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January 6, 2016

Felicia Marcus
Chair
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Delivered To: Kathy.Frevert@waterboards.ca.gov

Subject: Comments on Proposed Regulatory Framework for Extended Emergency Regulation for Urban Water Conservation

Dear Chair Marcus:

Thank you for the opportunity to submit Olivenhain Municipal Water District's (OMWD) comments on the staff recommendations for modification of the existing Emergency Regulations for Statewide Urban Water Conservation if drought conditions persist into 2016. OMWD provides 84,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

Our customers have met the challenge of conservation and they have been quite vocal that as a district, we should work with the State Water Resources Control Board (State Board) to design and implement changes to the emergency regulations that reflect the suggested approaches we made to the State Board in our December 2, 2015 comment letter.

The proposed State Board staff modifications are a step in the right direction but from our perspective as a leader in conservation, the development of local supply, and regional cooperation, the modifications fall short in the following areas:

**Drought Resilient Sources of Supply Credit; and
Non-Potable Recycled Water use Credit; and
A Cap on Credits and Adjustments**

We thank staff, and support the recommendation of a one-tier reduction credit (four percentage points) from post-2013 desalination. We also strongly urge inclusion of a similar credit for the use of non-potable recycled water developed prior to 2013. The staff report notes that districts already receive a benefit from not including their non-potable supply in the total water supply calculations for conservation targets. However, that position fails to acknowledge that ratepayers have paid for that "benefit" with the expectation they are creating a drought-proof water supply. Ignoring their full



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investment in recycling sends customers the wrong signal about the need to invest in expensive sustainable local supply. These short-term, emergency regulations have the potential to chill ratepayer willingness to pay for the long-term water supply needed for future droughts.

This is especially true if the supply credit is arbitrarily capped, in this case to four percent. Under the modified Extended Emergency Regulations, most San Diego County ratepayers will be denied the full benefit of their investments in desalination, recycling, and brackish water.

The State Board should reject the notion of a cap on credits.

Regional Compliance Approach

We respectfully disagree with the rejection of a regional approach to compliance based on forming SB x7-7 alliances. Droughts are best managed regionally because regions share water. A drop saved in San Diego through conservation, recycling, or replacement by new advanced treated wastewater helps San Diego. It doesn't help expand supply elsewhere in water short areas of the state because of the physical water delivery system, and contractual and legal rights to water. Drought and shortages have always been managed to fit local needs of an area that share a source or sources of supply. The Emergency Regulations should not force a top-down conservation goal. It is smart planning for the current drought, and all future droughts, to encourage as much regional cooperation as possible.

Elimination of Commercial Agriculture Exclusion

The recommended modification to limit the commercial agriculture exclusion to customers who produce a profit of \$1,000 per year on the sale of agricultural products will jeopardize the donation of those products to non-profit entities such as food banks or other groups that receive agricultural products at no charge.

Restricting the definition of commercial purposes by establishing a profit threshold penalizes the growers who provide food from their crops without need or desire for profit. Many smaller farms of fruit trees or organic vegetables produce regular supplies of donated food to their communities and the water they use should receive the same treatment as for-profit farms.

The \$1,000 threshold is arbitrary and is not the current state standard. We believe the current definition should be retained for the extended regulation.

Climate Adjustment/Growth Adjustment

We support modifications that will take into account climate and post-2013 growth in service connections; however, the adjustments need clarification or simplification. OMWD covers four different evapotranspiration (ET) zones. Specifically, on the proposed growth adjustment formula, we do not track nor have an accurate way to recreate the "area of new residential landscaped area (square feet) served by connections since 2013" in each of our four different ET zones. OMWD should be allowed to make good faith declarations of service connections, and be given a credit for usage in the hottest climates.

CONCLUSION

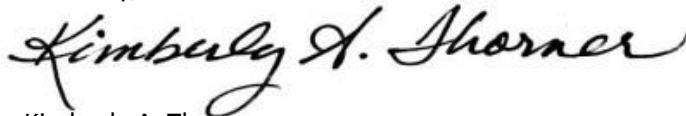
OMWD appreciates the time and effort shown by the State Board to engage the water community stakeholders and adjust emergency regulations as needed. The drought has been a wake-up call for all of California and your leadership as a board is greatly appreciated.

As El Niño or a wet winter approaches, we would like to see a formal recognition that the State Board will entertain further modifications to the regulations in a timely manner. Several water agencies, including Valley Center Municipal Water District, are proposing very specific data-driven actions to “ramp down” the conservation mandates given the state’s snow pack and other water supply measurements. We think this is a wise approach and urge the State Board to formally approve such a process.

OMWD also wants to reiterate our ongoing commitment to conservation as the context for all of the above suggestions. We have invested millions of dollars in developing local water supply and are planning for millions more. But we only build what we need, or will need, after great effort to reduce demand. Our customers have supported our efforts at building and conserving because they trust in us to do it right. We ask for the same trust and partnership between the state and our district. Your recognition of our investments in recycling and full credit for sustainable supply will help us continue our strong local efforts.

Finally, OMWD wishes to thank and recognize members of the SWRCB and its staff for their personal meetings, phone calls, and emails throughout the past year to communicate with members of our staff and board. We realize that this is an arduous task, and your time and openness to meeting with us is appreciated. If you have any questions or concerns, please feel free to contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Kimberly A. Thorner". The signature is written in a cursive, flowing style.

Kimberly A. Thorner
General Manager

CC: OMWD Board of Directors