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SAN GABRIEL VALLEY WATER ASSOCIATION

June 27, 2024

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The Honorable Cottie Petrie-Norris
 Chair, Assembly Committee on Utilities and Energy
 1020 N Street, Room 408A
 Sacramento, CA 95814

Re: SB 1255 (Durazo). Public water systems: needs analysis: water rate assistance program. Position: Oppose, Unless Amended

Assembly Member Petrie-Norris:

The San Gabriel Valley Water Association (SGVWA) represents municipal utilities, California Public Utilities Commission regulated utilities, water districts, and not-for-profit mutual water companies that supply water to nearly two million San Gabriel Valley residents and businesses. The SGVWA is submitting this letter to express our opposition to SB 1255, a bill requiring water systems larger than 3,300 service connections to establish a low-income rate assistance program, unless amended.

We acknowledge that many families are struggling to meet their basic and essential needs. Water affordability in California requires urgent action, including establishing a comprehensive statewide water rate assistance program. However, the current proposal's fragmented approach would pose significant implementation challenges for water systems in our region.

Establishing and funding a low-income water rate assistance program solely through voluntary contributions from ratepayers places a heavy burden on water systems. The current version of the bill assumes 60% ratepayer participation, which may not align with the reality of many communities. The bill also lacks guidance on how a water system serving a large economically disadvantaged population can afford a program when more residents may need assistance than can contribute to funding it.

In 2015, Senator Dodd introduced the Low-Income Water Rate Assistance Act (AB 401) requiring the State Water Resources Control Board (State Water Board) to develop a plan for funding and implementing a Statewide Low-Income Water Rate Assistance Program. The final report prepared by the State Water Board¹, estimated that

¹ CA State Water Resources Control Board. Low Income Water Rate Assistance Final Report, February 2020.

implementing such a program would cost over **\$606 million**. The report also emphasized the need for a statewide program, noting “that many individual water systems in California cannot financially support rate assistance programs on their own (p. 22).”

Before taking action on this legislation, we recommend conducting an updated economic feasibility study. This analysis will help determine the costs associated with implementing this program at the local level. The previous analysis focused on the costs of a statewide program and may not fully capture the financial implications at the water system level. Existing low-income rate assistance programs should also be reassessed to establish a realistic bill credit amount. The proposed 20% bill credit specified in the bill poses challenges for even more robust low-income rate assistance programs to sustain over time.

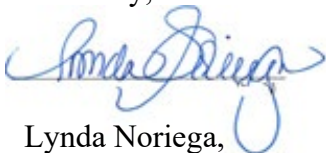
Additionally, our association shares in the concerns raised by other water agencies from throughout the state, including:

- **Requiring customers to "opt out" of making voluntary contributions.** Public water systems may face challenges related to Proposition 218 when customers pay a contribution amount they may not fully understand. Requesting customers to agree to participate in the program ("opt-in") enhances transparency and their understanding of supplemental charges on their water utility bill.
- **The administrative and financial burden of setting up a program to determine ratepayer eligibility, voluntary contributions, and accounting procedures is significant.** The bill includes provisions restricting a water system's ability to offset administrative expenses by establishing a 10% limit on voluntary contributions for administrative costs. This may result in a potential funding gap for the program.
- **Substantial late additions to the bill language limit public input.** The most recent revisions to the bill language were made very late in the legislative process, with most updates regarding water system requirements occurring on June 3, 2024. Additional time is required to gather meaningful input from water system operators and stakeholders to avoid potential administrative issues.

We are committed to working in partnership with the legislature to craft an effective and sustainable low-income water rate assistance program that will ensure access to safe and affordable drinking water for our community's most vulnerable members.

Thank you for your time and attention to our concerns.

Sincerely,



Lynda Noriega,
President, Board of Directors
San Gabriel Valley Water Association