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**

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

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

### 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**
  - 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**
  - 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

Program Characteristics

No 2 programs are the same

• Eligibility
  o Requirements align with those from other public assistance programs

• Benefits
  o Differ between discounts and subsidies
  o Range from $3 - $27 per month

• Funding Source
  o Depends on if the utility is private or public
  o Funds can be found in unusual places
  o Funds may not be needed
What obstacles challenge affordable water solutions?

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

<table>
<thead>
<tr>
<th>Water Supplier</th>
<th>Program</th>
<th>Benefit</th>
<th>New Bill (if applicable)</th>
<th>Eligibility</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose Water Company</td>
<td>Water Rate Assistance Program (WRAP)</td>
<td>15% Discount on total water bill</td>
<td>[Avg. Monthly Bill: $55.16 $46.89/15hcf/month (based on AWWA-CANV)]</td>
<td>CARE requirements</td>
<td>CPUC-approved surcharge on residential customers of $0.20/month.</td>
</tr>
<tr>
<td>City of Napa</td>
<td>RateShare Discount</td>
<td>$4.75/bimonthly Discount</td>
<td>[Avg. Monthly Bill: $48.78 $46.41/month (based on AWWA-CANV)]</td>
<td>Enrolment in CARE through PG&amp;E</td>
<td>Funds come specifically from leasing cell phone tower spaces on the City’s water tank property sites.</td>
</tr>
<tr>
<td>East Bay MUD</td>
<td>Customer Assistance Program (CAP)</td>
<td>50% Discount on service and commodity charges</td>
<td>[Avg. Monthly Bill: $55.45 $27.73/month (based on EBMUD response on water rates survey)]</td>
<td>CARE requirements</td>
<td>This discount is not financed; it is a Board-approved lower rate.</td>
</tr>
</tbody>
</table>

**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?

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

**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