

## Water Rate Affordability in California



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## Guiding Questions

- ❖ **What is water affordability?**
- ❖ **Is water unaffordable for households in California?**
- ❖ **Do effective affordability solutions already exist?**
- ❖ **What obstacles challenge affordable water solutions?**
- ❖ **What can we learn from the energy sector?**



# What is water affordability?

## ❖ Measuring Affordability

*Measuring Affordability (Percentage of Median Household Income)*

<i>Affordability Threshold</i>	<i>Organization</i>
1.5%	California Department of Public Health
2-2.5%	US Environmental Protection Agency (USEPA)
3%	United Nations Development Programme (UNDP)

$$= \frac{[\text{Monthly Bill for Avg. Household Water Use (15hcf) } \times \text{ [12]}]}{[\text{Median Household Income}]}$$

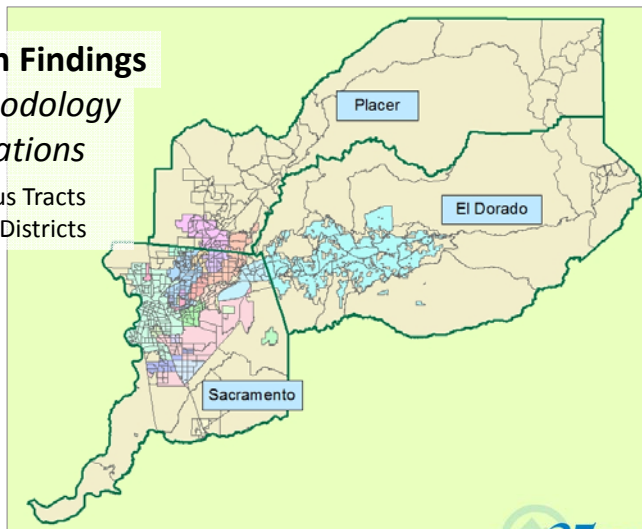


# Is water unaffordable for households in California?

## ❖ Research Findings

*Methodology*  
*Limitations*

- 396 Census Tracts
- 21 Water Districts

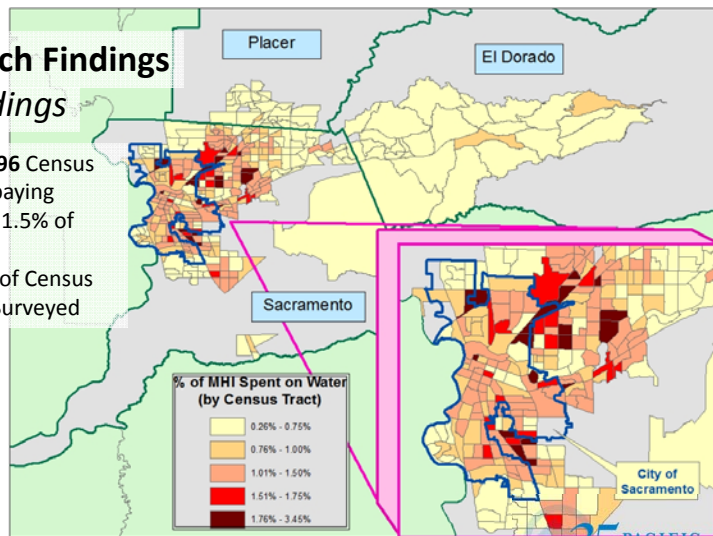


## Is water unaffordable for households in California?

### ❖ Research Findings

#### *Findings*

- 37 of 396 Census Tracts paying ABOVE 1.5% of MHI
- = 9.3% of Census Tracts Surveyed

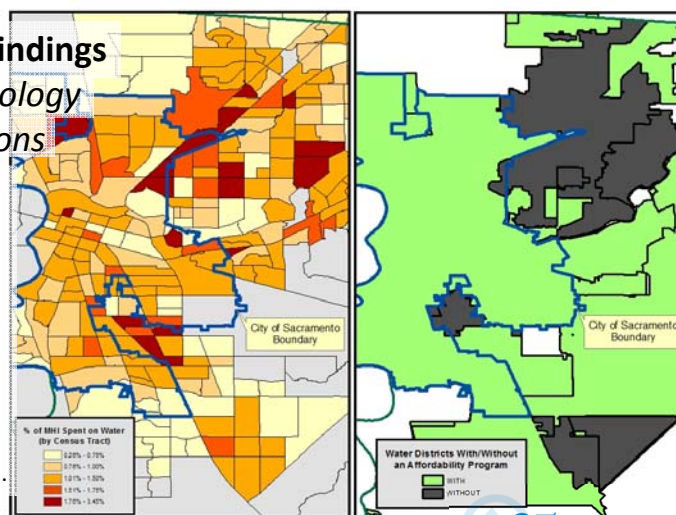


## Do effective affordability solutions already exist?

### ❖ Research Findings

#### *Methodology Limitations*

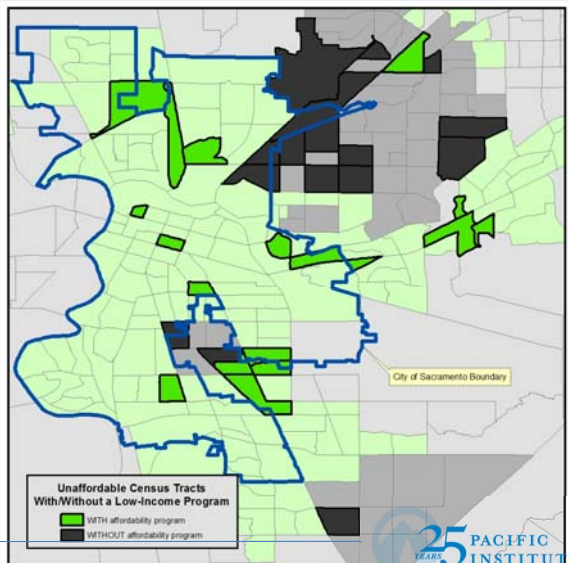
- The 37 unaffordable Census Tracts purchase water from 10 different suppliers
- 6 of these suppliers are without a low-income program.



## Do effective affordability solutions already exist?

### Findings

- **16 of the unaffordable Census Tracts** belong to purchase water from suppliers **without an affordability program**



## Do effective affordability solutions already exist?

### ❖ Program Characteristics

*No 2 programs are the same*

- Eligibility
  - Requirements align with those from other public assistance programs
- Benefits
  - Differ between discounts and subsidies
  - Range from \$3 - \$27 per month
- Funding Source
  - Depends on if the utility is private or public
  - Funds can be found in unusual places
  - Funds may not be needed

## What obstacles challenge affordable water solutions?

*Examples of Water Affordability Programs for Low-Income Households in CA*

Water Supplier	Program	Benefit	New Bill (if applicable)	Eligibility	Funding Source
San Jose Water Company	Water Rate Assistance Program (WRAP)	15% Discount on total water bill <ul style="list-style-type: none"> <li>15%</li> <li>\$8.27/month</li> </ul>	[Avg. Monthly Bill: \$55.16] → <b>\$46.89</b> /15hcf/month (based on AWWA-CANV)	CARE requirements	CPUC-approved surcharge on residential customers of \$0.20/month.
City of Napa	RateShare Discount	\$4.75/bimonthly Discount <ul style="list-style-type: none"> <li>4.87%</li> <li>\$2.38/month</li> </ul>	[Avg. Monthly Bill: \$48.78] → <b>\$46.41</b> /month → \$92.81/bimonthly (based on AWWA-CANV)	Enrollment in CARE through PG&E	Funds come specifically from leasing cell phone tower space on the City's water tank property sites.
East Bay MUD	Customer Assistance Program (CAP)	50% Discount on service and commodity charges <ul style="list-style-type: none"> <li>50%</li> <li>\$27.73/month</li> </ul>	[Avg. Monthly Bill: \$55.45] → <b>\$27.73</b> /month (based on EBMUD response on water rates survey)	CARE requirements	This discount is not financed; it is a Board-approved lower rate.

### Issues to Overcome

- Policy Obstacles
  - Proposition 218 banning of cross-class subsidies
- Water System Obstacles
  - Fragmented system
  - Limited financial and staff capacity



## What can we learn from the energy sector?

Program	Benefit	Eligibility	Funding Source	Participation Rate
<b>CARE</b> (California Alternative Rates for Energy)#	20% Discount	Income qualifications and must be a customer of a CPUC-regulated utility	Public Goods Charge	60.55% for electricity 35.4% for gas
<b>FERA</b> (Family Electric Rate Assistance)	Tier 3 energy usage billed at Tier 2 rate (for consumers slightly exceeding the eligibility threshold of CARE)	Income qualifications and must be a customer of PG&E, SCE, or SDG&E.	Public Goods Charge	14.6%
<b>LIHEAP</b> (Low Income Home Energy Assistance Program)	~\$200 credit used for utility bill payment	Income qualifications and is a California resident.	U.S. Department of Health and Human Services Community Services Block Grant	17%

### A More Unified System

- Regulated by CPUC and the Low-Income Oversight Board
- More stable funding



*Thank you to our collaborating partners:*  
The Community Water Center  
The California Water Institute at CSU Fresno



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