

Drink Up: S.F. Water Customers Are Incentivized to Waste

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San Francisco and its denizens exist within a bubble, and that extends beyond the realm of strained allegories regarding \$4 toast. This city remains verdant while the rest of the state is drying up.

Pretty soon, *all* the toast may be \$4 toast.

Clearly, water is a commodity in increasingly scarce supply. And yet, within San Francisco's well-lubricated bubble, there's no hint of scarcity pricing. That boggles the mind of water economist David Zetland, a city native teaching at Simon Fraser University in Vancouver.

Water is, nearly exclusively, priced based on the cost of delivery. Scarcity is almost never factored in. That's why water in Las Vegas, near Lake Mead, is cheaper than it is here.

Zetland would change that. He'd also do away with the San Francisco Public Utility Commission's two-tiered pricing system. Single-family residential customers pay \$4.20 for the first 300 cubic feet of water and \$5.50 thereafter. But that's the case whether the customer is one person enamored of two-hour showers or a family of six. "The family of six ends up paying more than the playboy in the penthouse," says Zetland. "And if the price of water doesn't go up and down when the supply goes up and down, you're not helping consumers use less."

Economics doesn't get much simpler than that.