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**From:** Joone Lopez [mailto:[jlopez@AVRWATER.com](mailto:jlopez@AVRWATER.com)]

Andrew, as we discussed on the phone, here is our written comments on the 20x2020 efforts thus far. We covered these points in our conservation so I'm following up with a written memo as requested by the panel. I've attached the comments as well as put them in the body of this email. Is there anyone else I should send the written comments to?

Thank you for the opportunity to comment and please don't hesitate to call me with any questions. I look forward to working with you and the 20x2020 team. Thank you.

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**Written comments from Apple Valley Ranchos Water Company in response to the draft baseline and targets technical memos**

Apple Valley Ranchos Water Company, a subsidiary of Park Water Company, greatly appreciates the 20x2020 team's efforts to achieve a statewide reduction in urban water use and support the regional approach to meeting this challenge. A regional approach will ensure collective responsibility and promote greater coordination among water agencies in the region. Additionally, this approach supports an incentive-based philosophy with emphasis on accountability versus the punitive-based one that tends to put smaller agencies with limited resources at a great disadvantage.

As an investor-owned utility (IOU) regulated by the California Public Utilities Commission (CPUC), we look to the CPUC for leadership in providing a collective voice representing the interests and needs of the utilities. In the past, IOUs have had limited participation in regional water planning processes due to lack of resources and information. We hope that this process brings into the fold

the private retailers that interface directly with residents and businesses and are ideally positioned to work with our customers to achieve reduction in water use. Through enhanced communication and processes that facilitate input, we look forward to working closely with CPUC and our industry colleagues to reach the 20x2020 target.

We encourage the team to highlight the fact that not all urban water suppliers are the same. Approximately 40 percent of water providers in the state are privately owned, ranging from Class A IOUs to mutual water companies. Within the public sector, there are public wholesalers, municipalities and county water districts. Depending on the type of agency, we vary in how we operate, how we are regulated and what resources are available to us. The plan should recognize the differences and the nuances in order to be an effective planning tool that can be applied to all urban water suppliers.

In the implementation phase where the oversight of the plan will be outlined, we understand that the state agencies participating on the 20x2020 team will oversee their respective areas based on their regulatory jurisdiction. We agree that this is both practical and efficient as long as the oversight is consistent across the board thereby ensuring that no groups and/or regions will be singled out in the compliance evaluation.

We agree that a solid foundation is needed to build a sound plan with an ambitious target and far-reaching impacts. Lack of recent and accurate data, as noted in the technical memos, are significant barriers in developing a plan that is both feasible and effective. We strongly support the team's recommendation that the plan should not be used for regulatory decisions at this time until we have better data. As part of the plan's recommendation, we hope to see an outline of future steps to ensure timely and accurate data collection throughout the state.

We also ask the team to consider the resources such as labor and expertise needed to collect, analyze and maintain data. Technical and funding assistance to help agencies, especially those with limited resources, would be greatly beneficial. Additionally, agencies should be encouraged to consider emerging technologies that offer new ways to capture data related to water consumption and identification of potential implementation of conservation measures.

Along with funding and technical assistance, decoupling of revenue from earnings is critical for investor-owned utilities. This allows us to promote conservation while ensuring sound operation of our facilities for reliable delivery to our customers. AVRWC is one of few IOUs that have currently been approved for decoupling of revenue from earnings. We encourage the 20x2020 team to assist in promoting the decoupling mechanism that water suppliers of all sizes can implement.

Another area where the investor owned utilities need statewide assistance is in communicating as well as educating the general public who are the ratepayers and some rate payer advocates regarding the water supply issues and the 20x2020 initiative. We recognize the effectiveness of conservation tiered pricing and acknowledge the inevitability of rise in cost of water; however, during rate cases, much of the opposition appear to overlook the necessity of pricing water at its true value to encourage conservation.

We also suggest that the 20x2020 team look at potential for water savings through a system approach at the water supplier level. Every water agency that operates a distribution system can attest to the water loss ("unaccounted for water") resulting from aging infrastructure. Some agencies have experienced up to 20 percent of unaccounted for water due to leaks, making system audits one of the new frontiers that the American Water Works Association and the California Urban Water Conservation Council are exploring as an avenue for conservation. Currently, AVRWC is in partnership with Southern California Edison to conduct a leak program through the statewide water/energy pilot that will provide quantifiable data regarding water and embedded energy savings that can be achieved through a comprehensive leak program.

Since "gallons per capita per day" is based on the region's population, we request that the team consider looking beyond the number of residents and/or connections. In areas with large commercial and industrial sectors, there is a significant transient population that includes workforce and visitors. These areas contribute heavily to the economic health of the state and should not be placed at a disadvantage for doing so. Given that the water consumption will include both commercial and industrial as part of the equation, population information that is more accurate and a better reflection of the region should be used.

Public outreach continues to be a valuable tool for promoting conservation. Through this process, we hope that water agencies are encouraged to pursue information campaigns that break away from conventional methods and utilize emerging technologies and media. Also, a consistent messaging is critical to ensure there is no confusion about goals and targets. As part of the implementation phase, a process and/or mechanism that facilitate the coordination of a statewide message that can be adopted and customized by local water agencies will be integral in getting public acceptance and participation.

Although agricultural use is not part of this effort, an understanding of how this issue will be addressed in the future should be established as we move forward. Lastly, while we concur that developing areas have greater potential of implementing water efficiency measures compared to built-out urban communities, all development will result in some increase in water use even though efficiency measures have been implemented. In areas such as Apple Valley and the surrounding high desert communities where we are experiencing commercial and industrial development, we will see an increase in the per capita consumption.

Thank you again for all your efforts and the opportunity to provide comments. We strongly support this process and look forward to a collaborative statewide approach to meeting the 20 by 2020 target.

### ***About Apple Valley Ranchos Water Company***

Apple Valley Ranchos Water Company (AVRWC) is a Class A investor-owned public utility regulated by the California Public Utilities Commission (CPUC), subject to the CPUC's ratemaking structure and guidelines. AVRWC's service area stretches over 50 square miles within the Town of Apple Valley and City of Victorville, providing high quality potable water to more than 65,000 people. We are located in the South Lahontan Hydrologic Region (Region 9).

Established in 1947, AVRWC continues to provide excellence in service and safety for our customers along the expansive 450 miles of main supported by wells, reservoirs and booster pump stations. We have invested more than \$44 million over the last five years in capital improvement projects to ensure reliable delivery and high quality water to meet the demands of the region.

Located within the Mojave River Basin, AVRWC faces challenges unique to the high-desert area in addition to the water supply issues common to water agencies throughout Southern California. Through dedication and innovation, members of the AVRWC team uphold our commitment to help our town thrive and provide the highest level of service to our community.

AVRWC's service area is primarily a residential community that has experienced rapid growth. The average annual water demand is approximately 6 billion gallons. Our commercial sector includes multi-family residences and retail businesses. The public authority sector includes local government, schools, hospitals, parks and governmental businesses such as the US Post Office.

AVRWC obtains its water supply from the underground aquifers of the Mojave River Basin, yielding high-quality potable water that undergo rigorous sampling and testing. As a member agency of Mojave Water Agency, we purchase imported water from the State Water Project to replenish the pumped groundwater.