



CUWA Policy Principles

Water Affordability

December 17, 2021

Affordability is a major challenge associated with water management in California. While many different factors affect the affordability of water in a given service area, there are two overarching components: 1) the cost to provide and maintain reliable, high quality water service, and 2) a customer's ability to pay, based on income and competing expenses. Along with rising housing costs and other expenses, the cost of delivering safe, reliable water continues to increase as water suppliers address critical needs, such as aging infrastructure, a changing climate, emerging contaminants, and new regulations. Meanwhile, about one third of Californians fall below 200% of the federal poverty level (a common eligibility criterion for social assistance programs),¹ including more than 9 million people (approximately 35%) within CUWA agencies' collective service area.²

While there is no one-size-fits-all solution, multiple measures can be taken to support low-income customers while maintaining utility revenues. The following policy principles reflect CUWA agencies' shared commitment to providing safe and reliable drinking water for customers at all income levels.

Managing Cost of Water

1. **Identify cost saving measures at the utility scale** to mitigate the cost of service to customers.

Examples include:

- Explore new technologies and methods to reduce distribution water loss, optimize operation and maintenance processes and capital infrastructure investments, and promote energy efficiency.
- Collaborate with neighboring utilities where possible to lower costs through shared resources and economies of scale, such as through joint purchasing agreements.
- Seek external funding—such as grant funding for infrastructure, drought resilience, and climate adaptation—to reduce the burden on ratepayers.

2. **Encourage water use efficiency to lower customers' water bills** through messaging campaigns, rebates for water-efficient fixtures, and landscape retrofit programs. Promote transparency around water use and rates, such as through smart metering technologies and real-time data sharing, to help customers identify leaks or other billing discrepancies.

Addressing Ability to Pay

3. **Offer payment plans and low-income rate assistance** while complying with Proposition 218 and other rate-setting legislation. Best practices include:
 - Identify sustainable non-rate revenue sources of funding for customer assistance programs.
 - Provide a simple enrollment process—such as allowing categorical eligibility based on enrollment in other programs (e.g., CalFresh or CalWORKs) and enabling customers to enroll online or through a mobile app—to increase program participation.

¹ https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ab401_report.pdf

² Based on a 2020 assessment, using data from the 2018 American Community Survey 5-year estimates (2014-2018).

- Advertise programs through various forms of communication (e.g., phone calls, bill inserts, social media, partnerships with local schools and community organizations) and target outreach to those in greatest need of assistance. Highlight other programs available to customers, such as the Low-Income Household Water Assistance Program (LIHWAP).
 - Temporarily expand assistance programs and ramp up outreach during extraordinary circumstances, such as the COVID-19 pandemic.
 - Partner with the state to address regulatory barriers and identify a sustainable funding source to enable long-term expansion of low-income rate assistance programs.
4. **Build trust with customers around the safety and value of tap water** as an inexpensive alternative to bottled water. Provide transparent and accessible information on customer water use and billing, including reasons for rate increases. Foster consumer confidence by clearly demonstrating water quality and partnering with local community organizations to bridge cultural differences and address language barriers that may affect trust in tap water.
 5. **Explore creative ways to improve customers' ability to pay**, such as new rate structures or adjusted billing frequency. Learn from other utilities that have implemented innovative approaches for customer assistance and explore actions that wholesale water suppliers can take to support their retail agencies.
 6. **Work with customers to make it easier to pay**, such as by accepting different forms of payment or leveraging new technologies and services that support customer engagement and payment flexibility. Highlight billing timelines with customers and send payment reminders (in multiple languages and via multiple forms of communication). Even still, there may be times when a customer is unable to pay—therefore, explore potential alternatives to shutoffs that protect the human right to water for those who cannot pay while encouraging payment for those who can.

Water affordability is a complex issue affected by system-specific variables (e.g., water supply sources, treatment requirements, size and age of system) and household and community level factors (e.g., income level, cost of living, level of trust in tap water). Given that utility-level savings can only go so far in reducing water rates (due to upward pressures on cost, such as new regulations and supply chain disruptions), customer-level assistance is needed to fill the gap. While temporary programs—such as LIHWAP and the California Water and Wastewater Arrearage Payment Program—provide relief for water debt incurred during the COVID-19 pandemic, longer term solutions are needed to protect the human right to water while sustaining utility revenues for reliable infrastructure. CUWA agencies are exploring a suite of solutions that vary by system, based on each community's specific needs, to build consumer trust and promote safe and affordable drinking water for all.