

Dear Ms. Bean:

Palo Alto appreciates the opportunity to comment on the State Water Resources Control Board (SWRCB) staff's *Drought Emergency Water Conservation Regulation* released on April 18, 2015. Palo Alto supports the Governor and the SWRCB in their efforts to manage California's ongoing drought and appreciates the short timeframe for developing regulations. We offer the following recommendations for the SWRCB to consider in the final regulations:

- **Reporting Requirements for CII Customers:** Any reporting requiring that the water supplier disclose customer consumption data must be mindful of customer confidentiality requirements. Water Suppliers should not be put in the position of trying to comply with conflicting regulations, i.e., reporting requirements to a state agency vs. complying with the customer confidentiality requirements of the Public Records Act. Monthly reporting requirements that differentiate commercial, institutional, and large landscape users may not be sufficient to protect customer confidentiality, especially for water suppliers with a relatively small number of large accounts. We recommend that water agencies be allowed to report total usage for the commercial, industrial and institutional sector, rather than usage that is separated out by customer type.
- **Rates:** We support SWRCB's current line of thinking to encourage utilities to take action without formal activity at the Board level under a regulatory framework. In case of more formal action, we ask that the Board be mindful that we have Prop 218 restrictions when it comes to rate making and we have to go through a defensible cost-of-service analysis and a public process for rate increases.
- **Additional Reporting Requirements:** Duplicate and redundant reporting should be avoided, as agencies are already facing resource challenges as they keep up with the changing regulations. For example, the list of restrictions we are enforcing, and our enforcement steps, are already public, posted for our customers' information. The Board should articulate what information they need and how it will be useful before putting more reporting burdens on water suppliers. Also, see comments above about customer confidentiality concerns around reporting out of CII sector use.
- **Penalties:** Any assessment of penalties to Water Suppliers will exacerbate the difficult situation already faced by their customers. As a publicly owned utility we do not have shareholders to shoulder the burden of financial penalties, and so any fines will eventually be paid by customers. While our intent will be to meet the conservation mandate, if for some reason this is not possible and financial penalties are assessed, we ask SWRCB to make every effort to ensure that revenue is directed back to the effected communities to help with programs to achieve the State's goals for conservation.

Thank you for considering Palo Alto's comments and for engaging stakeholders throughout the development of this regulation. Please contact me at 650-329-2369 or Debra.Lloyd@cityofpaloalto.org should you have any questions.

Sincerely,

Debbie Lloyd
Utilities Compliance Manager
City of Palo Alto Utilities
debra.lloyd@cityofpaloalto.org
v 650.329.2369