



December 17, 2014

The Honorable Felicia Marcus
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Comment Letter – Urban Water Conservation Workshop

Dear Chair Marcus:

Moulton Niguel Water District (MNWD) appreciates the opportunity to provide responses to questions posed by the State Water Resources Control Board (SWRCB) as you consider future urban water conservation actions. The Emergency Water Conservation Regulation mandated by the SWRCB has elevated public awareness and increased conservation efforts by water agencies throughout the State. Your approval of MNWD's Alternate Plan for Demand Reductions (Plan) has been integral in expanding our conservation efforts and promoting the value of sustained approaches to water use efficiency through our water budget based rate structure. We are on the path outlined per the Plan as a number of projects have been implemented and more are on the way to integrate demand side management into the entire organization as a critical component to maximize the efficiency of every drop of water possible.

At this time, we are finalizing our rate study which includes a reduction to the lower indoor and outdoor allocations to continue efforts in reducing water use. In addition, MNWD is integrating its Water Shortage Contingency Plan into the water budget based rate structure to penalize those customers with the most wasteful uses first during drought situations. MNWD included the Water Shortage Contingency Plan into its Notice of Public Hearing to allow for more flexibility in implementing policy solutions to drought. The end result is a tool to let customers choose how to use their water within a budget allocation to avoid policing end use and other prescriptive policy instruments to meet supply constraints. Additionally, a full water audit of the District's distribution system is under way to evaluate system losses, and an aggressive plan for the conversion of approximately 100 potable irrigation accounts to recycled water over the next year is in place.

MNWD is pleased to submit written responses to the SWRCB's request for comment.

1. *What more should be done at the local and/or State level in the near-term to increase water conservation?*

Calls for uniform percentage reductions are not equitable across agencies or regions with differing levels of water use efficiency and do not recognize demand hardening achieved through active and passive past conservation efforts. Regional and/or agency water use efficiency targets provide attainable goals that are consistent between regions throughout the State by using similar points of comparison. At present, the Emergency Water Conservation Regulation focuses on urban outdoor



water use, the target usage would be based on the same premise, which would require analysis and policy decisions regarding how best to establish such a target. Due to the differing requirements and technical differences both within and across regions, we propose the creation of a working group of stakeholders to aid the SWRCB in determining water use efficiency targets. The working group would also serve as a feedback tool and participate in discussion with other State agencies in developing the targets.

Water rate structures serve as an excellent policy tool to incentivize water use efficiency. Unfortunately, legal challenges have created a difficult environment for setting utility rates. State involvement in actively supporting conservation rate structures would aid in agencies furthering their efforts to maximize the use of rate structure to promote efficient use of water. Recognition and incentives from the State for agencies with conservation rate structure are valuable in framing the public's understanding of these rate structures. In addition, consistent state-wide messaging and education would help provide awareness and understanding of how to work towards achieving efficiency targets and improving conservation.

2. What additional conservation requirements, if any, should the State Water Board consider adopting if dry conditions persist into the new-year?

Standardized water use efficiency requirements for indoor and outdoor usage would better inform potential punitive actions for poor performance. The Model Landscape Ordinance per AB 1881 and the indoor efficiency target of 55 gallons per capita per day per SBx7-7 offer guidelines in Urban Water Management Planning that could be utilized to craft water use efficiency targets for statewide equity. The end result would be a metric useful in comparing usage across regions to inform action. This could be implemented through regional IRWM plan efforts that would require a regional water use efficiency target to qualify for grant funding. One of the biggest challenges for agencies in meeting calls for demand reductions in response to drought or regulatory action is the data required to target specific non-beneficial end uses. State aid in measuring irrigation area could aid in the targeted reduction of outdoor water usage with better informed policy. As the SWRCB considers future actions and potentially making the outdoor water restrictions permanent, we recommend the exemption for water budget based rate structures continues.

Industrial and commercial customers are historically difficult to evaluate with regards to water use efficiency due to the wide variation in determinants of end use needed. We propose using the existing knowledge at the California Public Utilities Commission and the California Energy Commission by partnering with the SWRCB to target commercial and industrial efficiency and leveraging existing energy efficiency programs and knowledge to inform water use efficiency targets. The proposed stakeholder working group could serve as a forum and feedback tool on such a program.

One of the most readily available water use efficiency programs for urban water agencies is control of non-revenue water via leak detection and optimizing asset repair and replacement. The SWRCB can work with the Department of Water Resources to allocate funding for system water loss through Prop. 1 to create immediate savings to aid in maximizing our water resources in response to drought conditions.

Focusing on reductions in outdoor water use to ensure maintenance of essential indoor potable water supplies is critical. Continued promotion of turf removal programs and incentives would be beneficial for reducing water consumption for irrigation. Any increase in incentives and availability of resources on the ease and feasibility of turf removal projects would be helpful.

3. What can be done to compel poorer performing areas to increase conservation?

Smaller agencies can be hard pressed to take immediate steps due to resource constraints. Support for regional collaboration to share resources and aid in information transfer to agencies without the resources to implement sophisticated demand management strategies could go a long way to compel poorer performing agencies.

The regional wholesale agency in Southern California, Metropolitan Water District of Southern California (MWD), has collaborated across the region to develop an allocation plan to balance needs across the region. The result is a Water Supply Allocation Plan with substantial penalties (two tiers of approximately \$1500 per AF, and \$3000 per AF) for usage above a drought allocation. Based on snowpack and rainfall, MWD will likely need to implement an allocation stage to maximize supply reliability. Any State action should be compatible with regional wholesale drought allocations and State collaboration with MWD would aid in promoting an equitable solution to any drought allocation methodology.

4. What additional data should the State Water Board be collecting and how would it be used?

The State should consider collecting evapotranspiration and precipitation data and provide aid through incentives to measuring outdoor irrigation area to better inform feasible water use efficiency targets. Two years' worth of monthly production data is a start to understanding demand trends; however, consideration for collecting data for a longer period of time to offer better perspective on the differences in action taken by different regions should be made. The last 10 years of production data are required through the Urban Water Management Plan process and collecting monthly data could offer insight into more equitable future actions by the Board.

Thank you again for the opportunity to provide comments for next steps as the State Water Resources Control Board plans for policy actions to meet the current and future water supply challenges. If you have any questions, please do not hesitate to contact me at (949) 448-4071 or jlopez@mnwd.com.

Sincerely,

A handwritten signature in cursive script that reads "Joone Lopez".

Joone Lopez
General Manager