
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Josh Becker, Chair
2025 - 2026 Regular**

Bill No:	SB 350	Hearing Date:	4/21/2025
Author:	Durazo		
Version:	4/10/2025 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Water Rate Assistance Program

DIGEST: This bill establishes the Water Rate Assistance Program and the Water Rate Assistance Fund in the State Treasury, available upon appropriation by the Legislature, to provide water affordability assistance, for both drinking water and wastewater services, to low-income residential ratepayers.

ANALYSIS:

Existing law:

- 1) Establishes the California Safe Drinking Water Act, requires the State Water Resources Control Board (SWRCB) to administer provisions relating to the regulation of drinking water to protect public health. (Health and Safety Code §§116270 – 116755)
- 2) Declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. (Water Code §106.3)
- 3) Requires the SWRCB, by January 1, 2018, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, as prescribed. Requires the SWRCB, by February 1, 2018, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for any needed legislative action. Requires the plan to include, among other things, a description of the method for collecting moneys to support and implement the program and a description of the method for determining the amount of moneys that may need to be collected from water ratepayers to fund the program. (Water Code §189.5)

- 4) Establishes the California Public Utilities Commission (CPUC) with regulatory authority over privately owned utilities, including water corporations. (Article XII of the California Constitution)
- 5) Requires the CPUC to consider programs to provide rate relief for low-income ratepayers of water corporations. (Public Utilities Code §739.8)
- 6) Establishes the Department of Community Services and Development (CSD) as a department within the California Health and Human Services Agency, and tasks CSD with implementing several types of federal assistance to help low-income households meet their energy needs. (Government Code §§12085-12091 and 16366.1-16367.8)

This bill:

- 1) Establishes the Water Rate Assistance Program and the Water Rate Assistance Fund in the State Treasury, available upon appropriation by the Legislature, to provide water affordability assistance, for both drinking water and wastewater services, to low-income residential ratepayers.
- 2) Requires the SWRCB to take various actions in administering the fund, including, among other things, tracking and managing revenue in the fund separately from all other revenue.
- 3) Requires the SWRCB in consultation with relevant agencies and after a public hearing, to adopt guidelines for implementation of the program and to adopt an annual report to be posted on the SWRCB internet website identifying how the fund has performed, as specified.
- 4) Requires the guidelines to include minimum requirements for eligible systems, including the ability to confirm eligibility for enrollment through a request for self-certification of eligibility under penalty of perjury. By expanding the crime of perjury, this bill would impose a state-mandated local program.
- 5) Requires the SWRCB to take various actions in administering the program, including, but not limited to, providing guidance, oversight, and funding for low-income rate assistance for residential ratepayers of eligible systems.
- 6) Authorizes the Attorney General to bring an action in state court to restrain the use of any method, act, or practice in violation of these provisions, except as provided.

Background

Water utilities. California residents are served by various types of water utilities or water systems, including publicly owned utilities (POU), investor-owned utilities (IOU), and small community water systems. The majority of California's residential water customers are served by POUs, which are operated and governed by cities, special districts, and mutual water companies. As established by Proposition 218 (1996), the majority of these utilities are subject to state constitutional and statutory requirements that ensure water rates are restricted to cost-of-service. As a result, these water utilities are limited in their ability to increase rates on customers in order to fund programs or provide rate relief to other customers. These limitations are not imposed on the CPUC-regulated utilities whose rates are set by the CPUC which has jurisdiction over water companies, or privately owned water utilities (also known as IOUs).

Water IOUs provide water service to about 16% of California's residents. Approximately 95% of those residents are served by nine large water IOUs, each serving more than 10,000 service connection. Known as Class A water utilities, combined, the nine largest utilities serve nearly 1.2 million customers. However, the majority of the CPUC-regulated water utilities (92) have service connections of 2,000 or less, and 87 of those have service connections of 500 or less. As with other IOUs, the CPUC regulates the rates of the water utilities under its jurisdiction. Under existing law, the CPUC generally has authority over the regulation of utility services and rates to assure that California residents have access to safe and reliable utility infrastructure and services from IOUs, including water companies, at just and reasonable rates. In comparison, the SWRCB has regulatory authority over the quality of the state's water resources and drinking water, including the authority to adopt regulations to address contaminant levels.

CPUC-regulated water utilities' low-income assistance programs. The CPUC has authorized the largest nine water IOUs to offer low-income rate assistance programs similar in concept to those provided to electricity customers through California Alternate Rates for Energy (CARE). However, each program varies in terms of the amount of the assistance provided to customers and the collection of the surcharge from non-participating customers to cover the cost of the program. All nine Class A water utilities, one Class B in a few districts, and one Class C water utility offer discounts on their monthly bills for qualifying low-income customers. Water utilities have been slowly transitioning the unique names of their low-income assistance programs to the uniform name Customer Assistance Program pursuant to CPUC Decision (D.) 20-08-047. Discounts and surcharges supporting the programs are reviewed in each utility's general rate case.

SB 401 (Dodd, Chapter 662, Statutes of 2015) required report on funding a statewide low-income rate assistance program. SB 401 required the SWRCB, in collaboration with the State Board of Equalization and stakeholders, to develop a plan for the funding and implementation of a new program to provide water rate relief for low-income ratepayers by January 1, 2018 and provide a corresponding report to the Legislature by February 1, 2018. In February 2020, the SWRCB released its final recommendations to implement a statewide low-income water rate assistance program. The SWRCB recommends the creation of a statewide Water Rate Assistance Program funded through taxes on personal income, business income, and bottled water, as most water systems are not able to fund low-income assistance programs via their rates. For qualifying customers, the program recommended by the SWRCB will support bill discounts, crisis assistance, and a tax credit for renters who pay for their water indirectly through rent. These bill discounts are modeled on the low-income assistance program for customers of CPUC-regulated energy utilities, and the crisis assistance is modeled on the federal energy crisis program known as Low Income Heating and Assistance Program (LIHEAP), administered by CSD in California. The SWRCB estimates the first-year cost for the recommended program, including administrative costs, at \$606 million. Roughly \$140 million would be for direct bill credits to approximately 1.766 million households.

Proposition 218 and 26. As noted above, non-CPUC regulated water utilities are subject to differing constraints on their ability to collect rates for rate relief from one customer to another. Specifically, as acknowledged by the SB 401 report: “[Proposition 218 and Proposition 26]...These substantive restrictions on ratemaking by publicly owned water systems prevent subsidization of one customer’s water rates by another and would pose serious, if not fatal, obstacles to publicly owned water systems funding individual W-LIRA [water low-income rate assistance] programs from water rates and charges. As a result, publicly owned water systems instead fund existing W-LIRA programs from revenues derived from sources other than water rates and charges, such as lease revenues or voluntary donations. These non-rate revenue options are limited and considered insufficient to sustainably fund W-LIRA programs throughout the state.”

Recent efforts to provide water utility assistance. There has been a number of recent actions by the state and federal governments to provide one-time funding, especially to address impacts from COVID-19 pandemic. Most notably, the Legislature and Governor approved one billion dollars in funding to help address water utility debt relief caused by the COVID-19 pandemic. Rental Assistance enacted by the Legislature in response to COVID-19 crisis provides flexibility to apply assistance towards both rent and utilities. However, it seems reasonable to assume that given the arrears on rent and the desire to prevent evictions, most eligible renters will apply the majority (if not all) of the rental assistance towards

the debt owed on their rent. In December 2020, Congress passed and the President signed the COVID relief bill that provides limited one-time relief for water utilities and ratepayers. Specifically, \$638 million was appropriated nationwide for emergency low-income drinking and wastewater assistance with California receiving approximately \$60-70 million given the state's share of the national population. CSD is administering the program for the state. Additionally, existing safety-net programs provide assistance for utility service. CalFresh participants, funded via the federal Supplemental Nutrition Assistance Program (SNAP) are also eligible for utility assistance allowance that can range from \$130 to over \$400, according to the program's website. This assistance can be used towards any utility service: water, energy, sewer, etc.

Comments

SB 350. This bill would establish the Water Rate Assistance Program, and Fund, with an unknown source of funding, administered by the SWRCB to help provide water affordability assistance, for both drinking water and wastewater services, to low-income residential ratepayers. Specifically, this bill proposes the program to fund, upon appropriation of the Legislature:

- 1) Direct water bill assistance for eligible low-income residential households.
- 2) Administration of the water bill assistance, including contracting with a third-party, administration by eligible water systems (5% or \$5,000), and the SWRCB (up to 10%).
- 3) Water efficiency measures for low-income households (up to 5% of program funding).
- 4) Technical assistance for small water systems, serving fewer than 3,000 connections.

This bill requires SWRCB to adopt guidelines to implement the program, instead of regulations adopted by the Office of Administrative Law. This bill requires eligible water systems to automatically enroll households in the program if they meet specified criteria, including enrollment in existing safety-net programs or for energy investor-owned utility customers the CARE and Family Electric Rate Assistance (FERA) low-income assistance programs. This bill would require that within a year of the effective date (presumably a year from January 1, 2026) the CPUC would establish a mechanism for electrical and gas corporations to regularly share data with SWRCB regarding utility customers enrolled in rate assistance programs and authorizes SWRCB to enter into agreements for data sharing with local publicly-owned electric and gas utilities. Other provisions of this bill include authorization for up to 10% of unknown amount of monies towards administrative purposes and guidelines to implement the program.

Need for this bill. The author states:

Access to clean, safe, and affordable water is a fundamental human right, yet rising water rates are forcing families to choose between paying for essential services or risking their health and wellbeing. With water rates rising by over 24% in the last five years alone, many low-income households are burdened with overdue balances, while water shutoffs continue to impact communities across our state. SB 350 will provide direct financial relief to low-income customers, ensuring that they can maintain access to this vital resource. By utilizing existing data from public utility programs, this bill offers a streamlined approach to enrollment and ensures funding transparency, limiting administrative costs so that more resources go directly to consumers. It is time for California to take action to alleviate the disproportionate impact of rising water rates on our most vulnerable communities. This author's office has stated their priority is establishing a long-term, sustainable low-income water rate assistance program.

Where's the funding? As noted by the author and sponsors, this bill does not identify a specific source of funding for the ambitious goals of this program. Nonetheless, the author and sponsors would like the opportunity to continue to craft the program in the hopes that funding source(s) may materialize. As noted in the SB 401 report, a low-income rate assistance program would require roughly \$140 million annually for drinking water assistance (in pre-COVID dollars). This bill would likely require more funding, especially as this bill proposes to fund assistance for wastewater services which will greatly expand the amount needed to support the program. In this regard, the author may consider whether to narrow the scope of this bill to address the need for access to affordable water service (especially for drinking water), and not include sewer/waste water services. Opponents note sewer/waste water services are often assessed on property taxes, not a regular utility bill. Additionally, the author may wish to consider removing water efficiency related efforts which as the opponents note could be funded from climate and/or drought related funding given that identifying a sustainable funding source for the ongoing low-income water assistance continues to be a hurdle. Moreover, the effective date of the program should be in relation to the date when funding is appropriated. This bill is also lacking language that makes clear it is not operational until, and if, funding is appropriated. *The author and committee may wish to amend this definition of effective date to clarify it is in relation to an appropriation of funding for the program and the chapter is not operational until after there is a legislative appropriation.*

Administration of the program is more complex. Unlike the energy and water IOUs who administer low-income assistance directly on customers' utility bills through the billing, this bill has the SWRCB provide the direct utility bill assistance (likely via a third-party contractor) through the eligible water system directly onto the customer's water bill. With thousands of water systems across the state (each of varying sizes and capacity), this level of administration adds much more complexity to providing utility bill assistance than a utility operating the assistance via their own billing system.

Eligibility merits clarification. As currently written, this bill defines "low-income households" to be those meeting 200% or less of federal poverty income guidelines. However, this bill includes eligibility for the assistance to customers enrolled in the electric IOUs' FERA program that provides utility bill assistance to households with incomes above 200%, and up to 250%, of federal poverty guidelines. Additionally, the language in section 116934 (b) (2) may imply that eligibility criteria for enrollment can be determined by the SWRCB during the development of the program's guidelines, especially as (3)(B) refers back to the vague language in (2). *In this regard, the author and committee may wish to delete reference to the FERA program and clarify the eligibility in (b)(2) remains consistent with the definition for low-income in the bill (income of 200% or less of federal poverty guidelines).*

Enforcement provisions. The bill provides that the Attorney General, at the request of the SWRCB, may bring an action in state court to restrain a practice declared in this bill to be unlawful, including nonparticipation by a public water system. This bill also prohibits the SWRCB from requesting an action by the Attorney General as long as the qualified system makes a good faith effort to implement this bill. The opponents raise concerns that the SWRCB as a regulatory enforcement agency should be sufficient for the financial assistance program. The author may wish to consider whether removing reference to the Attorney General action could still achieve the goals of this bill.

Dual referral. This bill passed out of the Senate Environmental Quality Committee on March 19, 2025 with a vote of 6-1.

Prior/Related Legislation

SB 1255 (Durazo) of 2024, was amended in the Assembly to require a retail water supplier that serves over 3,300 residential connections to establish a water rate assistance program to help eligible low-income customers pay their water and wastewater bills, with funding from voluntary contributions paid by other customers through charges on water bills; and would have required the SWRCB to

conduct a needs assessment for a similar program for low-income customers of smaller water suppliers. The bill was held in the Assembly Appropriations Committee.

SB 222 (Dodd) of 2022, would have required the SWRCB to develop and administer a statewide Water Rate Assistance Program to provide rate assistance to low-income residential ratepayers of a community water system or wastewater system. The bill was vetoed.

SB 91 (Committee on Budget, Chapter 2, Statutes of 2021) this trailer bill extended the moratorium on evictions for non-payment of rent due to COVID-19 financial hardship, subject to numerous conditions from January 31, 2021, to June 30, 2021. It also contains an appropriation of federal funds and statutory changes necessary to implement a rental assistance program as part of the 2020 Budget Act.

AB 3088 (Chiu, Chapter 37, Statutes of 2020), a set of temporary measures designed to prevent widespread loss of housing through evictions and foreclosures resulting from the economic impacts of the COVID-19 pandemic. These provisions are set to expire on January 31, 2021.

SB 998 (Dodd, Chapter 891, Statutes of 2018) required all public water systems (with more than 200 connections) to have a written policy on discontinuation of residential water service, provide that policy in multiple languages, include provisions for not shutting off water for certain customers that meet specified criteria, prohibit the shutoff of water service until the bill has been delinquent for 60 days, and cap the reconnection fees for restoring water service.

SB 401 (Dodd, Chapter 662, Statutes of 2015) required the SWRCB, in collaboration with the State Board of Equalization and stakeholders, to develop a plan for the funding and implementation of a new program to provide water rate relief for low-income ratepayers by January 1, 2018 and provide a corresponding report to the Legislature by February 1, 2018.

SB 200 (Monning, Chapter 120, Statutes of 2019) established the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long term. Beginning in fiscal year 2020-21 and until June 30, 2030, it annually transfers to the SADWF five percent of the proceeds of the GGRF up to \$130 million. It further requires the SWRCB to adopt a fund implementation plan and requires expenditures of the fund to be consistent with the plan.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

Clean Water Action (Co-Sponsor)
Community Water Center (Co-Sponsor)
Leadership Counsel for Justice & Accountability (Co-Sponsor)
Alianza Coachella Valley
Allensworth Progressive Association
Alliance of Californians for Community Empowerment Action
California Coastkeeper Alliance
California Environmental Justice Alliance Action
California Environmental Voters
Carbon Cycle Institute
Center on Race, Poverty & the Environment
Central California Environmental Justice Network
Cleaneearth4kids.org
Coalition for Economic Survival
Community Water Center
Courage California
Defenders of Wildlife
Disability Rights California
Environmental Defense Fund
Fairmead Community & Friends
Friends Committee on Legislation of California
Friends of The River
Greenfield Walking Group
Initiate Justice
Los Angeles Alliance for A New Economy
Los Angeles Waterkeeper
Mothers Helping Mothers
Nourish California
People's Collective for Environmental Justice
Physicians for Social Responsibility - Los Angeles
Planning and Conservation League
Sierra Club California
TODEC Legal Center
Union of Concerned Scientists
Western Center on Law & Poverty

OPPOSITION, unless amended:

Association of California Water Agencies
Bella Vista Water District
Bellflower Somerset Mutual Water Company
Camrosa Water District
City of Fairfield
Contra Costa Water District
Crestline-Lake Arrowhead Water Agency
Cucamonga Valley Water District
Desert Water Agency
East Valley Water District
Eastern Municipal Water District
El Dorado Irrigation District
Fallbrook Public Utilities District
Helix Water District
Hidden Valley Lake Community Services District
LA Habra Heights County Water District
Lake Arrowhead Community Services District
Mckinleyville Community Services District
Mesa Water District
Monte Vista Water District
Monterey Peninsula Water Management District
Olivenhain Municipal Water District
Palmdale Water District
Puente Basin Water Agency
Rowland Water District
San Gabriel County Water District
San Gabriel Valley Water Association
San Juan Water District
Santa Clarita Valley Water Agency
Santa Margarita Water District
Scotts Valley Water District
South Tahoe Public Utility District
Three Valleys Municipal Water District
Tuolumne Utilities District
Upper San Gabriel Valley Municipal Water District
Utica Water and Power Authority
Walnut Valley Water District
Western Municipal Water District

ARGUMENTS IN SUPPORT: Clean Water Action, Leadership Counsel for Environmental Justice, and Community Water Center, co-sponsors of this bill, state:

Water is essential in life, not a luxury good. Yet, water and sewer rates consistently outpace inflation, as demonstrated by families paying 45% more per month for drinking water service in 2015 than in 2007 (State Water Board AB 401 Report). ...At the individual system level, most public water and wastewater systems face legal and financial barriers to establishing robust affordability programs. Only about half of California households are served by a public water system that offers low-income rate assistance, and those programs that do exist suffer from limited funding and low enrollment. These programs tend to be offered by the largest and most affluent of California's public water systems. ...The problem is particularly acute where the majority of households in a community are low-income. Without outside resources, these systems have no options for helping their customers. We must quickly address this severe gap in our social safety net. We believe that SB 350 is a vital step toward lowering utility costs, promoting water equity and ensuring that all Californians, regardless of income, have access to affordable water services.

ARGUMENTS IN OPPOSITION: The Association of California Water Agencies and several of its members raise many concerns about this bill, including: the lack of an identified funding source (to ensure it is not regressive and does not challenge water affordability), need to further refine the cap on administrative costs for local water agencies to implement the program, the need to allow existing programs to continue in their existing form, the addition of wastewater systems which add costs and complexity, and other provisions.

-- END --