

VIA ELECTRONIC MAIL

January 6, 2016

Hon. Felicia Marcus, Chair
and Members of the State Water Resources Control Board

c/o Kathy Frevert
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
Kathy.Frevert@waterboards.ca.gov

Re: Comments on Proposed Regulatory Framework

Dear Chair Marcus and Members of the Board:

California Water Association (“CWA”) submits the following comments on the Proposed Regulatory Framework for Extended Emergency Regulation for Urban Water Conservation, issued December 21, 2015 (“Proposed Framework”). CWA is a statewide association that represents the interests of approximately 110 investor-owned water utilities (“IOUs”) that are subject to the jurisdiction of the California Public Utilities Commission (“CPUC”). CWA has been an active participant in the development of the previous and current State Water Resources Control Board (“SWRCB”) Emergency Regulation, and welcomes this opportunity to provide input on the Proposed Framework.

The comments and suggestions in this letter are limited to the Proposed Framework. CWA cautions against actions that would make the mandated reductions in water use a permanent fixture in conservation regulations. While targeted reduction standards are appropriate in the context of a drought emergency, they may not be necessary or desirable once drought conditions subside. Any development of permanent water use restrictions should be carefully considered in a separate stakeholder process once the drought emergency is over.

Jack Hawks, Executive Director
California Water Association
601 Van Ness Avenue, Suite 2047
San Francisco, CA 94102-6316
415.561.9650
415.561.9652 fax
415.305.4393 cell
jhawks@calwaterassn.com
www.calwaterassn.com

Melissa Dixon, Administrative Director
California Water Association
1215 K Street, Suite 940
Sacramento, CA 95814
916.231.2147
916.231.2141 fax
mdixon@calwaterassn.com

CWA President
Greg Milleman
California Water Service Group
661.476.0574
gmilleman@calwater.com

CWA Vice Presidents
Lawrence Morales
East Pasadena Water Company

Keith Switzer
Golden State Water Company

Evan Jacobs
California American Water

CWA General Secretary and Treasurer
Leigh Jordan
Park Water Company
P.O. Box 7002
Downey, CA 90241-7002
562.923.0711
leigh@parkwater.com

CWA Billing Address
California Water Association
1215 K Street, Suite 940
Sacramento, CA 95814

CWA Mailing and Shipping Address
California Water Association
601 Van Ness Avenue, Suite 2047
Mail Code: #E3-608
San Francisco, CA 94102-3200

CWA is pleased to see that the SWRCB Staff recommends several measures to take into account the unique circumstances facing certain water suppliers and to recognize and reward some conservation-related investments. The Proposed Framework indicates that a draft Emergency Regulation will be released for public comment in mid-January 2016. In this letter, CWA will focus on a few key issues and will reserve detailed comments for the draft Emergency Regulation. Specifically, CWA recommends:

- revisiting the mandated percentage reduction in total potable water production in April 2016;
- eliminating the cap on credits or adjustments to the conservation standard for urban water suppliers;
- removing limitations on credits for indirect potable reuse of wastewater;
- a non-potable recycled water use credit;
- a credit for remediation of polluted water sources, and
- recognizing past water supply investments that were made to make water utilities more resilient in the face of drought conditions.

April 2016 Adjustment

CWA recommends that the SWRCB revisit the extended Emergency Regulation in April 2016, after the final snowpack report is issued, reservoir capacity restoration has been updated, and additional information on the progress of recharging critical high and medium priority aquifers has been evaluated. The SWRCB should use this valuable data to make a decision as to the degree of water use reductions, water-use restrictions, and compliance that would carry the Emergency Regulation through to October 31, 2016. Based on the level of precipitation after January 2016, the level of improvement in reservoir capacity and aquifer recharge, and the status of local supplies in the state's hydrologic regions, it may be appropriate to make a downward adjustment in the State reduction goal and in individual conservation standards for affected water suppliers. After all, the current statewide 25 percent reduction target was developed under extreme and critical circumstances; the next emergency regulation determination should be made in the context of current conditions, not those that prevailed on April 1, 2015.

No Cap on Credits or Adjustments to Conservation Standards

In the Proposed Framework, Staff recommends that all credits and adjustments be capped to allow up to a maximum of a four percentage point decrease to any individual water supplier's conservation standard. CWA does not believe that such a cap is necessary or beneficial. To the extent that a water supplier meets the standard for a climate adjustment, has experienced growth, or has invested in drought-resilient water supply projects, it should receive the full credit or adjustment for each. Imposing a cap would fail to ameliorate the effect of climate or growth on the ability to achieve the conservation standards, and would provide a disincentive for water suppliers to invest in much-needed drought-resilient water supplies.

Furthermore, even if the SWRCB adopts a cap on credits and adjustments, this cap should not apply to the growth adjustment. It is unreasonable and inequitable to expect water suppliers to meet conservation targets based on a smaller customer base than they actually serve.

Remove Limitations on Credits for Indirect Potable Reuse

Although Staff recommends a credit for indirect potable reuse of wastewater, it places unnecessary limitations on the credit. In the Proposed Framework, Staff proposes that the credit only be available to water suppliers using indirect potable reuse of *coastal* wastewater, where it constitutes at least four percent of the potable water supply. There is no explanation for these limitations, which appear to be unjustified and inequitable. Water suppliers should receive credit for investing in indirect potable reuse, whether using coastal wastewater or not. The credit should be calculated based on the percentage of indirect potable reuse as part of the water suppliers overall potable supply and should not be subject to the four percent threshold.

Non-Potable Recycled Water Credit

Staff recommends against providing a credit for non-potable recycled water use, stating that suppliers using non-potable recycled water for irrigation have already realized the benefit of providing recycled water. CWA respectfully disagrees. A supplier that has made the necessary investments to allow it to meet a large portion of irrigation demand with non-potable recycled water will not have the same ability to meet water use reduction targets as a supplier who has not made similar efforts. As the SWRCB prepares to extend the Emergency Regulation, it should be mindful of the incentives (and disincentives) the regulation creates or perpetuates. Failure to acknowledge and adjust for these often-significant investments in a water utility's individual conservation standard will undoubtedly create a disincentive for water suppliers to undertake such important projects in the future.

Credit for Remediation of Polluted Sources

Staff justifies recommending credits for indirect potable reuse of wastewater or seawater desalination by noting that these technologies add to existing surface and groundwater supplies. Remediation of polluted waters sources provides a similar benefit in that it adds a new or restored source of supply to existing surface and groundwater supplies. The extended Emergency Regulation should recognize and provide incentives for such efforts by including a similar credit in the form of a one-to-one reduction from the calculated amount of water that needs to be saved under the Emergency Regulation.

Recognition for Drought Resilient Water Supply Investments

In the Proposed Framework, Staff recommends providing a credit for drought-resistant water supplies developed since 2013. CWA suggests that the Emergency Regulation should also provide credits for drought resistant water supplies developed during previous periods of drought. It is important to recognize and reward the efforts of water suppliers who took action and made investments in reaction to previous periods of drought, not just the current drought.

Expanding eligibility for this credit also supports the California Water Action Plan, which encourages investment in drought resilient water supplies by water utilities.

CWA appreciates this opportunity to provide input on the Proposed Framework and to suggest ways to make the Emergency Regulation more equitable and effective. CWA looks forward to providing more detailed comments on the upcoming draft Emergency Regulation.

Sincerely,



Jack Hawks

Executive Director, California Water Association

cc: Hon. Catherine J.K. Sandoval, Commissioner, California Public Utilities Commission
Wade Crowfoot, Deputy Cabinet Secretary, Office of Governor Edmund G. Brown, Jr.
Tom Howard, Executive Director, State Water Resources Control Board
Jonathan Bishop, Chief Deputy Director, State Water Resources Control Board
Eric Oppenheimer, Director, State Water Resources Control Board, Office of Research,
Planning and Performance
Max Gomberg, Climate Change Mitigation Strategist, State Water Resources Control
Board
Jamie Ormond, Water & Legal Advisor to Commissioner Sandoval, California Public
Utilities Commission
Rami S. Kahlon, Director, Division of Water & Audits, California Public Utilities
Commission
California Water Association Executive Committee