



Water Low-Income Rate Assistance Programs Balancing Costs and Benefits

Danilo Sanchez, Program Manager

February 3, 2014



Who We Are

- ORA – the Office of Ratepayer Advocates - is an independent consumer advocacy office within the California Public Utilities Commission (CPUC).
- ORA's statutory directive is to represent and advocate on behalf of all residential and small business utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels (Public Utilities Code Section § 309.5).



How ORA Advocates for Affordable Water Rates

- ORA scrutinizes water utility operations, infrastructure, and rate requests to ensure service is provided at the lowest rate while remaining safe and reliable.
- ORA advocates for strong low-income water programs to ensure those most in need have access to a monthly subsidy to reduce their water bills. ORA also evaluates the impact on the remaining customers who pay to fund low-income and other programs.
- To achieve mandated conservation goals ORA promotes cost-effective conservation programs that also reduce energy demand in the pumping, treatment, and delivery of water.
- ORA actively engages with customers by participating in community meetings, public participation hearings, and other venues.
- ORA provides a voice for utility customers in formal proceedings at the CPUC and negotiates settlements when they benefit customers.



Investor-Owned Water Utility Low-Income Rate Assistance

- Public Utilities Code Section § 739.8 allows the CPUC to implement low-income rate assistance programs.
- Each water utility with greater than 10,000 customers has a low-income rate assistance program.
- Customer eligibility is based on income. For example, for a family of four, incomes from \$37,800 to \$43,200 qualify.¹
- Discounts are between \$4 - \$23 per month, depending on average bills.
- Programs are evaluated every three years in the general rate case.
- Funded by remaining customers at a cost of \$0.93 to \$7.06 per month.²

1. <http://www.cpuc.ca.gov/PUC/Water/wateralternativerates.htm> (accessed 1/24/14).
2. www.cpuc.ca.gov/.../PPDWaterLowIncomeRatesFinal20130826.pdf, Low-Income Rates for Water Utility Customers, Policy and Planning Division, August, 26, 2013, page 10.





Low-Income Program Enrollment at Highest Levels

- Enrollment in Water Low-Income Rate Assistance Programs increased 115% among the largest investor-owned water utilities with the CPUC's adoption of data sharing with energy investor-owned utilities (Rulemaking 09-12-017, Decision 11-05-020).¹
- 2012 average single-family residential customer enrollment levels for Low-Income Rate Assistance among the large investor-owned water utilities is approximately 21%.² This compares favorably to the CPUC's estimated average eligible percent of households of 26%.³

1. Calculated by ORA using enrollment data prior to and after data sharing, presented by the CPUC's Division of Water and Audits to the Low-Income Oversight Board, August 21, 2013.
2. Calculated by ORA using enrollment levels reported to the Low-Income Oversight Board by the CPUC's Division of Water and Audits, August 21, 2013.
3. [Low-Income Rates for Water Utility Customers](#), Policy and Planning Division, August, 26, 2013, page 10, based on census data.





Key Facts that Impact Low-Income Rate Assistance Program Design

- California investor-owned water utilities only represent 4% of total urban water use.
- The remaining 96% of water is provided by non-PUC regulated water districts, agencies, and municipalities.
- Large water utilities combined have a total of approximately 1.3 million service connections; of those, approximately 1.17 million or 89% are residential customers.
- Smaller water utilities do not have the economies of scale to support higher subsidies for low-income rate assistance programs.
- Increasing subsidies for low-income customers puts a higher cost burden on remaining non-qualifying residential customers.
- Consideration must be given to affordability of all customers including rates for remaining residential customers. In some cases, customers funding the program are close to qualifying for the program themselves.





Various Mechanisms Available to Help Maintain Water Affordability in California

- Level payment plans for residential customers.
- Offering payment arrangements.
- Water conservation programs.
- Rate Support Fund.





Contact

Danilo Sanchez
Program Manager, Water

des@cpuc.ca.gov

(415) 703-2771

