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May 1, 2015

Debra Sedwick, Chair Spencer Short, Vice Chair

Felicia Marcus, Chair Members of the Board State Water Resources Control Board 1001 I Street Sacramento, CA 95814



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Re: Comment Letter - Emergency Conservation Regulation

Dear Chair Marcus and Board Members D'Adamo, Doduc, Moore and Spivey-Weber

The Regional Water Authority (RWA) appreciates the opportunity to comment on the State Water Resources Control Board's proposed emergency regulations for complying with the Governor's Executive Order requiring a mandatory statewide 25% reduction in urban water use.

As a representative for 22 water suppliers in the greater Sacramento region, which are predominantly assigned to the 28%, 32%, and 36% conservation tiers, we are disappointed that the comments the RWA provided on the two prior draft proposals, as well as the similar comments from numerous other reviewers, were largely disregarded in developing the regulations proposed for adoption on May 5, 2015.

We appreciate the magnitude of the challenges the ongoing drought creates for California, and are committed to responding by continuing and expanding our conservation efforts. We respectfully request, however, that the Board consider the comments below and revise the regulations prior to adoption. Our comments address four primary areas of concern:

- Inequity created by the failure to consider climate, residential density, and other factors that control the amount of water needed for various beneficial uses in different water supplier service areas;
- Using "preventing waste and unreasonable use of water," as the
 justification for requiring reductions in water used for legitimate
 purposes;
- Failure to recognize the actions some water suppliers have taken to build reliable supplies for the very conditions we currently face during the drought; and
- Failure to consider the true costs to water suppliers.

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Inequity In the Proposed Framework

Numerous comment letters on the draft regulations and framework recognized the need to consider the varying climates throughout California before assigning unequal responsibility to water suppliers for contributing to the statewide 25% conservation target. The Board has made no attempt to address these concerns in the proposed emergency regulations. In fact, the Board uses the higher water use in hotter, inland areas of the state as the justification for assigning the highest conservation percentages. This approach overlooks two important facts. First, the higher water use for outdoor landscaping is a seasonal phenomenon, based on the June through September 2014 period, but is assigned for compliance over the entire period of the emergency regulations (June through February). This is unduly burdensome to agencies whose fall and winter water use declines to levels similar to statewide averages. In addition, although higher water use provides the "opportunity" for greater reductions, the unequal tiers will realize this opportunity through unequal burdens on the finances of water suppliers and the property values and quality of life of their customers.

To resolve some of this inequity, we urge the Board to reconsider detailed proposals that use evapotranspiration estimates developed by the California Department of Water Resources to normalize R-GPCD values before assigning tiers.

Lack of a Basis for Reliance on Waste and Unreasonable Use

While we support the Board's specific end-user requirements in Section 864 of the draft regulations, we believe the board cannot rely on "preventing waste and unreasonable use of water'" as the basis for the mandatory conservation targets in Section 865. The Board states, in its fact sheet on the regulations:

"Everyone must do more, but the greatest opportunities to meet the statewide 25% conservation standard exist in those areas with higher water use. Often, but not always, these water suppliers are located in areas where the majority of the water use is directed at outdoor irrigation due to lot size, climate and other factors."

In this statement, the Board recognizes the legitimate need to use more water in some areas to supply a specific beneficial use of water, irrigation of outdoor residential landscaping. It then erroneously equates this same legitimate use of water with waste and unreasonable use. This lack of foundation is further evidenced by the Emergency Regulations Digest, which states,

"While the State Board is not, through this rulemaking, declaring any particular use or practice a waste or unreasonable use of water, it is necessary based on the severity of the current drought conditions that all reasonable efforts be taken to prevent the waste or unreasonable use of water."

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If no particular use or practice has been identified, then the linkage between irrigation of outdoor landscaping, which the Board identifies as the practice it is seeking to limit, and "preventing waste and unreasonable use," the justification for the emergency regulations, is unclear.

We urge the Board to remove references to "waste and unreasonable use," when referring to the legitimate and justifiably higher water use in various areas of the state.

Failure to Recognize and Promote Regional Self-Reliance

The proposed regulations provide a very narrow exception based on availability of surface water. The Board requests specific feedback on "whether the regulation should allow water suppliers whose supplies include groundwater to apply for inclusion in the 4% reserve tier if it can be demonstrated that they have a minimum of 4 years of supply, do not rely upon imported water, and their groundwater supplies recharge naturally."

We believe the exception should be expanded to groundwater, and in addition to recognizing the availability of supply, it should recognize and reward (rather than exclude) past actions to actively recharge groundwater basins to serve as a source of supply during drought. The Sacramento region has invested many millions of dollars in conjunctive use facilities to achieve groundwater sustainability. Meeting demands during drought is one objective of these efforts. Failure to recognize these supplies conflicts with state policy promoting regional self reliance, as well as the comprehensive and balanced approach of the California Water Action Plan.

We urge the Board to broaden the exception for water availability to include groundwater.

<u>Failure to Consider the Full Costs of Compliance</u>

Implementing the proposed regulations will be challenging and will likely have significant impacts--both on customers and on the revenues and fiscal stability of water suppliers.

The Board states that it,

"will work with water suppliers along the way that are not meeting their targets to implement actions to get them back on track. These actions could include changes to rates and pricing, restrictions on outdoor irrigation, public outreach, rebates and audit programs, leak detection and repair, and other measures."

The Board should recognize that "changes to rates and pricing" is an action that is unlikely to be feasible in the short time frames over which water suppliers must accomplish the required water savings.

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The Board in its Emergency Regulations Digest fails to account for the true costs to agencies of the listed actions, citing only net revenue losses and reporting costs in its analysis of fiscal impacts. Other actions, including public outreach, rebates and audit programs, and leak detection and repair will be costly, at a time when water suppliers will be facing reduced revenues from declining water sales.

To mitigate some of this fiscal impact and promote maximum water conservation, we urge the Board to join us in encouraging the administration to include appropriation of the \$100 million in water conservation funding from Proposition 1 in the May Revise budget, and to provide a preference for grants to those agencies in the higher conservation tiers, where the "greatest opportunities to meet the statewide 25% conservation standard exist."

Thank you for the opportunity to comment on the proposed emergency regulations. If you have any questions, please contact me at (916) 967-7692.

Sincerely,

John Woodling

Executive Director