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**STATE OF CALIFORNIA  
STATE WATER RESOURCES CONTROL BOARD  
INITIAL STATEMENT OF REASONS FOR REGULATORY ACTION  
(Pre-publication of Notice Statement)**

**Division 3, Chapter 3.5, Article 2**

**Title 23, California Code of Regulations**

**August 12, 2019**

**BACKGROUND, PROBLEM, AND RATIONALE**

Article 10, section 2, of the California Constitution states:

[B]ecause of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.

The State Water Resource Control Board (State Water Board) is responsible for ensuring that water resources are put to beneficial use and that the waste or unreasonable use or unreasonable method of use of water be prevented (Water Code, §100), as required by the California Constitution.

The State Water Board proposes to establish California Code of Regulations, title 23, division 3, chapter 3.5 on Conservation and the Prevention of Waste and Unreasonable Use and within this chapter, article 2, on Reporting. This Article is proposed to provide for ongoing monthly reporting by urban water suppliers would retain key metrics from the emergency regulation requirements in the California Code of Regulations, title 23, sections 865 and 866 that expired November 25, 2017 by operation of law. Since that date, many, but not all, urban water suppliers have voluntarily submitted monthly reports. The reporting that is proposed would be largely consistent with prior reporting requirements that have expired.

In response to unprecedented drought, all urban water suppliers were required by emergency regulations to submit monthly production reports to the State Water Board. The proposed regulation would, with some minor modifications to reflect lessons learned and a more permanent approach, make those reporting requirements permanent.

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After severe drought experienced in winter of 2013-14, on January 17, 2014 Governor Edmund G. Brown Jr. declared a drought State of Emergency to exist in California. This set forth a series of actions by the State Water Board and others. On April 25, 2014, Governor Brown issued an executive order to strengthen the State's ability to manage water and habitat effectively in drought conditions. It directed the State Water Board to adopt emergency regulations pursuant to Water Code section 1058.5. On July 15, 2014, the State Water Board adopted an emergency regulation to support water conservation (Resolution No. 2014-0038). The July 2014 emergency regulation became effective July 28, 2014 upon approval by the Office of Administrative Law (OAL). Urban water supplier monthly reporting began with the June 2014 reporting period. The July 2014 emergency regulation would have expired by operation of law in 270 days, or on April 25, 2015. It was followed by a series of drought emergency regulation updates and extensions as identified below:

On March 17, 2015, the State Water Board amended and readopted the emergency regulation to further support water conservation (Resolution No. 2015-0013). It became effective March 27, 2015 upon approval by OAL and would have expired by operation of law December 12, 2016.

On May 5, 2015, the State Water Board amended and readopted the emergency regulation to support water conservation (Resolution No. 2015-0032). It became effective May 18, 2015 upon approval by OAL and would have expired by operation of law February 13, 2016.

On February 2, 2016, the State Water Board amended and readopted the emergency regulation to support water conservation (Resolution No. 2016-0007). It became effective February 11, 2016 upon approval by OAL and would have expired by operation of law November 7, 2016.

On May 18, 2016, the State Water Board amended and readopted the emergency regulation to support water conservation (Resolution No. 2016-0029). It became effective May 31, 2016 upon approval by OAL and would have expired by operation of law February 28, 2017.

On February 8, 2017, the State Water Board amended and readopted the emergency regulation to support water conservation (Resolution No. 2017-0004). It became effective February 27, 2017 upon approval by OAL and urban water supplier monthly reporting continues until the regulation expired November 25, 2017.

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Under this series of drought emergency regulations, section 865, subdivision (b)(2) required urban water suppliers to prepare and submit to the State Water Board a monitoring report that includes information about: potable water production, estimates of Residential Gallons Per Capita Per Day (R-GPCD), details of outdoor use restrictions, local compliance and enforcement action, and information on commercial, industrial, and institutional water use.

Additionally, Governor Edmund G. Brown Jr issued Executive Order (EO) B-37-16 to make water conservation a way of life in California. This EO directs the State Water Board to establish permanent reporting and data collection by urban water suppliers. It states, in part: “The Department and the [State] Water Board shall permanently require urban water suppliers to issue a monthly report on their water usage amount of conservation achieved, and any enforcement efforts.” The proposed regulation would implement this EO directive.

On April 7, 2017, the Governor issued Executive Order B-40-17, directing the State Water Board to continue development of permanent requirements for reporting water use by urban water agencies and require water use reporting as a bridge until permanent requirements are in place. Executive Order B-40-17 states, in part: “The Department and the Water Board shall permanently require urban water suppliers to issue a monthly report on their water usage amount of conservation achieved, and any enforcement efforts.”

On May 31, 2018, the Governor signed into law SB 606 and AB 1668, to create a new foundation for long-term improvements in water conservation and drought planning. SB 606 and AB 1668 establish guidelines for efficient water use and a framework for the implementation and oversight of the new standards, which must be in place by 2022. This law requires that every urban water supplier have a water shortage contingency plan with certain elements, including, among other things, annual water supply and demand assessment procedures, standard water shortage levels, shortage response actions, and communication protocols and procedures.

The proposed regulation would establish in California Code of Regulations, title 23, division 3, a new Chapter 3.5 on Conservation and the Prevention of Waste and Unreasonable Use; and within Chapter 3.5, a new Article 2 on Reporting that has several sections pertaining to monthly reporting by urban water suppliers. The reporting requirements in the proposed regulation would be largely consistent with the emergency regulation requirements in expired California Code of Regulations, title 23, sections 865 and 866.

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California droughts will become more frequent and persistent as warmer winter temperatures driven by climate change reduce water held in the Sierra Nevada snowpack and result in drier soil conditions. The state must prepare for more extreme conditions. Transparent, accessible statewide water use data is a key tool for understanding near-term water consumption, flagging potential water shortages so they can be acted upon and potentially avoided. Monthly reporting provides a relatively immediate reflection of how changed state and local policies affect water use and allows for informed and contemporaneous analysis and/or action. Finally, access to timely data is essential for managing water, vital to California's economy, environment, and the health and safety of all.

### DESCRIPTION OF REGULATORY ACTION

Urban water suppliers collect monthly data on potable water production, conservation activities and enforcement efforts and submit this data to the State Water Board through a State Water Board database. The purpose of the proposed regulation is to make permanent key elements of the urban water supplier monthly reporting requirements that expired on November 25, 2017. The proposal ensures transparent access to data in a timely manner and in a format that is largely consistent with reporting that has been underway since June 2014. The proposed regulation does not mandate any specific technologies or equipment. See the attachment, "*Proposed Text of Regulation, Urban Water Conservation Reporting*" for the proposed regulation.

### BENEFITS OF THE PROPOSED REGULATIONS

The proposed regulations would safeguard urban water supplies, minimize the potential for waste and unreasonable use of water as required by the California Constitution, and realize the directives of Executive Order B-37-16 and Executive Order B-40-17. The State Water Board has made a determination that the proposed regulations would improve the protection of the public's health and welfare by providing information to the State Water Board, other state agencies, local governments, non-profit organizations, and the public that will encourage greater water conservation, extend supplies, and help ensure adequate supplies of potable water.

Specifically, the proposed regulations would increase water system transparency and provide timely access to data on local potable water production and local water agency actions in California. This regulation would ensure stakeholders could continue analyzing data to understand the recent drought, impacts of state and local policies and programs, and what urgent actions may be helpful to avoid future water shortages and associated costs of water deficiencies. Additionally, the reporting requirements support ongoing water conservation, which benefits the environment through reduction in energy use and greenhouse gas emissions. As such, California residents, worker safety, and the state's environment all benefit.

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Further benefits may include increased conservation and a shared sense of responsibility among urban water users and reduced potential for severe economic disruption due to future water shortages. The dollar value of these benefits are unknown and difficult to estimate. (M.Cubed 2015, Appendix A).

### AUTHORITY

Authority: Sections ~~275~~, 1058, 10609.28, Water Code.

References: Article X, Section 2, California Constitution; Section 51201, Government Code; Sections 102, 104, 105, 350, 1122, 1123, 1124, 1846, 1846.5, 10617 and 10632, Water Code.

### SPECIFIC DISCUSSION OF PROPOSED REGULATIONS

All of the following proposed subdivisions would be added to California Code of Regulations, title 23, division 3, in Chapter 3.5 on Prevention of Waste, Unreasonable Use, and Conservation, in new Article 2 on Reporting. See the attachment, "Proposed Text of Regulation, Urban Water Conservation Reporting" for the proposed regulation that is discussed below.

#### Section 990, Definitions

The purpose of this section is to provide clarification of the terms used in Article 2. Specifically, section 990 provides definitions of the terms "board", "commercial agriculture use", "non-revenue water", "commercial, industrial and institutional", "percent residential use", "total potable water production", and "urban water supplier". All these definitions have been used in the substantially similar monthly reports submitted since 2014. The term "non-revenue water" is being updated so it is consistent with its common use in other state water programs. Maintaining the same definitions that were used in the emergency regulation provides consistency and a more meaningful and usable dataset.

The addition of the term "commercial agriculture use meeting the definition of Government Code section 51201, subdivision (b)" is necessary to describe what types of water delivered for agriculture use to include in the reports. The definition clarifies that cleaning, processing or similar post-harvest activities are not included in the definition.

The addition of the term "non-revenue water" is necessary because this type of water is excluded from the calculation of percent residential use water and is part of total water production. Previously, Board guidance defined non-revenue water as water lost due to system leaks and theft and non-billed water used to fight fires. Non-revenue water would be defined as the portion of water consumption that is not billed and does not produce revenue. It is equal to the sum of the urban water supplier's unbilled authorized consumption and apparent and real losses. This definition is consistent with

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American Water Works Association's (AWWA) M36 Manual for Water Audits and Loss Control Programs, and the method established by the AWWA is used in other state water programs (See Wat. Code, § 10608.34, subd. (a) (1)). Using the same definition of non-revenue water that is used in other state programs will facilitate reporting.

The addition of the term "commercial, industrial and institutional (CII)" is necessary so urban water suppliers know what to report. CII use would be defined as all indoor and outdoor water used by the CII sector. This includes agricultural water and landscape water used for parks, medians, and other outdoor areas associated with CII use.

The addition of the term "percent residential use" is necessary because this calculation is used to determine residential gallons per capita used daily (R-GPCD). Percent residential use would be defined as a calculation dividing the amount of water provided to the residential sector for the reporting month (not including non-revenue water) by the total potable water production for the reporting month. R-GPCD is a widely used water metric.

The addition of the term "total potable water production" is necessary because it is a basic measure of water consumption. Total potable water production would be defined as all potable water that enters into a water supplier's distribution system, excluding water placed into storage and not withdrawn for use during the reporting period, or water exported outside of the supplier's service area. Total Potable Water Production includes all non-revenue waters.

The addition of the term "urban water supplier" is necessary because it explains which suppliers must submit a report. "Urban water supplier" would be defined as a supplier that meets the definition set forth in Water Code section 10617, except it does not refer to suppliers when they are functioning solely in a wholesale capacity, but does apply to suppliers when they are functioning in a retail capacity.

### **Section 991. Conservation and Use Reporting by Urban Water Suppliers**

The purpose of this section is to explain what urban monthly water suppliers would report under this regulation. Unlike the emergency drought regulation, urban water suppliers would not be required to report to consumers promptly upon obtaining information that indicates a leak may be present. This activity is outside the scope of monthly reporting and the directives in EO B-37-16 and EO B-40-17. Paragraph (a) explains that Urban water suppliers would report to the State Water Board by the 21st each month the following information:

- (1) The urban water supplier's public water system identification number(s).
- (2) The urban water supplier's volume of total potable water production, including water provided by a wholesaler, in the preceding calendar month;
- (3) The population served by the urban water supplier during the reporting period;
- (4) The percent residential use that occurred during the reporting period;
- (5) The water shortage response action level.

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Paragraph (b) explains that when the governor declares a drought emergency, or when an urban water supplier invokes a water shortage level to respond to a shortage of greater than ten percent (the first shortage level), consistent with Water Code section 10632; each urban water supplier shall prepare and submit to the Board by the 21st of each month an expanded monitoring report, on forms provided by the Board. The expanded monitoring report shall include the following information:

(1) Descriptive statistics on the urban water supplier's achievement of its water contingency plan response actions, and progress toward achieving a reduction in water consumption associated with the urban water supplier's existing water shortage response action level;

(2) Communication actions;

(3) Compliance and enforcement actions.

The requirement to prepare and submit an expanded monitoring report shall remain in effect for the duration of the drought emergency or water shortage level, as applicable.

The urban water supplier would no longer need to report Residential Gallons Per Capita Per Day (R-GPCD) because the State Water Board can calculate this information from the data provided.

The purpose of paragraph (c) is to explain that monthly reporting shall continue until such time as the State Water Board determines it is no longer necessary or that a monthly frequency is no longer required. This paragraph conveys that monitoring, collecting monthly data, and reporting by urban water suppliers is permanent, but the timing and exact reporting system may adjust according to need as determined by the State Water Board. This recognizes that improved reporting options may be available in the future. In time, and as required by Water Code section 10609.15, the State Water Board and the Department of Water Resources must streamline reporting and improve accessibility. Some water suppliers do not have final water production numbers until the end of their fiscal year so information that is reported monthly is preliminary. The state could work with reporters to set up its data systems so that the supplier's monthly data is submitted once and shared within State Government to satisfy other reporting obligations. Such an approach would mean that participating urban water suppliers would not need to re-enter monthly data into an annual report and would thus make reporting easier for those suppliers. This could result in suppliers submitting an equivalent or more comprehensive report with the same accessibility. The State Water Board in such situations may determine that a monthly report is no longer necessary. Each urban water supplier shall continue monthly monitoring and data collection identified in this section irrespective of the reporting interval.

The purpose of paragraph (d) is to continue using the same method for calculating residential water production, which does not include commercial agriculture water.

The purpose of paragraph (e) is to allow the State Water Board to issue an informational order when needed to ensure an urban water supplier provides the

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required information. This provision makes reporting fair across urban water suppliers. It helps ensure there is a level playing field and all urban water suppliers participate. As such, it protects the public and enables the State Water Board, other state agencies, and local agencies to identify and address potential shortages in water supply and related impacts to public health and safety, along with environmental risk. Furthermore, it helps achieve the benefits noted above in this document. This paragraph also allows the State Water Board to penalize an urban water supplier that does not submit monthly reports or submits false information. This ensures that accurate and timely information is submitted.

The purpose of paragraph (f) is to provide a specific process for the State Water Board to reconsider decisions or orders.

### ECONOMIC IMPACT ASSESSMENT

The estimated cost of reporting that would be required by the proposed regulation was determined by multiplying the total number of urban water suppliers that would be required to submit monthly water production reports by the estimated average time to compile and submit water production information, and by an average staff cost per hour. The State Water Board used this same method to estimate monthly reporting costs for the drought emergency regulation, without objection from the regulated community, when urban supplier monthly reporting was first established and later readopted.

Based on information collected by the State Water Board pursuant to emergency regulations that required monthly reporting from June 2014 through November 2017, there are currently 410 urban water suppliers that are subject to the reporting requirements. Because systems already track water use volumes, for customer billing and other purposes, the maximum amount of time to prepare and submit the water production data is estimated to be 4 hours per urban water supplier per month. The estimated average total hourly staff costs of urban water supplier staff required to complete the certification form is \$65 per hour or \$260 per monthly report. The maximum reporting costs are estimated to be \$1,279,200 per year (410 urban water suppliers, comprised of public and private entities, multiplied by the \$260 cost per monthly report multiplied by 12 months) or \$3,120 per year for an average water supplier. This approach is consistent with the approach used for calculating costs during the drought emergency, including estimated average hourly rates which have not increased substantially.

### Business Costs

Assuming, for purposes of this analysis, that investor-owned and privately-owned mutual water companies are “businesses” for purposes of Government Code section 11346.3, there are expenses for 61 businesses. Applying the method described above to 61 businesses results in an annual cost of \$190,320. None of these water companies are small businesses (Government Code section 11342.610, subdivision (b)(8)).

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**Number of Jobs or Businesses Created or Eliminated**

The State Water Board has determined that the proposed regulatory action is not sufficient to cause a significant effect on the creation or elimination of jobs within California. Nor will the proposed regulatory action alone have any significant effect on the creation of new businesses, the elimination of existing businesses, or the expansion of existing businesses doing business within California. However, additional conservation data can foster innovation among data analytic service companies and be used to develop more efficient water use practices or reporting processes.

**Total Direct Costs**

Urban water supplier reporting costs are comprised of economic and fiscal costs; see Table 1, *Total Direct Costs*. For the purposes of this analysis, the State Water Board considers the public urban water suppliers as “local government.” We consider the impact the proposed regulation has on public water suppliers a fiscal impact and costs to private water suppliers as private sector or economic costs. There are 349 public water agencies. The fiscal cost of reporting for each public water agency is estimated to be \$3,120 per year or \$1,088,880 per year for all public agency urban water suppliers.

**State Agency Costs**

This regulation does not cause additional State Agency Costs. The proposed regulation would be performed with existing staff. See Table 1, Total Direct Costs.

**Table 1: Total Direct Costs: \$1,279,200 per year**  
(\$190,320 Economic Costs + \$1,088,880 Fiscal Costs)

<b>Abbreviated Name</b>	<b>Economic</b>	<b>Fiscal</b>	<b>Rationale</b>	<b>Number of Water Suppliers Impacted</b>
<b>Reporting Costs</b>	<b>\$190,320</b>	<b>\$1,088,880</b>	Urban water suppliers reporting costs: IOUs and mutual water companies \$190,320 and public water agencies \$1,088,880.	410
IOUs and Mutual Water Companies	\$190,320	\$0	IOUs and privately-owned mutual water companies. (61 x \$3,120)	61
Public Water Agencies	\$0	\$1,088,880	Public water agencies are not businesses. The number of agencies is known from current reporting. (349 x \$3,120)	349

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<b>Abbreviated Name</b>	<b>Economic</b>	<b>Fiscal</b>	<b>Rationale</b>	<b>Number of Water Suppliers Impacted</b>
<b>State Agency Costs</b>	<b>\$0</b>	<b>\$0</b>	Implementation may result in additional workload, some of which can be accomplished through redirection within existing agency budgets.	
<b>Total Direct Costs</b>	<b>\$190,320</b>	<b>\$1,088,880</b>	Urban water suppliers reporting costs (statewide) is <b>\$1,279,200</b> (\$190,320 Economic Costs + \$1,088,880 Fiscal Costs)	

IOU = Investor owned utility

**Total Implementation Cost**

The total estimated annual cost of implementing the proposed regulation is \$1.3 million, as described above. This amount is comprised of \$190,320 statewide economic costs and \$1,088,880 statewide fiscal costs.

**Benefits**

Article 10 of the California Constitution, section 2, states:

[B]ecause of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.

The proposed regulations would safeguard urban water supplies, minimize the potential for waste and unreasonable use of water, as required by the California Constitution, and realize the directives of Executive Order B-37-16 and Executive Order B-40-17. The State Water Board has made a determination that the proposed regulations would improve the protection of the public’s health and welfare by providing information to the State Water Board, other state agencies, local governments, non-profit organizations, and the public that will encourage greater water conservation, extend supplies, and help ensure adequate supplies of potable water.

Specifically, the proposed regulations would increase water system transparency and provide timely access to data on local potable water production and local water agency

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actions in California. This regulation would ensure stakeholders could continue analyzing data to understand the recent drought, impacts of state and local policies and programs, and what urgent actions may be helpful to avoid future water shortages and associated costs of water deficiencies. Additionally, the reporting requirements support ongoing water conservation, which benefits the environment through reduction in energy use and greenhouse gas emissions. As such, California residents, worker safety, and the state's environment all benefit.

Further benefits may include increased conservation-awareness and a shared sense of responsibility among urban water users and reduced potential for severe economic disruption due to future water shortages. The dollar value of these benefits are unknown and difficult to estimate.

### LOCAL MANDATE

This proposal does not impose a mandate on local agencies or school districts, or a mandate which requires reimbursement pursuant to part 7 (commencing with section 17500) of division 4 of the Government Code.

### EFFECT ON HOUSING

The State Board has determined that the proposed regulations would have no impact on housing costs.

### BUSINESS REPORTING REQUIREMENTS

Assuming for purposes of this analysis that investor-owned and privately-owned mutual water companies that are urban water suppliers are "businesses," for purposes of Government Code section 11346.3, there are expenses for 61 businesses. The State Water Board finds that it is necessary for the health, safety, or welfare of the people of this state that the proposed regulation requires reports by these urban water suppliers. The reports would continue, essentially unchanged, from what is in place in response to the drought emergency regulation.

### CITED TECHNICAL, THEORETICAL, AND EMPIRICAL DOCUMENTS

California Governor Brown Executive Order for State Drought Actions dated May 9, 2016: [https://www.gov.ca.gov/docs/5.9.16\\_Executive\\_Order.pdf](https://www.gov.ca.gov/docs/5.9.16_Executive_Order.pdf)

California Governor Brown Executive Order for State Drought Actions dated April 7, 2017: [https://www.gov.ca.gov/docs/4.7.17\\_Attested\\_Exec\\_Order\\_B-40-17.pdf](https://www.gov.ca.gov/docs/4.7.17_Attested_Exec_Order_B-40-17.pdf)

Diffenbaugh, N. S., Swain, D. L., & Touma, D. (2015): *Anthropogenic warming has increased drought risk in California*. Proceedings of the National Academy of Sciences, 112(13), 3931-3936.

Drinking Water Information Clearinghouse, DRINC portal, accessed June 21, 2017: <http://drinc.ca.gov/dnn/Home.aspx>

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M.Cubed, et al., Executive Order B-29-15 State of Emergency Due to Severe Drought Conditions: Economic Impact Analysis, Prepared for the State Water Resources Control Board, May 2015.

State Water Resources Control Board Water, Conservation monthly results and reporting guidance, Sacramento, CA, accessed from:  
[http://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/conservation\\_reporting.shtml](http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/conservation_reporting.shtml)

State Water Resources Control Board Water Conservation Survey results as of June 19, 2014, accessed from:  
[http://www.waterboards.ca.gov/waterrights/water\\_issues/programs/drought/workshops\\_results.shtml](http://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/workshops_results.shtml), on June 30, 2014

State Water Resources Control Board, Emergency Regulations Digest, March 6, 2015, accessed from:  
[http://www.waterboards.ca.gov/board\\_info/agendas/2015/mar/031715\\_7\\_emerg\\_reg\\_digest.pdf](http://www.waterboards.ca.gov/board_info/agendas/2015/mar/031715_7_emerg_reg_digest.pdf)

State Water Resources Control Board, June 20, 2014 - Statewide Drought Related Curtailment of Water Diversions Emergency Regulations Digest - with Appendix 10, accessed from:  
[http://www.waterboards.ca.gov/waterrights/water\\_issues/programs/drought/docs/emergency\\_regulations/sw\\_eregs\\_digest\\_062014.pdf](http://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/docs/emergency_regulations/sw_eregs_digest_062014.pdf), on June 30, 2014

### DESCRIPTION OF REASONABLE ALTERNATIVES TO REGULATORY ACTION

There is no alternative that is as effective as the proposal. In this section, we discuss an alternative—relying on annual reporting already required—that is lower-cost but would not effectively provide timely information to the state and public.

The State Water Board's Drinking Water Program currently requires urban water suppliers to submit an Electronic Annual Report each April. It covers the prior calendar year and contains some metrics that are similar to the monthly reporting under the proposed regulation. However, relying on Electronic Annual Reports for *monthly* water use and conservation data is not effective for ensuring the state and public have timely information on which to base real-time action. This is because the Electronic Annual Reports cover entire calendar years, which means that data for January, for example, is not available until the following year (more than 12 months later). The reported data goes through a submittal and review process by both the reporter and the state before it is published, which adds additional time (4-6 months). For example, an urban water supplier's water production from January 2016 was reported to the Drinking Water Program in April 2017. It became publicly available sometime during the fall of 2017, or more than 1.5 years after the month. This is too late to be timely. Relying on Electronic Annual Reports would not, for example, provide a relatively immediate reflection of how

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changed state and local policies affected water use, nor would it allow for informed and contemporaneous analysis and/or action.

Staff sought to find other examples of reports that potentially could fulfil data needs but found none. Other reasonable viable options were not identified during the extensive and repeated public review of drought emergency regulations (May 2015, February 2016, May 2016, and February 2017).

### **Cost of Alternative**

The alternative—annual reporting—is already required and would not impose additional cost. This approach, however, would result in less transparent and timely information and may result in less effective water resource management, which may have substantial costs. In summary, data in the monthly reports that this regulation would make mandatory is similar to some data in the Electronic Annual Reports, but the annual reports are not available in a timely manner.

### **IMPACT ON SMALL BUSINESS**

The State Water Board has determined and declares that the proposed regulation does not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. Nor will the proposed regulatory action adversely affect small businesses in California because there are no small businesses submitting reports. Government Code chapter 3.5, article 2, section 11342.610 excludes water utilities from the definition of small business.

### **DUPLICATION OR CONFLICT WITH FEDERAL REGULATIONS**

The State Water Board has determined that there are no comparable federal laws or regulations related to the proposed regulation on monthly reporting by urban water suppliers.

### **WATER CODE SECTION 106.3 CONSIDERATION**

In establishing and adopting the proposed regulations, the State Board considered the statewide policy set forth in section 106.3 of the Water Code and determined the proposed regulations will further the stated policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.