

2020Comments - Comments on 20x2020 Water Conservation Draft Plan

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Date: 5/22/2009 11:59 AM
Subject: Comments on 20x2020 Water Conservation Draft Plan
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Attachments: Comments to 20x2020 final draft -PWC and AVRWC.doc

Comments on the 20x2020 Water Conservation Draft Plan

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Park Water Company and its subsidiary Apple Valley Ranchos Water Company appreciate the opportunity to provide comments on the final draft of the 20x2020 Water Conservation Plan.

We applaud the statewide coordination of the agencies involved in the process and the efforts of the 20x2020 team to promote regional collaboration and accountability in meeting supply challenges in the state. We are encouraged by the team's recognition of significant barriers in achieving the proposed recommendations and their assurance of increased coordination among state agencies to implement a plan that is both flexible and meaningful, treating all water providers equitably and consistently. With legislation focusing on water issues and sustainability on the rise, we hope that this process will serve as a central resource for legislators and regulators that can offer insightful and practical guidance on matters that impact water utilities and ratepayers.

We support a statewide public information and outreach campaign to ensure consistent messaging among all water suppliers. This will greatly aid water suppliers in educating the public and fostering broadened understanding of water supply challenges in California. Along with awareness, the campaign should address the value of water. As noted in the first workshop, water has been undervalued historically. Now with the rising price of water, there is increasing pushback from customers who are being asked to use less water while paying more for it. We are seeing more and more cities and their governing bodies opposing water rates without a clear understanding of how the price of water is set and why it's rising. An outreach campaign that clearly lays out the cost of delivering water statewide and the inevitability of rising cost in the future will help to support local water suppliers' position in communicating with the public.

As investor-owned utilities (IOUs) regulated by the California Public Utilities Commission (CPUC), we support their involvement in the process and their leadership in representing the IOUs. We encourage the CPUC to coordinate internal efforts within the Commission to promote water conservation among the utilities in line with the 20x2020 plan so that there are no redundancies and that all water suppliers can work

towards an overarching state goal. Recently, the Commission passed a ruling as part of the Conservation Order Initiating Inquiry (OII) mandating all IOUs to participate in a series of workshops addressing automatic meter reading, conservation best management practices, water recycling and data integration. We anticipate that these discussions will reference back to the 20x2020 process to ensure consistency and coordination with other state agencies.

In moving forward with the implementation of the plan, we would like to emphasize the importance of setting realistic goals and timelines as well as allowing sufficient time and resources for water utilities to comply with future legislation and/or regulations. With the current economic conditions and state budgetary constraints, we are concerned about the aggressive timeline outlined in the draft plan. While the Department of Water Resources is best positioned to assume the role of the lead agency, there are questions as to how additional resources will be funded so that they can carry out the responsibility of providing statewide coordination and administration. 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.

Additionally, the resource impact to water utilities may be significant in accomplishing the tasks. And, with uncertainty regarding grants and funding assistance, this is a difficult time to implement additional programs. The impact to ratepayers is an area of great concern for us. The rising cost of water, conservation based pricing mechanisms and public goods charges have direct financial impact to our customers who struggle to make ends meet.

There are many unknown variables and unanswered questions in terms of implementing a public goods charge. While this tool has been effective for the energy industry and may provide much needed sustained funding source for the water community, there needs to be more information as to how this can be incorporated. The landscape of water suppliers statewide and the regulatory oversight structure are much different than energy, leaving the question how and who will collect, administer and allocate these charges. Again, we are very concerned about financial impact to customers, especially the low income households. We are aware that the Air Resources Board is recommending a public goods charge for funding investment in water management actions that improve water and energy efficiency and reduce greenhouse gas emission as part of their Climate Action Plan. We would like a better understanding of how the 20x2020 team and the ARB plan to tackle this recommendation. We ask the team to consider a small-scale pilot to see how it can be implemented before it is rolled out statewide.

One of the critical gaps identified throughout the process has been the lack of good data statewide, which has been addressed in the recommendations. We support the team's acknowledgement that with better data, we can modify regional targets to reflect actual conditions. The current percentage reduction, which ranges from 8 to 20 percent for interim and 17 to 39 percent for 2020, is still a moving target. Therefore, getting the data sets right before any regulation is imposed is essential. In efforts to improve data, along with setting standards and identifying software/technical needs, processes and/or regulatory constraints that make data sharing difficult or sluggish should also be assessed for improvement.

In determining what programs are best suited for each region, we also ask the team to

keep in mind the feasibility of programs based on the type of water supplier. Water agencies vary in how we operate, how we are regulated and what resources are available to us. As an example, the plan suggests that water budgeting and increased frequency in billing may help residents cut back on their water use. However, this requires significant additional resources which have direct impact on our ratepayers. As an IOU, our rates are set in three year increments and the rate setting process undergoes extensive review, audit and hearing by the Commission and the ratepayer advocacy groups. Implementing new programs and incurring additional expenses require extensive filings, which can delay implementation and impose administrative burden.

While landscape ordinances/restrictions are effective, we caution the team in recommending state law allowing local governments to transfer citation authority to water suppliers. Water utilities are not experienced, prepared or equipped to handle the logistics and the political ramifications of such enforcement actions that traditionally fall under code enforcement. Instead, increased cooperation between the municipality and the water supplier should be encouraged.

We support the team's recommendation regarding water meters but with one caveat. Statewide standardization of water meter accuracy should be targeted towards manufacturers. Currently, the maximum life of water meters are typically fourteen years, requiring water utilities to continuously change them out to ensure accuracy. We've seen meter accuracy diminish long before its maximum life based on the manufacturer or type of meter. A statewide standard that is applied to manufacturers will likely result in more accurate meters that last longer. Automatic meter readers (AMRs) are effective in promoting conservation because they allow water utilities to provide better information to the customers about their water use and facilitate more efficient reads. Incentives or state funding assistance in installing AMRs would be greatly beneficial in accelerating the installation schedule. Currently, the installations are phased over many years due to higher costs than traditional meters.

We support the approach of achieving water savings at a system level through audits by the water supplier. Every water agency that operates a distribution system can attest to "unaccounted for water." And, we all face the growing threat of aging infrastructure that result in significant water losses daily and if left unaddressed, can have devastating effect in terms of supply and water quality. Therefore, in addition to system audits, investments in main repair and replacement should be funded and supported more aggressively.

In recent years, private water companies have become eligible for some state and federal grants. With IOUs delivering water to more than 20 percent of the state's population, our involvement in water conservation and direct interaction with end users hold tremendous potential for water savings. However, many retailers lack the resources and the technical expertise to compete with larger regional water agencies in funding opportunities. In addition, with state funding eligibility tied to best management practice compliance poses another hurdle for water utilities that are in most need of funds to implement a robust conservation program. We ask the team to work with the CPUC to provide technical assistance to IOUs to help us become viable candidates for state/federal funds and consider allocating a separate pool of planning funds for IOUs where we can compete on a level playing field.

Lastly, as the 20x2020 team moves forward with the plan, we strongly encourage the team to establish an advisory group consisting of various water suppliers. This will help

to provide ongoing, up-to-date and diverse input from those who are ultimately responsible for implementing the plan. Although the participating agencies within the 20x2020 team have extensive knowledge and expertise, the advisory group can offer unique and valuable insight that can guide future implementation and modification of the plan.

Again, we appreciate the work of the 20x2020 team and look to your continued leadership statewide. Thank you.

Respectfully,

Joone Lopez
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