



Water Use and Efficiency Branch  
Department of Water Resources  
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Submitted via [WUE@water.ca.gov](mailto:WUE@water.ca.gov)

**Re: Comments on the draft Indoor Residential Water Use Standards Report**

Dear Water Use Efficiency Team,

Thank you for the opportunity to provide comments on the draft Indoor Residential Water Use Standards report jointly developed by the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) staff and consultants.

We appreciate the extensive research that went into draft report and we support the draft report's core findings:

1. California's current indoor residential water use is approximately 49-52 Gallons per capita per day (GPCD);
2. Indoor water use across all has been steadily declining for decades both in California and nationally;
3. California's indoor residential water use will continue to decline 'naturally' due to new construction and passive turnover of inefficient toilets and water devices; and,
4. The State's indoor residential water use efficiency standard should reflect this 'natural' improvement in water efficiency. The joint recommendation is to retain the current 55 GPCD until 2025, and then reduce it to 47 GPCD until 2030 and to 42 GPCD until 2035.

Consistent with DWR's commitment to the Human Right to Water, we appreciate the Department's recognition that lower income services areas should not be disproportionately negatively affected by any standard as well as its finding that the recommended efficiency standard will not be biased towards suppliers with high poverty levels (page 57).

However, the draft report fails to provide a robust discussion of how the efficiency standard may improve affordability and the Human Right to Water.

- **Low income customers can least afford to waste water, but are most likely to have inefficient equipment and leaks:** Low income/disadvantaged communities can't afford to waste water. When it comes to water-use behavior, low-income households are careful with water use, using less water on average than higher-income homes, even when controlling for other variables (DeOreo et al. 2011, California Single-Family Water Use Efficiency Study). Yet low-income families tend to occupy older buildings with less efficient appliances and more leaks, which mean they are often saddled paying more for water to accomplish the same tasks as their wealthier neighborhoods with newer, better-maintained homes.
- **Urgent Need for Water Efficiency Improvements to Address Affordability.** California has over 13 million low income households. These households paid 45% more for their drinking water 2015 than they did in 2007. Low income communities of color have the greatest need to ensure that they are not paying for water waste in their homes. This is particularly important now as low-income communities throughout the state struggle with COVID-related utility debt. As recommended by the U. S. Water Alliance, assistance programs to reduce the cost burden on these communities is the first urgent step but an additional key step is installation of more efficient plumbing fixtures so that these communities do not have to pay for water that is being wasted through leaks and/or inefficient appliances (U.S. Water Alliance, 2017. "An Equitable Water Future: A National Briefing Paper").
- **Significant Opportunity for Combined Efficiency and Affordability Improvements.** Many low income/disadvantaged communities are located in older, pre-2000 constructed homes which typically have inefficient toilets and problems with leaks due to the age of the homes and lack of adequate resources to repair or replace these devices. A 2017 saturation study found that an estimated 20% of California's toilets are still inefficient (AWE, 2017. "A Saturation Study of Non-Efficient Water Closets in Key States"). Also, many water agency rebate programs have not been designed to effectively reach low-income/disadvantaged households so many communities have not had equitable access to these incentives. A 2020 AWE study assessed a combined water affordability and conservation potential in Detroit, finding significant water savings and customer bill savings from targeted retrofit of inefficient toilets and leak reductions in low income neighborhoods (AWE, 2020 "An Assessment of Water Affordability and Conservation Potential in Detroit, Michigan").
- **Wealth Inequities and Water Rate Impacts.** The reality is that wealthier residents use more water than less-affluent customers. However, higher water use also drives significant costs for water agencies as they work to meet these demands which result in higher costs for all customers and disproportionate affordability impacts on low income communities of color. Studies show long term water conservation results in significant avoided costs for the water agencies and rate savings for their customers. A 2018 study found that Los Angeles's conservation programs between 1990 and 2016 avoided roughly \$11 billion in water costs. Customer bills are 27% lower than they would have been (AWE, 2018. "Lower Water Bills: The City of Los Angeles Shows

How Water Conservation and Efficient Water Rates Produce Affordable and Sustainable Water Use”). The extent to which savings like these benefit low-income communities depends in part on a water agency’s rate design.

At the May 21 public workshop and in subsequent comments, many water agencies raised “affordability” concerns, suggesting that DWR’s recommendations could effectively force low income communities to install costly indoor water efficiency appliances or cause water agencies to raise rates in a manner that would impact these communities.

The first comment appears to be based on a water agency misunderstanding for how the indoor standard will be used to implement “Making Conservation a California Way of Life”. Individual customers are NOT required to meet the indoor residential water efficiency standard. The law gives water agencies complete flexibility to choose how to meet their agency’s conservation objective. An agency could do nothing to improve indoor water efficiency and instead focus its resources on outdoor water use efficiency or leaks.

This comment also ignores the possibility that utilities and government agencies can (and should) offer direct installation of water efficient retrofits or other targeted financial incentives for low-income households to offset the cost of upgrading their home appliances and repairing leaks. Conservation and efficiency are the lowest-cost source of new supply (Cooley and Phurisamban 2017, *The Cost of Alternative Water Supply and Efficiency Options in California*). Financial incentives to upgrade home appliances and repair leaks in the homes of low and middle-income customers, particularly in the form of direct installation programs, should be a financial priority for water utilities and regulators to advance equity and the most affordable source of water supply. Direct installation programs can also create opportunities for workforce development pathways into utility careers (Parks 2021, *A Survey of Participants in the Los Angeles Utility Pre-Craft Trainee Program*). We strongly support the use of direct-install programs.

The extent to which low income/disadvantaged communities are negatively impacted by water agency rate increases is exacerbated by rate design problems created by the agency. As a fundamental tenet of the Human Right to Water, agency water rates can and should be designed to keep prices affordable for basic human needs and services. The most important rate design tool to keep essential water use affordable is to decrease the amount charged in flat fees. Typically utilities recover a large portion of their revenue from flat fees, also known as the meter charge. Consequently, low water users pay more per gallon than high water users. This regressive rate structure has two impacts. First, it charges people more per gallon to meet the basic needs protected under the Human Right to Water, while charging less per gallon to customers using water for discretionary purposes. Second, charging more per gallon for low water users places a greater cost burden on the poor, who are more likely to be low water users. Utilities can greatly reduce the cost for customers to meet the Human Right to Water by reducing their fixed charges. Another key approach to explore further is the potential of budget based rate structures, which have proven to be a non-regressive approach to significantly reduce water waste while generating sustainable revenues for water agencies (Baerenklau, Kenneth et. al., 2019. “Can Allocation-Based Rates Promote Conservation and Increase Welfare Capacity: A California Case Study).

Underlying the agency comments are disturbing assumptions about equity and how the needs of the State's low income/disadvantaged communities should be addressed. Water agencies are effectively suggesting that the State should adopt a less-efficient indoor water standard because it would be too much of a burden on these agencies to ensure that their water rates and programs are equitable.

DWR should reject these arguments as they are inconsistent with the Human Right to Water. We support the joint DWR/SWRCB recommendations for setting higher efficiency standards for indoor residential water use and view these recommendations as being fundamental to implementing the Human Right to Water.

We additionally urge the state to ramp up programs that provide direct-install water efficiency programs targeted to low-income communities of color.

We also recommend that the State make funding available to water agencies to improve their water rate designs so that they do not "have" to raise rates in a way that adversely impacts low income households and disadvantaged communities.

Finally, it is worth noting that while access to safe and affordable drinking water is of paramount concern, there are also other water equity concerns that can be better met with improved water efficiency. People fish in rivers for sustenance, for their livelihoods, and in the case of California tribes, as part of their religious heritage and cultural identity. If the state and water agencies invest to help people in cities meet their essential indoor needs of drinking, cooking, cleaning, and hygiene more efficiently, it means that regulators have the option to protect more instream flows during drought without endangering public health and safety. California also faces a housing and homelessness crisis. Housing has become unaffordable because of a decades-long failure to build sufficient homes to accommodate a growing population. For decades the state has underbuilt homes, especially homes affordable for those earning less than the median income, leading to shortfall of millions of housing units. If existing residential water use stays the same, adding millions of new housing units near job centers as called for by Governor Newsom and a host of housing experts<sup>1</sup> could overtax cities' current water supplies. Cities need to prioritize efficiency to ensure there is enough water supply for everyone. Reducing per-capita water usage will not build housing units, but it will remove one impediment to addressing the housing and homelessness crisis.

Thank you for your consideration of these comments.

Sincerely,

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**Clean Water Action**

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<sup>1</sup> e.g. see McKinsey 2019, Affordable Housing in Los Angeles, and SPUR 2021, What It Will Really Take to Create an Affordable Bay Area

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