expenses. I think a reduction of the water bill makes the most sense. Our customers are already eligible for rebates to replace plumbing fixtures with low water use alternatives, and we make water wise house calls to assist with reducing water use.
4. I think only residential customers should qualify for the assistance. Commercial entities can capture the cost of water as part of their service costs or COGS.
5. As far as administration of the program, according to Prop 218 a water agency is to recover the cost of service in the rates. If administration of this program is a cost burden on a local agency and additional staff or resources have to be added, then water rates go higher. So the program has to be either very simple to administrate at the local water agency level, or it needs to be administered by another agency.
6. Funding is the biggest problem faced by a local agency, because of the issue of cross-subsidization. And as higher rates make water a more contentious issue, fewer customers are interested in a donation program – they don't trust their local agency as much in periods of

increasing rates. But the funding mechanism is closely tied to administration of the program, so the two would need to be considered together.

7. We are an agency with very high water bills because we are in a critically overdrafted basin and are struggling to solve water supply issues. If the bill reduction doesn't take the diversity in water rates across the state into consideration, then we could wind up with a pittance as assistance. It needs to be a percentage of the fixed charge, like a 50% reduction, so the assistance is meaningful despite the broad variations in water rates.

Thanks,

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