



January 30, 2019

Ms. Jeanine Townsend, Clerk of the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-2000



Sent via email: Ms. Jeanine Townsend, Clerk of the Board:
commentletters@waterboards.ca.gov

Subject: Comment Letter – Options for Implementation of a Statewide Low-Income Water Rate Assistance Program

As a coalition of regional Lake Tahoe water agencies, we appreciate the opportunity to provide comments on the Draft “Options for Implementation of a Statewide Low-Income Water Rate Assistance Program” (Report) released by the State Water Resources Control Board on January 3, 2019.

We genuinely support the goal of ensuring safe, accessible, and affordable drinking water for all Californians, and we understand the complexities and logistical challenges of meeting that goal. The Report assembles a fair collection of Low-Income Water Rate Assistance Program (W-LIRA) options and accurately concludes that Community Water Systems (CWS) are not a feasible or practical way of generating revenue or distributing the benefits. For example, we agree that if CWS were to operate low-income rate assistance programs, it is probable that many CWS would have to impose overburdened costs on higher-income households served by the system, and this would likely be subjected to Proposition 218. Further, the communities that local water agencies serve vary greatly across the State and across regions, and it will be important to ensure that the W-LIRA does not lead to an unfair financial burden on a subset of ratepayers.

In response to the State Water Board's (SWB) invitation to provide input on feasible and sustainable revenue sources, we concur with the Association of California Water Agencies position that water affordability is a state social issue and should be addressed as such. Accordingly, the General Fund is an appropriate funding source for state social issues, and is funded in part by income tax which follows the SWB's recommendation for progressive revenue sources. We do not support attempts to enact a mandatory or voluntary statewide water tax. A water tax would be inconsistent with SWB's recommendation for progressive revenue sources, as there are no substitutes for water, similar to the example used for food. Additionally, similar to conclusions made regarding revenue generation by CWS, it is not feasible or practical for local water agencies to become taxing entities, nor is it equitable for a subset of ratepayers to offset costs associated with safe and affordable water.

We would also like to share our concerns, and echo others', related to *Appendix L: Options for Improving Affordability That Do Not Include Direct Rate Assistance*. First, as pointed out in the Report's *Rationale #2 - The rapidly-rising retail cost of drinking water*, water rates are rising. The rationale given includes 1) water is already underpriced as compared to the true cost of service, 2) federal funding has significantly declined since the 1970s, and 3) CWS must manage for climate change adaptation. The Report concludes this rationale stating that "differences in geographic location, source of water quality, regulatory oversight, and socioeconomic profile of systems drive variation in rates across water systems in California". Given these real and dynamic variations, how efficient and effective can Legislation be in providing "guidance" on how local agencies structure their water rates?

Second, Appendix L accurately portrays the Tahoe City PUD's rate structure situation, as well as those of our coalition partners, demonstrating our large transient, tourist, and second homeowner populations. These community characteristics, along with our geography, requires greater infrastructure investments than other systems of similar size. The result is higher fixed costs necessary to ensure financial sustainability given the uncertainty of available 'variable' revenue in our communities. To imply that our fixed costs have some variability is inaccurate and inconsistent with our rate setting approaches, and could radically destabilize the financial viability of our Districts.

Again, our coalition wholeheartedly supports safe, accessible, and affordable drinking water for all Californians. However, we feel more engagement and collaboration is needed with a broad cross section of water agencies to flush out final details of a W-LIRA that would seek to impose Legislative action on how public water systems set rates.

If you have any questions, please contact Sean Barclay, General Manager Tahoe City Public Utility District at 530-580-6051 or sbarclay@tcpud.org.

Sincerely,



Sean Barclay, General Manager
Tahoe City Public Utility District



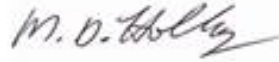
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