



CALIFORNIA WATER SERVICE

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January 6, 2016

Felicia Marcus, Chair
c/o Ms. Kathy Frevert
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Comments on Proposed Regulatory Framework

Dear Chair Marcus and Members of the Board:

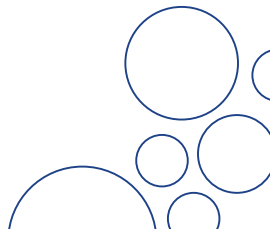
California Water Service (Cal Water) appreciates the opportunity to provide comments regarding the Proposed Regulatory Framework for Extended Emergency Regulation for Urban Water Conservation (Regulatory Framework), dated December 21, 2015. We thank the State Water Resources Control Board (State Water Board) and staff for your leadership and for this opportunity to provide comment.

Cal Water serves about 2 million people through 478,000 service connections in California and has provided water service in the state since 1926. We have developed a comprehensive, customer-first, drought response program that has allowed us to work cooperatively with our customers to achieve significant reductions.

Our comments are specific to the Regulatory Framework. Any consideration of long-term, permanent regulations regarding conservation and water use reductions should be considered in a separate proceeding. The issues surrounding the need for emergency reductions and those required as part of a long-term strategy differ in significant ways. Any future discussion of an appropriate long-term strategy should be handled in a deliberative manner that takes into account the long-term needs of the State and the associated impacts of additional regulations in order to achieve an effective, balanced approach.

Our comments focus on the following elements:

- Review of the mandated reduction percentages in April 2016
- Removal of limitations on credits for indirect potable reuse
- Elimination of the cap on credits or adjustments
- Inclusion of credit for high fire hazard areas
- Recognition of differences in single-family and multi-family residential connections with regard to the growth adjustment calculation





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Review of the Mandated Reduction Percentages in April 2016

It is critical that any extension of the Emergency Regulation accounts for current water supply conditions. As such, Cal Water recommends that the State Water Board review the mandated reduction percentages after the April snowpack reading. Improvement in water supply conditions may allow for a downward adjustment to the State reduction goal, with related downward adjustments to the reduction requirements of individual water suppliers. It is important that the reduction requirements continue to reflect current water conditions.

Removal of Limitations on Credits for Indirect Potable Reuse

The staff recommendation for “Drought Resilient Sources of Supply Credit” includes recognition of indirect potable reuse. Unfortunately, this recognition unnecessarily limits eligible indirect potable reuse to coastal wastewater. There is no rationale provided for this limitation, and Cal Water recommends that all indirect potable reuse be eligible.

Elimination of the Cap on Credits or Adjustments

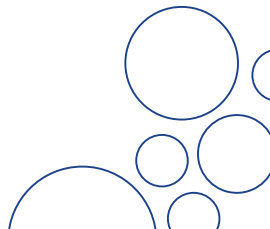
In the Regulatory Framework, staff recommends “that all credits and adjustments be capped to allow a maximum of a four percentage point decrease to any individual water supplier’s conservation standard (tier).” An individual water supplier should not receive only a portion of its adjustment simply because it may be impacted by multiple elements such as climate and growth. Cal Water recommends that this cap be removed to provide the full, appropriate adjustments for water suppliers that meet the criteria established for the adopted credits and adjustments.

Inclusion of Credit for High Fire Hazard Areas

Cal Water recommends that the State Water Board recognize the impact of high mandated reduction percentages on areas designated as high fire hazard areas by Cal Fire. This credit could take many forms to address this combination of high reduction percentage and high fire hazard designation. An example would be to allow a four percent reduction (one tier) for water suppliers that are included in Tier 8 and 9 and have the appropriate fire hazard designation from Cal Fire. Cal Water has been working with Cal Fire on educational materials for our customers and requests that these fire-prone areas be recognized with a credit. We believe the credit would provide a balance between necessary water reductions and the critical need to protect health and safety.

Recognition of Differences in Single-family and Multi-family Residential Connections with Regard to the Growth Adjustment Calculation

Step 1 of the growth adjustment calculation recommended by staff reads, “Number of new residential connections since 2013 multiplied by 165 gallons (55 gallons per person per day multiplied by three people) multiplied by 270 days.” This calculation appears to treat new single-family residential connections and new multi-family residential connections in the same manner. Cal Water recommends that water suppliers be given the option to use dwelling units in lieu of new multi-family residential connections. Providing the option of utilizing dwelling





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units for new multi-family residential connections will provide a better estimate of the incremental water use of these customers.

Again, Cal Water appreciates the opportunity to provide comments and looks forward to working with the State Water Board and other stakeholders on this and other related issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon Dean".

Shannon Dean
Vice President, Corporate Communications and Community Affairs

Cc: Commissioner Catherine J.K. Sandoval, California Public Utilities Commission
Jamie Ormond, Water & Legal Advisor to Commissioner Sandoval
Rami S. Kahlon, CPUC Director, Division of Water & Audits

