



CALIFORNIA WATER ASSOCIATION

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MESSAGE FROM THE PRESIDENT

Investor-owned water companies face challenges on a daily basis as they strive to deliver quality, dependable water to their customers. Many of these challenges were tackled at the California Water Association's (CWA) 72nd Annual Conference and the National Association of Water Company's (NAWC) Water Summit and are addressed in the articles in this edition of On Tap. Ranging from supply and water quality challenges to educating the public on the value of water and shaping regulatory policy, CWA member companies are vigilant in responding to these challenges to ensure their services are at the cutting-edge of innovation and technology.

Some of the activities recently undertaken by CWA members are covered in the following articles in this edition of On Tap:

- CWA Rises to Tomorrow's Water Challenges at Annual Conference
- Experts Addressed Challenges at NAWC Water Summit
- National Water Leaders Advance Alternative Regulatory Agenda
- Coalition Invites the Public to Discover the Value of Water
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- CWA Comments on Chromium-6 Suggest CDPH Underestimates Occurrence Levels and Compliance Costs

To view *On Tap* in PDF format, click [here](#), or access the online version on CWA's website at www.calwaterassn.com.

Sincerely,

R.W. Nicholson
San Gabriel Valley Water Company
2013-2014 CWA President

QUESTIONS?

Contact the CWA office at:

1215 K Street, Suite 940
Sacramento, CA 9514

Phone: 916.231.2147

E-mail: jhawks@calwaterassn.com
mdixon@calwaterassn.com

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POINTS OF INTEREST

CWA RISES TO TOMORROW'S WATER CHALLENGES AT ANNUAL CONFERENCE



CPUC Commissioner Catherine Sandoval
"Addressing Tomorrow's Regulatory Challenges"

Beginning with an announcement of a forthcoming regulatory rulemaking and concluding with a panel of water utility district managers on what keeps them up at night, the California Water Association (CWA) addressed a multitude of issues at its 72nd Annual Conference on November 4-6 in Monterey. The conference theme was "Rising to the Challenges of Tomorrow's Water World."

Following a day of committee meetings, including a special presentation on the medium-term outlook for debt and equity markets by Louis De Caro, Senior Banker with Blaylock Robert Van, LLC, Commissioner Catherine Sandoval of the California Public Utilities Commission (CPUC) opened with a keynote address outlining

the challenges facing the CPUC and its regulated water utilities. Among them are keeping rates affordable for low-income customers in a rising cost environment where drought, new water supply and drinking water standards, infrastructure needs and declining demand are forcing rate increases for customers in California, whether served by CPUC-regulated or government-owned water utilities.

Commissioner Sandoval announced her plans to open a second phase of an existing CPUC policy rulemaking on rates and affordability that will examine the impact of conservation rates on low-income customers, current approaches to sales forecasting and the application of revenue adjustment mechanisms. She referenced the CPUC's Low-Income Oversight Board as the focal point for these issues, noting the Board's interest in rates, water conservation and threats to water supply from the Sacramento-San Joaquin Delta.

Sandoval closed her presentation by recommending the CPUC and water utilities with multiple districts throughout the state re-examine the possibility of consolidating customer rates, where possible, to achieve greater economies-of-scale and lower rates for certain high-cost regions.

Conference Program Chair Greg Milleman, Manager of Special Projects for California Water Service Company and CWA First Vice President, moderated the first panel, "Planning for the 2013-14 Water Year." Panelists were Jim Fiedler, Chief Operating Officer, Santa Clara Valley Water District; Denise Kruger, Senior Vice President of Operations, Golden State Water Company (GSWC); Roger Patterson, Assistant General Manager of Strategic Water Initiatives, Metropolitan Water District of Southern California; and Brent Walthall, Assistant General Manager, Kern County Water Agency. They described their plans for satisfying demand in 2013-14, with particular emphasis on supply sources, infrastructure and operational approaches that will be needed to achieve long-term water supply reliability.



Panel: "Planning for the 2013-14 Water Year"

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POINTS OF INTEREST

CWA RISES TO TOMORROW'S WATER CHALLENGES AT ANNUAL CONFERENCE

...CONTINUED

Of particular interest to CWA members is the forthcoming drinking water standard for hexavalent chromium (Chromium-6 or Cr-6), a contaminant that is predominantly naturally occurring. California will be the first state to have a maximum contaminant level (MCL) for Cr-6, which has been proposed at 10 parts per billion (ppb) by the California Department of Public Health (CDPH). That MCL level equates to approximately one drop of water diluted in 13,750 gallons of water. To explain all of this, Rob Guzzetta, Vice President of Engineering and Water Quality at California Water Service Company, briefed the audience on Cr-6 and the impact of the 10 ppb MCL on his company's customers.

Joining Guzzetta to explain CWA's comments on the proposed MCL, as well as the ongoing litigation between CDPH and the Natural Resources Defense Council, was Nossaman LLP Attorney Mari Lane. Lane prepared CWA's comments, filed October 11, 2013, with the CDPH, as well as a short amicus curiae brief CWA submitted to the Alameda County Superior Court on October 29, 2013. The brief requested the judge provide CDPH enough time to revise its assessment of the MCL, based on the detailed technical assessments submitted by CWA and others, and allow CDPH the maximum time permissible to finalize the MCL.

Debbie Davis, Community & Rural Affairs Advisor in the Governor's Office of Planning and Research, summarized Governor Brown's plans for a transfer of the state's Drinking Water Program (DWP) from CDPH to the State Water Resources Control Board. The DWP encompasses regulations affecting drinking water (i.e., the Waterworks Standards), MCL development, permits for public water systems, distribution and treatment operator certification, recycled water regulations and many other facets of California's implementation of the Safe Drinking Water Act.

Davis pointed out that the transfer, to be proposed in the Governor's 2014-15 budget, will preserve as many of the current elements of the DWP as possible, while seeking synergies from current overlapping jurisdictional areas (e.g., recycled water). She also noted that most of the legislative suggestions offered by the affected parties, including CWA, during the 2013 legislative session are being retained by the administration for the 2014 legislative package.

A very welcome presentation at the conference was the luncheon address by California State Controller John Chiang, who tackled the challenge, "Maintaining California's Fiscal Health." Chiang explained the myriad responsibilities of the Controller's Office and how California stepped back from the infamous "fiscal cliff" of 2008-09 to achieve a modest surplus today. He concluded with some sobering observations on the future threats to the state's financial health, not the least of which are pension liabilities, lagging job growth and other impediments to economic prosperity.

San Jose Water Company's Charmaine Jackson, who chairs CWA's Utility Supplier Diversity Program (USDSP) Committee, opened the afternoon session with a review of how CWA member companies' procurement from diverse suppliers is contributing to economic development in local communities and to the delivery of high-quality, reliable water service. She described the water companies' steady progress in adding diverse business suppliers to the industry's procurement stable under the leadership of Emma Maxey, GSWC Supplier Diversity Manager, who chaired the USDSP Committee from 2007-2012, as well as the new partnerships with Excelerate Consulting and Infinity Business Solutions that will define the committee's activities for the next few years.

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POINTS OF INTEREST

CWA RISES TO TOMORROW'S WATER CHALLENGES AT ANNUAL CONFERENCE

...CONTINUED



California State Controller John Chiang
"Maintaining California's Fiscal Health Challenges"

The "challenge" theme again took center stage with "Using Hartwell to Navigate Dangerous Litigation Waters" as GSWC Denise Kruger and Craig Bloomgarden, Partner with Manatt, Phelps & Phillips law firm, recounted a recent court victory for GSWC that involved the 2002 California Supreme Court "Hartwell" decision as a defense in recent litigation arising from third-party perchlorate contamination of the company's primary groundwater source for its Barstow District in 2010.

Despite the fact that the CDPH commended the company in a required Citation for Non-Compliance for its deployment of an emergency operations center and excellent response that restored the system to normal in less than six days, four toxic tort

lawsuits with more than 300 plaintiffs were filed in 2012. GSWC responded to the lawsuits with a motion for summary judgment under Section 1759 of the Public Utilities Code, which deprives a court of jurisdiction over a damages action against a regulated utility if a three-part test arising from the Hartwell case is satisfied.

The court agreed that the facts in this case confirmed (1) the CPUC did have the authority to adopt a regulatory policy; (2) the CPUC affirmatively exercised that authority; and (3) that court action would hinder or interfere with the CPUC's authority. The court ruled it did not have jurisdiction and granted GSWC's motion. In short, the plaintiffs could not prevail without asking the jury to second-guess the CPUC/CDPH regulatory scheme for monitoring and response, thereby removing the Hartwell decision's "safe harbor" provision.

The challenge of "Operational Safety – Leadership, Culture, Systems" was the focus of the presentation by Bill Komianos, Senior Director of Operational Risk Management for American Water Works Company, Inc., and Bret Hinerman, Operations Risk Manager for California American Water Company (CAW). They covered the common themes of "best in class" operational safety (e.g., ownership of safety and health by all employees in an organization), American Water's vision for safety (an injury and illness-free work environment) and the cultural journey for safety, which begins with the notion that safety is a burden and concludes with the institutional "hardwiring" of safety value in the organization, "Safety is Who We Are."

The CWA conference concluded with an apt panel discussion on the challenge, "Boots on the Ground – What Keeps Our District and General Managers Up at Night." Catherine Smith, Owner and President of Smith Moore & Associates, moderated the panel, which comprised five CWA member company executives: Jeanne-Marie Bruno, General Manager of Park Water Company; Larry Morales, General Manager of East Pasadena Water Company; Paul Rowley, District Manager of GSWC; Eric Sabolsice, Monterey District General Manager for CAW; and Robert Young, General Manager of the Fontana Water Company Division of San Gabriel Valley Water Company.

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
POINTS OF INTEREST

CWA RISES TO TOMORROW'S WATER CHALLENGES AT ANNUAL CONFERENCE

...CONTINUED

They addressed a variety of pressing issues facing investor-owned water companies, including threats such as:

- A prolonged drought beyond the 2012 water year
- Loss of a major source of supply
- Water quality threats from known contaminants like perchlorate, arsenic, nitrates and volatile organic compounds
- Costs to customers for compliance with new standards like the Cr-6 MCL
- Aging infrastructure, system failures and the enormity of replacement costs
- Customer backlash against rising rates and utility bills
- Government takeovers via eminent domain condemnations
- Safety, security and emergency management

Among the loyal group of conference sponsors, CWA acknowledged the financial support and contributions from CoBank, the first evening dinner host, and the law firms of Allen Matkins, Nossaman LLP and Manatt, Phelps & Phillips, LLP, which sponsored the conference lunch, reception and second night's dinner, respectively. Their support was key to the conference's success. 



Meredith Younghein of the California Public Utilities Commission Addresses CWA's Regulatory Seminar on November 4, 2013, Explaining the Commission's Progress to Date on Developing a Water-Energy, Cost-Effectiveness Model for Water-Use Efficiency Programs that Save Energy and Water

POINTS OF INTEREST

EXPERTS ADDRESSED CHALLENGES AT NAWC WATER SUMMIT

In October, the National Association of Water Companies (NAWC) hosted its Annual Water Summit in San Diego, California. The conference featured a range of experts on various subjects, including politics, water infrastructure financing, affordability, cyber-security, climate change, watershed sustainability, public-private partnerships, and opportunities to support the non-profit organization, Water for People.

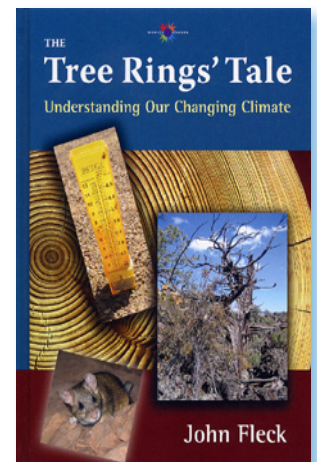
Shannon Dean, Chair of California Water Association's Public Information Committee and Corporate Communications Director for California Water Service Company, moderated a panel featuring Cynthia Barnett, author of *Blue Revolution: Unmaking America's Water Crisis*; Charles Fishman, author of *The Big Thirst*; and John Fleck, Albuquerque Journal reporter and author of *The Tree Rings Tale*.

Fishman fielded questions about the general public's apathy about water and its irrational unwillingness to pay for water utility services, which are summed up by a passage from his bestseller: "...we fail to appreciate two things: the value of easy, reliable water service in our daily lives and our economy, and the level of investment that kind of water service requires.

For her part, Barnett elaborated on the "water ethic" she advocates for in her book, emphasizing her belief that Americans waste far too much water and that "free and cheap water America has cost our freshwater ecosystems—and us—too much."

Rounding out the panel, Fleck discussed the challenges of deciding how to allocate finite water supplies, particularly in his home state of New Mexico, where Native Americans, endangered species, farmers, city dwellers, and power generators all compete for a limited supply of water.

All three authors shared the opinion that water is a resource that should be treasured, or in the words of Fishman, even "revered," and that water providers and water users everywhere need to be proactive in dealing with water challenges in order to secure the future of generations to come.




POINTS OF INTEREST

NATIONAL WATER LEADERS ADVANCE ALTERNATIVE REGULATORY AGENDA

The National Association of Water Companies (NAWC) commissioned a study by The Brattle Group, an independent, global consulting firm, to explore new methods of overseeing and financing the regulated water utility industry. NAWC member companies and members of the Regulatory Law & Rates Committee were instrumental in the data collection effort for this report. In the study titled, “Alternative Regulation and Ratemaking Approaches for Water Companies: Supporting the Capital Investment Needs of the 21st Century,” The Brattle Group highlighted various mechanisms and policies designed to lessen regulatory lag.

The report indicates the water industry has made considerable progress recently in innovative ways to recover capital investments in distribution systems. The two most notable areas include the Distribution System Investment Charge (DSIC) for water and wastewater systems and implementing future test-year models instead of ratemaking based on historic costs. In 1997, DSIC was first implemented in Pennsylvania and allows for rate increases, outside of a general rate proceeding, for non-revenue-producing investments to replace aging infrastructure. That program has operated for nearly 10 years with no known customer complaints. Research indicates utilities operating under future test years realize higher returns on capital and have credit ratings that are materially better than those operating under historical test years.

National water leaders point to perhaps the most significant finding in the recently released study, which is that electricity and natural gas delivery industries have in place a greater number and variety of alternative regulation policies compared to the water industry. For example, electricity and natural gas utilities have more than five times the number of mechanisms in place to stabilize revenue by adjusting base revenues without addressing costs between rate cases. Similarly, other industries have access to almost nine times as many comprehensive alternative ratemaking and timely recovery methods as do water providers. Even in the area of capital expenditures, water utilities have fewer options than both the natural gas and electricity industries.

Looking forward, NAWC and its member companies will use key data from the report to explain the water industry’s biggest regulatory challenges to policymakers and government regulators. Water industry leaders are encouraged by the progress made in the areas of DSIC and future test years, as they look to further the dialogue around alternative regulation and equal treatment of regulated water utilities based on The Brattle Group’s independent study. 

	Electricity	Natural Gas	Water
Revenue Stabilization: Mechanisms that adjust base revenues without addressing costs between rate cases. <i>Examples: Conservation adjustments, decoupling.</i>	27	30	5
Comprehensive Alternative Ratemaking and Timely Recovery: These are ways to move beyond the general rate cases of cost of service regulation and integrate future costs from investment projects and other sources. <i>Examples: Formula rates, multi-year rate mechanisms.</i>	34	18	4
Alternative Ratemaking for Capital Expenditures: Mechanisms designed to collect the costs of standard investments to maintain the integrity of distribution systems. <i>Examples: DSIC and CapEx riders.</i>	17	22	14

POINTS OF INTEREST


COALITION INVITES THE PUBLIC TO DISCOVER THE VALUE OF WATER



On October 1, a group of 12 leading organizations in the water sector launched a national, multimedia campaign to increase public awareness of water as a natural resource and commodity. The “Value of Water” campaign is designed to educate individuals, families and businesses on the need for investments in the shared water infrastructure.

The campaign grew out of a concern shared throughout the water sector about the lack of public understanding and pressing need for investments in water and infrastructure to address today’s and future generations’ water needs. From the water industry’s perspective, the campaign goal is clear: clean, safe and reliable water for every home and community. The coalition reached consensus on the leading educational themes – water is shared, water is irreplaceable and water belongs to us, to our children and to the environment in which we live.

For more than a year, a dozen public and private organizations, including investor-owned water companies, nonprofit water organizations and technology companies, worked to develop a strategy to speak with a unified voice to address the current state of water infrastructure. The coalition committed to reaching individuals where they seek information most often, specifically, the Internet and through social media channels. In addition to establishing a website, the campaign has an active presence on Twitter, Slideshare, Flickr, YouTube and Google as well as the VoW blog.

Coalition leaders placed a high value on developing content that is appealing to their target audiences. Examples of the multimedia communication methods used include videos, infographics and blog posts. In each case, the content is designed to be repurposed by interested individuals and organizations as new information and materials are released. The interactive website serves as a central clearinghouse for the most relevant and compelling water-related news from the coalition and third-party sources. 



MEMBER SPOTLIGHT

APPLE VALLEY RANCHOS WATER COMPANY AWARDED AIR QUALITY DISTRICT'S HIGHEST HONOR

In September, Apple Valley Ranchos Water Company (Ranchos) received the 2012/13 Exemplar Award, the highest honor for environmental stewardship and sustainability given by the Mojave Desert Air Quality Management District (MDAQMD). The awards, presented in association with National Pollution Prevention Week, pay tribute to individuals and entities demonstrating a keen awareness of air quality by making outstanding contributions that prevent or reduce air pollution in High Desert communities.



**1st Place Apple Valley "Cash for Grass"
Program Winner**

Complementing its robust water conservation program, Ranchos earned the Exemplar Award for efforts that promote emissions reductions by implementing new technologies, consumer incentive programs and educational outreach.

In recent years, Ranchos installed remote monitoring equipment at 39 well sites, which eliminated two system operator trips each week, or more than 8,500 driving miles, resulting in reduced vehicle emissions and leading to cleaner, better air-quality.

Through the "Cash for Grass" program, Ranchos' customers reduced outdoor water consumption as well as lawnmower emissions. In partnership with the MDAQMD, residents who remove their lawn and retire gas-powered mowers are eligible to receive rebates and a \$50 gift card.

Ranchos also is focusing on water usage and pollution reduction in educational outreach efforts at schools and conservation fairs as well as participating in the Mojave Environmental Education Consortium.

"This award demonstrates we are headed in the right direction," said Ranchos General Manager Scott Weldy. "Pumping less water reduces the use of energy to pump water, effectively reducing greenhouse gases."



**2nd Place Apple Valley "Cash for Grass"
Program Winners Paul and Janette Paulson**



**3rd Place Apple Valley "Cash for Grass"
Program Winner Robert Long**

THE QUALITY & SERVICE FOCUS

STUDY EXAMINES ECONOMIC AND OPERATIONAL CONSEQUENCES OF POTENTIAL MARYSVILLE WATER SYSTEM TAKEOVER

In Marysville, California, some members of the community, city council and board of supervisors have expressed interest in having the City take over the local water system in order to reduce water utility rates. The system, which is not for sale, has been owned and operated by California Water Service Company (Cal Water) since 1930 and currently serves approximately 12,000 people through 3,700 service connections.

Cal Water responded by commissioning an independent study to examine the financial feasibility and operational consequences of the City's proposed takeover. The study was conducted by Rodney Smith, Ph.D., president of Stratecon Inc. and water resources expert in economics, finance and public policy.

After an extensive analysis, Smith concluded, "If the City does manage to acquire the Marysville water system by eminent domain, higher water rates for Marysville residents are a virtual certainty for many years to come. If the goal of acquiring the system is to charge lower water rates, then the effort should be abandoned because that goal is not a feasible outcome through the condemnation process."

Smith explained that Cal Water's system is regulated by the California Public Utilities Commission (CPUC), which sets standards to protect the public health and safety of water customers and approves all investments to ensure facilities are necessary to meet CPUC water service standards. In the last five years, Cal Water has spent \$5.1 million to maintain and improve the Marysville water system. Under a municipal takeover, the City and its water customers would be responsible for these costs as well as the long-term bond obligations to purchase the system that could easily reach \$50 million. And unlike Cal Water, the City does not have sufficient reserves or shareholder equity to cover inevitable capital expenditures; therefore, residents would have to bear those costs on a "pay-as-you-go" basis. Smith summed up the study's findings by stating, "Marysville's municipal finances will be strained by the indebtedness necessary to pay for the system."

Another major challenge for water system operators is balancing the uncertain economics of variable and fixed costs with fluctuating water demands. To meet the legislated target of a 20 percent reduction in per capita urban water use statewide by 2020, Cal Water established incentive and educational programs to encourage conservation. As a result, water demand in Marysville has been declining since 2000, while fixed expenses, such as debt-service obligations and taxes, have remained static.



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THE QUALITY & SERVICE FOCUS

STUDY EXAMINES ECONOMIC AND OPERATIONAL CONSEQUENCES OF POTENTIAL MARYSVILLE WATER SYSTEM TAKEOVER...CONTINUED

As Smith pointed out, not only will the City's finances be strained, "The size of City government will have to expand rapidly in an effort to meet the significant technical and managerial demands of operating the system, none of which the City possesses." Skilled management is needed to ensure reasonable investments are made that protect the system's water delivery reliability at a reasonable cost. Cal Water has extensive experience in operating the system as well as a central team supporting staff in Marysville with water design and planning, water quality sampling and compliance, information technology, water conservation and accounting.

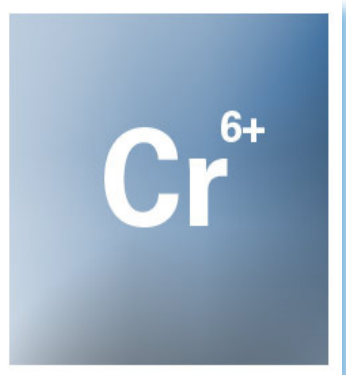
In contrast, the City has no experience operating a water system and has not presented a plan on how this would be accomplished. The City would have to hire staff to comply with state and federal regulations and manage and oversee all operations or outsource those services. And customers would no longer benefit from Cal Water's depth of experience and economies of scale from company assets. Smith cautioned, "Ownership and operation of the Marysville water system will dwarf all other services the City currently provides."

In conclusion, Smith made it clear that, "From a consumer's perspective, the vision of lower water rates is a mirage. The City's need to finance the acquisition and then fund operations and capital improvements on a "pay-as-you-go" basis will necessarily result in a revenue requirement for the system that is higher than Cal Water's requirements, thus resulting in higher water rates for decades."

[Click here for the entire study.](#)



LEGISLATIVE AND REGULATORY UPDATE

CWA COMMENTS ON CHROMIUM-6 SUGGEST CDPH UNDERESTIMATES OCCURRENCE LEVELS AND COMPLIANCE COSTS

The The California Department of Public Health (CDPH) has underestimated the costs for state compliance with the proposed drinking water standard for hexavalent chromium (Cr-6) by nearly \$460 million annually, according to comments filed by the California Water Association (CWA) on October 11, 2013.

CDPH has proposed a maximum contaminant level (MCL) of 10 micrograms per liter (µg/L) or 10 parts per billion, the equivalent of about one drop of water in 13,750 gallons. CDPH seeks to be the first state regulatory body in the United States to promulgate an MCL for Cr-6.

Equally significant to the projected compliance costs, noted CWA, is that CDPH's estimated occurrence level in California of 311 wells at the 10 µg/L level increases nearly fourfold to 1,360 sources when total chromium monitoring levels (which include Cr-6), and the accepted industry practice of including sources within 80 percent of the MCL, are applied to the occurrence level calculation.

CDPH is vested with statutory authority to adopt an MCL for Cr-6 that considers public health effects, technical feasibility and economic impacts. Further, while water purveyors, like CWA member companies, are required to comply with the MCLs and other water quality regulations set by CDPH, CWA made it clear that its comments were limited to economic consequences for customers.

"Regulated water utilities rely on the independence and expertise of public health scientists and officials to ensure that drinking water standards are promulgated in an open and objective manner," CWA stated in explaining why its members were in no position to make value judgments on proposed MCLs at particular levels. "However, because CDPH's MCL development process expressly considers economic feasibility in setting drinking water standards, CWA seeks to contribute to this Rulemaking by providing CDPH with the most accurate and up-to-date technical data available regarding Cr-6 occurrence and costs of compliance."

After CDPH issued its Notice of Proposed Rulemaking in August 2013, CWA collaborated with three other industry associations – Association of California Water Agencies, American Water Works Association (AWWA) and AWWA's California-Nevada Section – to develop expert studies of occurrence data for, and estimated compliance costs with, a Cr-6 MCL that would help inform CDPH and advance its analysis of the feasibility of compliance with a final MCL. The effort resulted in two separate contracts – one with Jacobs Engineering Group, Inc., on the occurrence analysis, and one with Water Quality Technology & Treatment Solutions, Inc. on compliance costs.

"The technical comments prepared by these two organizations formed the basis for the conclusions reached in CWA's comments that the estimated number of sources likely to be impacted at a 10 µg/L MCL, as well as the estimated costs of compliance with a Cr-6 MCL, are substantially higher than predicted by CDPH," said Dawn White, Water Quality Manager at Golden State Water Company, and Chair of CWA's Water Quality Committee.

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LEGISLATIVE AND REGULATORY UPDATE

**CWA COMMENTS ON CHROMIUM-6 SUGGEST
CDPH UNDERESTIMATES OCCURRENCE LEVELS
AND COMPLIANCE COSTS...CONTINUED**

CWA also surveyed its larger member companies on the number of wells affected and associated compliance costs at various potential MCLs. The results indicated that all seven of the largest members surveyed (149 wells) would be affected at the 5 µg/L level. At the 10 µg/L level, two members (114 wells) would be affected, and the compliance costs for one of the affected systems could result in customers' monthly bills quadrupling.

Among other things, CWA also requested that CDPH actively pursue the implementation of a reasonable grace period for water purveyors to comply with the final Cr-6 MCL. Under current law, all water purveyors will be required to fully comply with the final MCL within six months of the date of adoption by CDPH.

"In light of the sheer number of potentially affected wells, many of which will require the construction of treatment facilities in order to meet the adopted standard," CWA said, "it is evident that the existing timeframe for compliance is infeasible and will have unintended adverse consequences." CWA also noted that one of the worst consequences from a public policy standpoint – aside from the cost impacts on customers – would be the abandonment of an otherwise needed water source.

At this point, because of ongoing litigation between the Natural Resources Defense Council and CDPH on the establishment of a Cr-6 MCL, it is unclear when the proposed MCL will be finalized; however, it will likely occur between May and August 2014. 