

VIA EMAIL

November 24, 2021

California Public Utilities Commission
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Dear California Public Utilities Commission:

California Water Association (“CWA”) provides the following comments on the Draft Environmental and Social Justice (“ESJ”) Action Plan 2.0 issued by the California Public Utilities Commission (“Commission”) on October 26, 2021. CWA commends the progress the Commission has made since the adoption of the original ESJ Action Plan 1.0 in 2019 and supports the proposed updates and revisions in the Draft ESJ Action Plan 2.0 on this important topic. CWA provides these comments with the goal of providing constructive feedback with respect to specific action items presented in the Draft ESJ Action Plan 2.0 to assist the Commission in executing them.

CWA is the statewide association representing the interests of water utilities subject to the jurisdiction of the Commission. CWA’s members provide safe, reliable, high-quality drinking water to approximately six million Californians. CWA submits these comments on behalf of its member water utility companies.

1. Discussion

The Draft ESJ Action Plan 2.0 maintains the same “Goal 3: Strive to improve access to high-quality water, communications, and transportation services for ESJ communities” as the original ESJ Action Plan 1.0, but would streamline and revise the objectives under that section to reflect the work of the Commission for the upcoming three years.¹ As most relevant for CWA’s member water utilities, the proposed Revised Objective 3.2 would state “Water Customer Resilience: Support ESJ customers and communities with discounted rates for low-income customers and sustainable systems.”²

CWA supports the proposal to streamline the objectives under this goal in this manner, while still identifying specific action items in the Appendix to the Draft ESJ Action Plan 2.0 tied to the revised objectives. In particular, CWA

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¹ Draft ESJ Action Plan 2.0, p. 20.

² *Id.*, p. 21.
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supports the use of the term “sustainable systems” in Revised Objective 3.2 in recognition that efforts to assist ESJ communities must be sustainable on the part of water utilities in order to ensure that they have a long-term impact rather than being simply a short-term fix.

a. Action Item 3.2.1: Maximize Customer Assistance Programs (CAPs) and Arrearage Management Plans (AMPs) for Low-Income Water Customers

Action Item 3.2.1 focuses on the Customer Assistance Programs (“CAPs”) and Arrearage Management Plans (“AMPs”) that water utilities offer for low-income water customers.³ CWA and its water utility company members have taken the lead in California in implementing CAPs and today each of the Class A water utilities offers a robust program to assist low-income customers. The Commission is currently looking at issues related to the Class A water utility CAPs in Phase III of Rulemaking R.17-06-024. For example, in that proceeding, water utilities collaborated with energy utilities to agree to increase the frequency of low-income customer data sharing, which is one of the most effective methods of increasing enrollment of eligible customers into water utility CAPs.

With respect to the specific item for the Commission to “Explore additional opportunities to assist low-income water customers” listed for Action Item 3.2.1,⁴ CWA recommends that the Commission expressly support legislative efforts to create a statewide low-income water CAP. Such a program would benefit low-income customers of Commission-regulated water utilities because of the ability to spread the funding and implementation costs across a statewide pool of taxpayers. Currently, CAPs can be difficult for Commission-regulated water utilities to implement in communities where there is a large percentage of low-income customers who are eligible for such assistance programs because of the potentially significant and unsustainable burdens on non-eligible customers in those service districts.

The approach for a statewide low-income water customer assistance program was recommended and outlined in 2020 by the State Water Resources Control Board as part of its final report mandated by Assembly Bill 401 (2015, Dodd).⁵ CWA believes that this is the optimal solution to assisting low-income customers in ESJ communities and continues to support the development of a state-administered and financed program that is available to customers of both Commission-regulated water utilities and municipal water providers alike. Therefore, CWA recommends that the Commission expressly support a statewide low-income water customer assistance program approach as part of its implementation of Action Item 3.2.1 of the ESJ Action Plan 2.0.

b. Action Item 3.2.2: Understanding and Acting on Affordability of Water Rates

Action Item 3.2.2 focuses on the affordability of water rates. Some efforts are already underway in Rulemaking R.18-07-006 with respect to implementation of the affordability metrics adopted in D.20-07-032. However, this action item also mentions utilizing information from the State Water Resources

³ *Id.*, p. 34.

⁴ *Id.*

⁵ SWRCB, *Recommendations for Implementation of a Statewide Low-Income Water Rate Assistance Program* (February 2020), available at https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ab401_report.pdf.

Control Board (“SWRCB”) Drinking Water Needs Assessment program.⁶ CWA urges the Commission to remove references to the Drinking Water Needs Assessment out of the ESJ Action Plan 2.0 as it is inappropriate to utilize the information contained therein for purposes it was never intended to serve and without a full understanding of its circumstances.

The Drinking Water Needs Assessment is a new program under the SWRCB’s Safe and Affordable Funding for Equity and Resilience (SAFER) Program.⁷ As explained in the recently issued 2021 Drinking Water Needs Assessment, “The results of the 2021 Needs Assessment will be utilized by the State Water Board and the SAFER Advisory Group to inform the prioritization of available state funding and technical assistance within the Safe and Affordable Drinking Water Fund (SADWF) Fund Expenditure Plan (FEP).”⁸ The 2021 Drinking Water Needs Assessment is just the first iteration issued by the SWRCB, which plans to refine and adjust it moving forward in response to feedback and problems identified by different parties, including CWA.

Moreover, the Drinking Water Needs Assessment calculates data in a particular manner tailored for its narrow purposes (including weighting particular data differently than others), which may not be appropriate for the particular function contemplated in the Draft ESJ Action Plan 2.0. The SWRCB has specifically cautioned against using it for unintended purposes such as this. Moreover, the Commission already has adequate information of its own regarding affordability to work with being generated in the multi-industry affordability rulemaking proceeding 18-07-006. Therefore, CWA urges the Commission to delete the references to the Drinking Water Needs Assessment in the Draft ESJ Action Plan 2.0.

Additionally, the Draft ESJ Action Plan 2.0 proposes to “Consider whether the CPUC should open an OIR on the subject of new standards for consolidation of water utility systems.”⁹ In many instances, efforts to consolidate small water systems serving ESJ communities are the culmination of years of work by those systems, the SWRCB, and local agencies such as Local Agency Formation Commissions (LAFCOs). Thus, the applications to the Commission ultimately filed by water utilities seeking authorization for such water system consolidations often are the product of such lengthy collaborative efforts and represent what the applicants believe is the best available solution for customers. However, the Commission’s process for approving such proposed transaction has often been lengthy and uncertain. CWA believes the Commission can and should do its part to support the overall State effort to assist disadvantaged ESJ communities through water system consolidations. One potential strategy may be for the Commission to refine and streamline the existing administrative processes for smaller water system consolidation proposals that have already had significant SWRCB consultation in order to enable Water Division staff to process such transactions in a

⁶ Draft ESJ Action Plan 2.0, p. 34.

⁷ The Drinking Water Needs Assessment primarily evaluates water systems in California based on 19 risk factors across four categories: water quality, accessibility to water adequate for human consumption, affordability, and technical, managerial, and financial (TMF) capacity,

⁸ See page 16 here (footnote omitted):

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2021_needs_assessment.pdf

⁹ Draft ESJ Action Plan 2.0, p. 34.

predictable, certain, and timely manner. Therefore, whether through an OIR or another mechanism, CWA would support efforts to streamline the Commission's review of water system consolidations.

c. Action Item 3.2.3: Water Resilience and Reliability in the Face of Drought

Action Item 3.2.3 focuses on the Commission's efforts to work with water utilities to plan for continued conditions of drought, with emphasis on addressing ESJ community needs. This is an issue of utmost importance for CWA and its member water utilities, who have recently met directly with many of the Commissioner's offices to brief the Commission on the latest developments on the current drought and the responses that water utilities are taking to assist customers while meeting the State's water conservation goals. In addition to demand side management programs and devices, it is also critical for the Commission to authorize much needed capital improvement projects by water utilities in a timely fashion. This will ensure utilities are able to continue to provide safe and reliable water to customers in the face of short-term droughts and long-term climate change. Therefore, CWA supports the inclusion of this Action Item 3.2.3 in the Draft ESJ Action Plan 2.0.

d. Action Item 3.2.4: Incorporating ESJ Considerations into Consolidations of Small Water Companies

Action Item 3.2.4 focuses on ESJ considerations in the Commission's consideration of water system consolidations, particularly of small water companies. As CWA has observed, the Commission has already been proactive in seeking input from applicants and other parties in water system consolidation proceedings regarding the relevant impacts and benefits of any proposed transaction on ESJ communities. As explained above, water system consolidations brought before the Commission can be a transformative tool to assist troubled water systems and help ESJ communities. CWA's water utility members have often stepped up to the plate to assist such systems when local agencies have been unable to help. When implementing Action Item 3.2.4, it is important for the Commission to ensure that the proposed actions make for a more robust evaluation of such water system consolidations without unduly delaying the processing of such critical consolidations, particularly where ESJ communities would benefit.

2. Conclusion

Like the Commission's Draft ESJ Action Plan 2.0, CWA and its member water utility companies have been working to achieve its own ambitious diversity, equity, and inclusion goals. CWA recognizes that diversity, equity, and inclusion impact all aspects of work among members of the association, the water utility industry, and the communities where we live, work, and serve. We are committed to doing more to address and move beyond any unconscious biases and barriers to progress in this area that may remain in the water utility industry. CWA, through its actions and those of its members, intends to reimagine policies and practices that will aid our members and the industry in their efforts to be leaders in providing services and doing business in a manner that is recognizes and celebrates our cultural diversity, creates more opportunity, and is welcoming of all. To that end, CWA appreciates this opportunity to comment on the Draft ESJ Action Plan 2.0 and looks forward to

continuing to work as a close partner with the Commission and other stakeholders to help achieve the important goals set forth therein.

Respectfully submitted,



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