



July 1, 2015

Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
1001 I Street, 24th Floor  
Sacramento, CA 95814  
Comments Submitted Electronically

Re: Comment Letter on Conservation Pricing

Dear Jeanine Townsend,

The above listed environmental and environmental justice organizations are dedicated to securing a sustainable and equitable water future for California. Many of the organizations listed work directly in or on behalf of the communities most adversely impacted by the current drought. Our joint comments are primarily focused on creating a conservation pricing scheme that helps California develop lasting, sustainable solutions for communities without reliable access to safe and affordable drinking water.

Conservation measures are necessary during the drought and to help adapt to a changing water supply framework, but the need for conservation pricing structures must be balanced with the need to ensure that all Californians have access to affordable water. Local water agencies and the state should encourage conservation, but if no mechanism exists to offset unaffordable rates, conservation measures, such as tiered rate structures, risk rendering drinking water unaffordable, and thus inaccessible to lower income and/or aging populations. Existing funding sources, such as funding available through the SRF and Proposition 1, don't provide state or local agencies with the tools necessary to address affordability challenges in small systems, especially high costs associated with ongoing operations and maintenance. In developing conservation pricing measures, we encourage the SWRCB to think strategically about how to simultaneously incentivize conservation and promote drinking water solutions that advance our state's work toward securing the Human Right to Water for all Californians, which includes access to both safe and affordable drinking water.

### **Human Right to Water**

In 2012, Governor Brown signed into law AB 685 The Human Right to Water (HRTW), now Water Code Section 106.3, which recognizes that "every human being has the right to safe, clean, affordable, and

accessible water adequate for human consumption, cooking, and sanitary purposes.” AB 685 affirms the State’s commitment to guaranteeing access to affordable, acceptable, and safe water sufficient to protect the health and dignity of all residents; prioritizes water for personal and domestic use; and delineates the responsibilities of public officials at the state level. The drought has compounded the varied obstacles that many families and communities face to realizing the HRTW. Reduced rainfall and the resulting dramatic overpumping of groundwater supplies by agricultural interests have resulted in water scarcity, and, in thousands of cases, complete household water loss. At the same time, declining infrastructure, reduced water supplies and, in some cases, reduced demand for water are causing water bills to spike.

Water affordability is a central element to water access and the Human Right to Water. Unaffordable water rates not only impede access to drinking water for families and communities but also impact access to sanitation and cleaning facilities. When water is unaffordable, there is a direct and immediate impact on health and safety, and a myriad of administrative and political problems also arise. Despite the importance of safe drinking water, there is no state policy or system that funds or protects vulnerable communities from unaffordable rates. Conservation pricing must not exacerbate this problem. Accordingly, the State Water Board must consider and further the Human Right to Water in its development of conservation pricing programs and policies and, in doing so, must ensure that conservation policies do not place affordable water further out of reach, but rather increase access to reliable and affordable drinking water.

*Leverage the Opportunity of New Pricing Schemes to Further the Human Right to Water Along With Conservation Goals.*

Rethinking our water pricing scheme provides an unequalled opportunity to address the dual goals of conservation and the Human Right to Water. If we encourage pricing schemes that incorporate the value of ensuring safe and affordable water to all Californians, we can develop rate structures that further both conservation and access to reliable and safe drinking water. For example, a conservation pricing scheme that includes a public goods charge or water fee designed to ensure affordable drinking water for low-income customers through rate subsidies, or other means, is a way to fund statewide priorities and develop lasting, sustainable solutions for communities without safe water. Such a fund could also help support projects - such as consolidations and other regional solutions, which would ultimately lower the cost of water delivery for the long term, thus increasing access to an affordable source of clean drinking water and reducing reliance on subsidies and support for operations and maintenance.

The concept of a public goods charge is not a new one in California. In fact, the State identified a public goods charge as a key mechanism for meeting California’s greenhouse gas emissions targets in the AB 32 Scoping Plan. Investor Owned Utilities and Publicly owned Utilities have long subsidized lower-income customers with rate subsidies. In 2010, the Policy Analysis Project at the UC Berkeley Goldman School of Public Policy recommended that the state pass legislation requiring all water providers to assess volumetric surcharges on water bills. They estimated this charge could raise \$680 million per year for water projects.

While we are not advocating for a precise charge to be levied, we believe a water fee or public goods charge is one possible way to develop sustainable drinking water systems statewide while promoting conservation. To ensure such a fee does not move us further away from securing the HRTW for all communities, lower-income water users should not be subject to such a charge.

*Develop a Conservation Signal in Conjunction with an Affordability Program*

When designing an affordability program, water utilities should consider encouraging water conservation and efficiency. For example, in addition to encouraging local agencies to offer low-income users a percentage discount on the total water bill, a water utility should consider a percentage discount based on reducing

average water use for the particular household size. In addition, water providers could consider applying discounts to, or completely waiving any fixed portion of the water bill, which does not vary by customer usage, instead of discounting or waiving the variable portion of the bill, which reflects customer usage and can be reduced through water conservation and efficiency efforts.

*Pricing Schemes that Incorporate Industrial, Agricultural and Commercial Users*

We understand the critical role that domestic water users have on protecting our valuable supply of water, but we encourage the State Board to consider conservation pricing policies that address water use equitably and fairly - notably policies that address and promote conservation among industrial, commercial and agricultural users along with domestic water users.

*Other Ways to Fund Projects*

Many water systems, particularly in rural and disadvantaged communities, suffer from poor technical, managerial, and financial capacity coupled with increased costs due to nitrate and/or other inorganic contamination. We recommend creating a fund to support operation and maintenance costs where appropriate to ensure that water is safe and affordable. Potential funding sources may include: 1) fees and/or enforcement actions to require parties responsible for contamination to contribute an appropriate share of the cost of providing safe drinking water; and/or 2) a fertilizer fee at the rate of state sales tax to address nitrate contamination associated with the use of synthetic fertilizers. A nitrate fee or fertilizer tax could be utilized to help with regulatory efforts, particularly in disadvantaged communities with drinking water contaminated by nitrate. Agricultural landowners and growers share responsibility for and interest in maintaining acceptable water quality given that fertilizer inputs, as well as other historical land use practices, have contributed to groundwater quality problems. To fund part of the solutions and mitigation of nitrate impacts on groundwater quality degradation, some contribution from agriculture is necessary.

We hope that the Board considers affordability as it develops its regulations for conservation pricing, as the two ideals are not mutually exclusive and may even enhance each other.

Sincerely,

***Phoebe Seaton***, Co-Director, Leadership Counsel for Justice and Accountability

***Jennifer Clary***, Water Programs Manager, Clean Water Action

***Omar Carrillo***, Senior Policy Analyst, Community Water Center

***Sara Aminzadeh***, Executive Director, California Coastkeeper Alliance

***Johanna Dyer***, Natural Resource Defense Counsel

***Jeffrey Odefey***, Director, Clean Water Supply Programs, American Rivers