|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | Low Income Oversight Board  WWW.LIOB.ORG |  |

**California Initiatives for Low Income Water users and Disadvantaged Communities**

Fact Sheet

In 2012 the legislature passed a law that declared that water is a human right for Californians. Since then, there has been lots of activity to ensure that this right is realized for all Californians. In an era of aging infrastructure, new regulations and rising rates, one of the goals has been to ensure that low income Californians have access to basic levels of water service that is safe and affordable. Currently, it is estimated that about 1 million Californians do not have access to safe clean water. Some are customers of one of California’s 7500 water systems while others are supplied by private wells.

The California Public Utility Commission (CPUC) and its regulated utilities have a long record of addressing affordability concerns through discounts, rate design and sound regulation. Class A water utilities all have Low Income Ratepayer Assistance (LIRA) programs that are designed to ensure affordable service for all customers. In the various discussions that are occurring the CPUC and the Low Income Oversight Board have valuable expertise and experience to help guide the conversations to successful conclusions.

**Infrastructure:**

One of the challenges to affordability in California (and throughout the country) is the need for investment in aging infrastructure. Natural replacement cycles, insufficient investment in the past, new regulations and standards and climate change and resiliency are all factors driving increased costs. Funding sources including Proposition 1 and the State Revolving Fund have preferences for low income communities to address infrastructure needs.

**Operating and Maintenance:**

Successful operation of a water system requires technical, managerial and financial resources. Some water systems struggle with obtaining the revenue necessary to fund these basic functions. SB 623, which is currently pending in the legislature, envisions a funding source for O&M to help struggling water systems. The intent of the legislation is secure a $130 million annual dedicated funding stream through a combination of fees on nitrate fertilizers, commercial dairies and a tax on water user bills.

**Consolidation:**

Experts agree that California has too many water systems. Technical, managerial and financial resources are spread thinly and it is impossible to generate sufficient economies of scale for many systems. Consolidation of water systems can take many forms including physical consolidation where infrastructure is extended from one system to another, managerial consolidation, where technical and management is shared by two or more systems and rate consolidation, which addresses economies of scale by having two or more systems share financial structures. For CPUC regulated utilities, system acquisitions drive successful consolidations.

**Proceedings and legislation:**

There are multiple activities underway around the state to address these issues.

* AB 685. Declared a human right to water in California in 2012.
* <http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0651-0700/ab_685_bill_20120925_chaptered.pdf>
* AB 401 report. The SWRCB will report to the legislature about ways to expand low income programs and assistance to more Californians in 2018. This report will generate legislation that draws from the recommendations.
* <http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab_0401-0450/ab_401_bill_20151009_chaptered.pdf>
* SB 623. Designed to create a funding stream for O&M costs. Awaiting action in the legislature.
* <https://www.waterboards.ca.gov/board_info/calendar/docs/notice_joint_wrkshp_safe_dw_111317.pdf>
* SWRCB. Ongoing work including AB 401 report and other activities to promote loans, grants and consolidation for communities across California.
* <https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/waterpartnership.shtml>
* CPUC OIR on low income assistance, affordability and sales forecasting. Proceeding is just beginning, will work in concert with SWRCB to look at questions including greater consistency of existing LIRA programs, expansion of programs to smaller utilities and regulatory oversight of bottled water by the CPUC.
* [http://www.cpuc.ca.gov/general.aspx?id=6442454183](http://www.cpuc.ca.gov/general.aspx?id=6442454183%20)