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April 10, 2015

Ms. Jessica Bean
State Water Resources Control Board
Jessica.bean@waterboards.ca.gov

RE: Comments on 25% Emergency Regulations

Dear Ms. Bean:

Thank you for the opportunity to provide comment on draft regulatory framework to achieve 25% conservation in accordance with the Governor's recent Executive Order. We appreciate the immediacy and the Governor's recognition of the severity of the drought. However, there are fundamental weaknesses in the methodology of the proposed framework causing significant inequities in application. Please consider the following comments and recommended alternatives.

Lack of Recognition of Investment in New Supply Development

Ratepayers in certain areas of the State have paid for development of new supplies that narrow the shortage gap. As proposed, regulations ignore the significant investment. For example, in San Diego, ratepayers will bear a \$1 billion burden for a desalination plant that promised a drought proof water supply. In our agency, ratepayers accepted an even greater rate increase in exchange for a direct commitment purchase of desalinated water. The cost will exceed \$2,250 per acre foot, three times more than from Metropolitan Water District, because they valued reliability and protection from drought. These regulations rob them of promised reliability, rendering the \$1 billion investment worthless.

Regulations should not discourage new development. Regulations should recognize such efforts and investments and not include new source water in the conservation mandate. New supply should be added at 100% after historic supplies are assumed only 75% available.

Base Year Doesn't Recognize Conservation Hardening

Many areas of the State recognized the most substantial conservation from 2007 to 2013. Our agency's customers conserved 26% during that time, and are now asked to give another 25%. Some agencies experienced even more hardening and are asked to give another 35%! Some credit for that conservation hardening should be given equitably. Implementation should be delayed if necessary to calculate and implement

targets revised to recognize the results of extraordinary conservation efforts that have already occurred. There appears to be an assumption that other parts of the State, and while we applaud their deductions, are working harder to conserve yet are carving out the easier to obtain conservation. Now is not the time to not give consideration to a region that has implemented conservation for decades. We as an agency currently recycle up to 75% of our wastewater for reclamation and reuse. We know what it takes and have expended the funds to conserve. And as noted above, we are a direct purchaser of water from the Carlsbad Desalination project. We are willing to expend the funds to obtain drought proof supplies and allow local control without burdening the State's water supplies, yet the proposed reduction will potentially lead to the next drought level, which includes no additional new meters or growth. This would be a fatal stroke to a rebounding economy, and as one of the few growth agencies in San Diego County, an extreme impact.

Allow Wholesalers and JPAs to Mandate Conservation

It is not practical to assess cutbacks of varying percentages from the State level directly down to individual suppliers. The State should demand the 25% from wholesale suppliers and significant local sources (not newly developed supply, and not supplies not under the purview of the State of California) and leave the administration to JPAs who have the experience and proven administrative record from previous droughts.

Use Annual Data to Differentiate Levels of Conservation

Don't use statistics for a single month to establish relative levels of conservation among agencies. A single month may vary greatly from the relative use during a year. A year of data is more representative of the objectives stated in the Executive Order (e.g., 2013 as a base year). A year of data will smooth seasonal volatility. Also, GPCD-**Residential** is not a representative driver of the broader conservation being mandated.

Calculate Smooth Transitions from Level to Level

Don't use steps (10, 20, 25, 35) to transition from level to level. That's not equitable for the first few suppliers of a new step. Use a formula. Example:

- 10%
- + 1% for every 15 GPCD up to 150 (or whatever gets you to 25% at mean or median)
- + 1% for every 12 GPCD above 150 (or whatever gets you to 35% for the supplier with the highest GPCD)

Don't Detail Specific Plans for Potable Water Use Reductions for CII

CII is too heterogeneous to assume one level of conservation is suitable for all CII customers. Leave that to the supplier to achieve an agency-wide conservation level.

Recognize Growth

Some areas of the State have grown since 2013. Use a growth factor to reduce the water production or supplier-wide use target (population, or meters added since 2013). Don't penalize areas that grow.

Thank you for the opportunity to provide comment. Please don't hesitate to contact me for further input or elaboration.

Sincerely,



for

Dennis O. Lamb
General Manager

cc: Governor Edmund G. Brown Jr.
Congressman Duncan Hunter
Assembly Member Marie Waldron
Senator Joel Anderson
Senator Barbara Boxer
Senator Dianne Feinstein
Maureen Stapleton, General Manager, SDCWA