



May 4, 2015

The Honorable Felicia Marcus
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814



Subject: Comment Letter – Proposed April 28 Drought Regulation Framework Modifications

Dear Chair Marcus:

Moulton Niguel Water District (MNWD) appreciates the opportunity to provide comments to the April 28 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 their hard work in developing the Drought Regulation Framework and for working with urban agencies statewide as you waded through numerous comments to create a statewide framework to reduce urban water use by 25 percent. The primary areas of comment from the District are:

- Form a technical working group to support SWRCB staff in the coming months, and
- Establish efficiency targets for agencies with water allocation/budget based rate structures.

As the summer progresses and more data is available from monthly reporting, MNWD proposes the SWRCB staff work with agencies through a technical working group. There is a clear need to implement programs and policies in the immediate term to reduce usage in the outdoor water intensive summer months. However, statewide conservation should seek to meet and incentivize good water policy objectives by balancing the need for short term savings and efforts by agencies to implement long term demand management programs. The working group would first work to aid in the development of policy objectives for the conservation targets. From those agreed upon policy objectives, the working group could aid the State Board staff in refining a methodology/model to meet those agreed upon objectives to provide a more balanced and data driven framework for each agency's conservation target past the hot summer months.

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 our community 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

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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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MNWD 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. 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. We have already implemented our Water Shortage Contingency Plan and launched an extensive customer communication campaign to make sure no time is wasted. 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