



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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Via email to: Jessica.bean@waterboards.ca.gov

Ms. Jessica Bean
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Input on Draft Emergency Regulations to Implement the Governor's Executive Order B-29-15 to Achieve a 25% Reduction in Potable Urban Water Use

Dear Ms. Bean:

On behalf of the Inland Empire Utilities Agency (IEUA), I am writing to provide additional comments on the State Water Resources Control Board (SWRCB) on the *Draft Regulations Implementing 25% Conservation Standard*.

IEUA supports the Governor's leadership in calling for additional reductions in water use during this drought emergency and understands the importance of achieving a statewide 25% reduction in potable urban water use this year to help ensure that the state has adequate water reserves in the event the drought continues into 2016 and beyond. Additionally we believe that what we do now can help the state improve water use efficiency in the future. We are committed to helping the state obtain the necessary urban water savings.

We appreciate the modifications made to the April 18th proposed framework to address some of the public comments and concerns received by the SWRCB. We submit the following additional comments for your consideration as you complete the final Regulations to implement the statewide 25% conservation mandate:

- (1) ***Provide incentives for water agencies to convert existing rate structures to allocation-based rate structures that help to ensure revenue stability while supporting aggressive conservation.***

Many water agencies rely on rate structures that do not recognize conservation and destabilize agency revenues when water sales are reduced, as the result of aggressive water conservation measures. These rate structures pose a significant obstacle to achieving the increased water savings that the Governor is seeking.

The SWRCB has recognized the importance of encouraging retail water agencies to implement allocation-based rate structures that have proven to achieve the following:

- **Increase water use efficiency** by utilizing State legislation and efficiency standards as benchmarks for rates and rate increases (allocation-based tiered rates);
- **Stabilize agency fixed revenue recovery** as an intended rate design based on the costs of service that are unique to each agency, while reduce water demand/sales;

Water Smart – Thinking in Terms of Tomorrow

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General Manager

- **Send a strong economic message with every water bill** to end-users that inefficient water use means significantly higher water bills, and efficiency water use means lower water bills;
- **Educate consumers as to the value of efficient water use** and highlight the responsibility of water-users to meet state water use efficiency standards at all times and not just during a drought;
- **Provide for a science-based and defensible public relations standing** for local agencies with their constituents
- **Create locally generated conservation funding** paid only by those who use water beyond their individualized allocation (eliminating the inequity of efficient water users paying for programs due to over-water use by other water users);
- **Provide equitably applied drought restrictions** across varied customers within a group and across different customer groups;
- **Generate better data and tools to assist water users to become more efficient**, and utilizing accurate customer level data for improved demand forecasting and planning, including projections for future water project needs; and,
- **Improve local water quality (non-point source water pollution)** by reducing urban runoff from landscaping due to more efficient irrigation practices.

We propose three incentives for the SWRCB to consider as part of its Provision 8 final order:

(A) Provide a combination of grants and principle loan forgiveness funding to enable agencies to convert existing rate structures to allocation-based rate structures that are designed to meet state landscaping and residential indoor efficiency standards (note that existing standards are 55 gpcd for indoor use and .8 of local evapotranspiration for landscapes, but that these are being updated by DWR under Executive Order) and to sufficiently recover fixed agency costs; and,

(B) Extend the compliance period for those agencies that commit to adopt allocation-based rate structures by to December 2015, and implement new rate structures by February, 2016. Eligible agencies must be implementing actions to reduce water use during the entire period. The rate design must include at least the following:

- An indoor allocation of **45 GPCD**
- An outdoor landscape allocation of **0.6** of local evapotranspiration (ET) for landscapes in existing and new development

(C) Replace GPCD reporting to SWRCB for agencies who implement allocation-based rates with reporting the *percentage* of residential and dedicated irrigation accounts that meet these efficiency standards, and reporting on the overall agency compliance with these revised standards.

This approach reduces the existing indoor water use efficiency standard by 18%, the existing landscape efficiency standard by 25 %. This alternative would provide a framework, local enforcement and transformational support to water agencies with conventional rate designs that otherwise will (despite best efforts) be unlikely to be able comply with the state's new drought regulations, while putting in place measures that would meet the Governor's standard on an ongoing basis.

(2) Provide a regional compliance pathway similar to the SBx7-7 (20 x 2020) methodology provided in the DWR 2010 Guidebook.

The IEUA and its member retail agencies (the cities of Chino, Chino Hills, Ontario and Upland, and Cucamonga Valley Water District, Fontana Water Company and Monte Vista Water District) have an existing regional alliance approved by DWR under the 2010 SBx7-7 guidelines. We propose that the same regional alliance methodology be permitted by the Board as an additional pathway to achieve compliance with the state's drought regulations. Under this pathway, a Regional Alliance would:

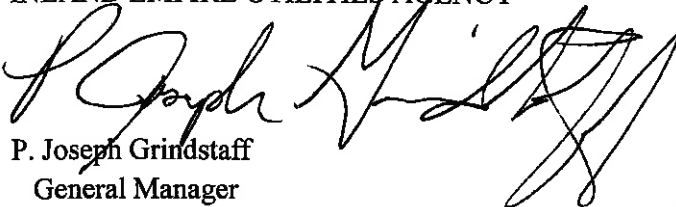
- Recognize 25% water savings as the group target or adopt a Board specified-target based on the combined targets of the Regional Alliance;
- Identify clear consequences if the Regional Alliance is not on-track to meet the 25% water use reduction. (Ex: If the Alliance is not on-track to meet the 25% conservation target, each agency will be required to meet their individual targets as determined by the SWRCB Framework tiers); and
- Report as specified by the Board to assure appropriate tracking of both regional and individual agency targets.

We believe that this approach might encourage stronger and longer-lasting conservation initiatives than may be achieved by agencies acting individually. It will also ensure that agencies are held accountable for individual targets if for any reason the group effort does not achieve the regional goal.

In closing, IEUA strongly believes that one outcome of this serious drought must be a *permanent* statewide shift to more efficient water use. We believe this shift must be based on the foundational principal of "reasonable use" that is based in the state constitution and will be understood by every resident. However, it is critical that retail agencies be provided the tools and technical assistance that will enable them to meet their conservation target in a manner that maintains their fiscal health, encourages regional collaboration and achieves lasting water savings. We believe these recommendations, a process for Provision 8 and a Regional Compliance pathway will accomplish a permanent transition to greater statewide water use efficiency.

Thank you for your consideration of our comments. Please feel free to contact me if you have any questions or we can provide you with further information.

Sincerely,
INLAND EMPIRE UTILITIES AGENCY



P. Joseph Grindstaff
General Manager