



April 22, 2015

The Honorable Felicia Marcus
c/o Jessica Bean, Engineering Geologist
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Comment Letter – Proposed April 18 Drought Regulation Framework Modifications

Dear Chair Marcus:

Moulton Niguel Water District (MNWD) appreciates the opportunity to provide comments to the April 18 Mandatory Conservation Proposed Regulatory Framework Modifications by the State Water Resources Control Board (SWRCB). We would like to thank the Board members and the staff for everyone's hard work in combing through more than 200 letters and considering the various comments in a short period of time. In addition to this letter, MNWD has signed onto a joint letter that proposes a modified methodology in achieving the Governor's mandate to reduce water usage by 25 percent throughout the State. For the purposes of this letter, we focused our comments on identifying efficiency targets for agencies with allocation based rate structures.

The proposed emergency regulation removed alternative compliance options for agencies with allocation based rate structures. We encourage the SWRCB to consider an alternative compliance method based on efficiency requirements for agencies with eligible rate structures. As recognized by the SWRCB, MNWD's water budget based rate structure has proven to be effective in reducing water usage by sending a strong price signal to encourage customers to use water efficiently. With the Water Shortage Contingency Plan built into our rate structure, we have the ability to ensure efficient usage in times of drought or emergency. Another key benefit of this rate structure is the availability of usage data since the water budget based rate structure requires a significant amount of data to set individualized budgets. This data includes persons per household and information about irrigated landscape area that can be used to set agency-wide efficiency targets. Because we know where the usage is occurring, we can target specific customers and usage.

The efficiency requirement will be based on both:

- **Indoor residential** use at 55 gallons per capita per day: A state performance standard was set in SB x7-7 of 55 GPCD for residential use.
- **Outdoor landscape** irrigated at a rate of 60% of evapotranspiration: This irrigation factor is representative of a shift from the traditional landscape standard that includes turf to a more efficient landscape standard that strongly limits the use of turf and supports regional native plants. This will also take into account different climates across the state. The outdoor landscape application will apply to residential, commercial, industrial, and institutional landscape accounts.

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Moulton Niguel Water District has estimated the savings of implementing its water budget rate structure through an econometric model at over 20 percent. This efficiency requirement will help account for the demand hardening that has occurred as a result of the implementation of water budget based rates. Setting an efficiency requirement ensures an immediate and long-term solution to reducing water usage that can be tracked through data. It allows us to target outdoor water usage, where we have the greatest opportunity to conserve and set targets that our customers can understand because they are given a specific reduction goal for outdoor watering for their property. And consistent with the Governor's desire to maintain the economic health of the State, this approach limits potential negative economic impacts from reductions to indoor commercial, industrial, and institutional water use.

We understand that time is of the essence, and we must achieve a statewide reduction of 1.3 MAF. Over the years, we have worked closely with our customers to help them understand efficient indoor and outdoor usage, and it is this foundation that we hope to build on to further shift behavior towards the efficient use of water.

If you have any questions, please do not hesitate to contact me at (949) 448-4071 or jlopez@mnwd.com. Thank you.



Joone Lopez
General Manager