CUWA agencies are committed to providing safe and reliable drinking water for their customers at all levels of income. With aging infrastructure, a changing climate, and advanced treatment needed for constituents of emerging concern and new standards, the cost of delivering clean, safe water continues to rise. The following policy principles summarize CUWA’s views on water affordability.

1. **Water affordability is a major issue throughout California.** The statewide poverty rate is around 19% (U.S. Census Bureau, 2013-2017 5-Year American Community Survey), and the rate within CUWA agencies’ collective service area is estimated to be about 21% based on a 2015 assessment. While low income customers may reduce their water bills by minimizing water use, in some cases their bill may still exceed 5% of their household income. Approximately 5.5 million people in CUWA agencies’ service areas struggle with water affordability.

2. **CUWA agencies are committed to providing high quality water at a fair and reasonable price.** Increasing costs to address aging infrastructure, fund demand management programs, and provide safe, reliable water supply have driven up residential water bills an average of 7% per year from 2007 to 2014—one more than double the rate of inflation\(^1\). The scale of aging infrastructure needs is significant. CUWA member agencies project collective capital expenditures of more than $24 billion over the next 10 years (not including additional expenditures by their retail agencies and the state) – highlighting the persistent challenge of affordability.

3. **New regulations and programs can be costly and must be considered in light of affordability concerns.** By evaluating the costs of new proposals—and the consequential impact on ratepayers—state and local agencies can make informed, collaborative decisions about future programs and requirements that benefit our communities without introducing a significant cost burden. Legislation and regulations that are accompanied by a source of funding and weighed against other demands on the ratepaying public can limit the overall cost impact and help keep water affordable.

4. **The use of new technologies and operational efficiencies can help mitigate costs.** New developments such as automation, optimization, and use of alternative energy sources bring new efficiencies that can reduce the cost for specific activities.

5. **A path is needed to enable low-income rate assistance, while meeting Prop 218 and other rate-setting legislation.** Prop 218 requires charging a fee proportionate to the cost of providing water services, and CUWA supports transparency with cost of service as the basis for water rates structures. Under Prop 218 ratepayer funds cannot be applied to rate assistance programs, presenting challenges for some agencies to fund dedicated affordability programs. A modification that specifically addresses affordability would enable some water agencies to better meet the local needs of low-income households.

6. **Creative approaches can help avoid service interruption.** CUWA agencies have been implementing policies and practices consistent with SB 998 (2018) and helped to inform these new requirements. Shutoffs are only considered after multiple measures—such as payment plans,

---

\(^1\) CUWA, 2019. *Keeping Water Affordable: Accounting for the Drivers Behind Increasing Rates.*
reminders, and shutoff notices—are taken to reduce the number of residential water service shutoffs due to non-payment. Other practices, such as highlighting the billing timeline with customers and encouraging them to make partial payments has proven successful at reducing the number of late payments and shutoffs.

7. **CUWA is committed to identifying strategies to address affordability.** Given the magnitude of the affordability issue within the population served by CUWA, our agencies are focused on developing community assistance solutions, including low-income rate assistance programs, within each agency’s service area to the extent legally allowed. Best practices employed to implement or fund these programs include:

   - **Discounted water charges** funded by sources that are unconstrained by Prop 218. Sources include donation programs based on voluntary tax-deductible contributions and local non-profit agencies providing community assistance. Such customer assistance programs would make water available at a reduced cost to low-income customers.

   - **Base tier rates** offering a minimal amount of water sufficient for human consumption, cooking, and sanitary purposes (i.e., indoor water use) at a lower cost thereby assisting lower water users, many of whom are low-income customers.

   - **Customer conservation assistance** to reduce demand and water bills by increasing water efficiency within low-income households. Water Savings Assistance Programs have been funded through Prop 84 grant funds.

   - **Partnerships with energy utilities** to provide necessary resources and improve agencies’ ability to implement low-income assistance programs, including broadly reaching public education.

   - **Education on the safety and value of utility served tap water** as an inexpensive alternative to bottled water. Consumer savings can go towards household water bills.