



# on tap

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## CALIFORNIA WATER ASSOCIATION

Working Together.  
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## MESSAGE FROM THE PRESIDENT

California's investor-owned water companies (IOWCs) kicked off the New Year by continuing their support of the communities they serve. A number of IOWC employees and shareholders generously donated their time and money to make the holidays brighter for less fortunate residents within their local service areas. At the same time, the IOWCs continued to engage in strategic discussions and implement innovative programs and educational efforts that support the delivery of safe, reliable and high-quality water service to all customers.

The importance of delivering safe, reliable, high-quality water service became more acute on January 17, 2014, when California Governor Jerry Brown declared a drought State of Emergency, thereby triggering a series of state actions on drought management, not the least of which is a new statewide water conservation campaign that calls on all Californians to voluntarily reduce their water usage. The February issue of On Tap will contain more information on how the California Public Utilities Commission and its regulated water utilities are responding to the Governor's proclamation.

The following articles in this edition of On Tap demonstrate the commitment of the IOWCs and their employees to continuously improve water service, while working closely with their customers to address any concerns and provide information about using water efficiently:

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- CPUC Issues New Water-Energy Cost-Effectiveness Rulemaking
- California Water Service Company's Chromium-6 Testing Program First of Its Kind
- San Jose Water Company Hosts Fifth "Thanksgiving in January"
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- California American Water President Appointed to National Utilities Diversity Council Executive Committee
- California American Water Purchases Operating Assets of Dunnigan Water System

Click here to view the *On Tap* online version located on CWA's website at [www.calwaterassn.com](http://www.calwaterassn.com).

Sincerely,

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

## QUESTIONS?

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## LEGISLATIVE AND REGULATORY UPDATE

### DRINKING WATER REORGANIZATION TASK FORCE COMPLETES TRANSITION ASSESSMENT – ADMINISTRATION RELEASES REVISED PROPOSALS



In October 2013, the California Water Association (CWA) joined a group of stakeholders consisting of representatives of water utilities and agencies, environmental and community groups, local health officers, local environmental health directors, legislative staff and other interested parties in a new Drinking Water Reorganization Task Force (Task Force). The Task Force was jointly convened by the California Environmental Protection Agency (CalEPA) and the California Health and Human Services Agency (CHHS). The purpose of the Task Force is to provide input to staff in the development of the transition plan that will be prepared for the proposed transfer of the state's Drinking Water Program (DWP) from the California Department of Public Health (CDPH) to the State Water Resources Control Board (SWRCB).

The Brown Administration's stated intent is to align the state's drinking water and water quality programs in an integrated organizational structure. The Task Force completed its assessment of the proposed transfer in late December, and the primary conclusion (and concern) from the group was the need for the DWP to maintain its strong public health focus, while supporting small communities as they address their unique drinking water challenges.

SWRCB's staff released a summary document of all work completed on January 15, 2014, which provided the Task Force input to the CalEPA and CHHS secretaries as they prepare their Transition Plan. That input covered a wide spectrum of issues that will be addressed in the Administration's Transition Plan, including how the drinking water regulatory program will be managed, how drinking water standards will be set, how the DWP will be funded and how financial assistance will be administered.

The summary document calls for a new Division of Drinking Water that would be overseen by a deputy director, who would be required to have public health expertise and who would report directly to the executive director. The deputy director would have the authority to grant or deny water system permit applications. These decisions would not be subject to SWRCB review. Importantly, permit issuance and enforcement would not be delegated to the regional water quality control boards.

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## LEGISLATIVE AND REGULATORY UPDATE

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#### **...CONTINUED**

After reviewing the proposals, representatives from the Task Force identified three areas of concern: (1) further clarification on the new deputy director's role with respect to enforcement; (2) the ongoing status of the stakeholder advisory group; and (3) financial assistance involving sustainable funding for operations and maintenance.

On January 13, 2014, CWA, the Association of California Water Agencies, the California Municipal Utilities Association, the Metropolitan Water District of Southern California, along with several other organizations, submitted a joint letter to CHHS Secretary Diana Dooley and CalEPA Secretary Mathew Rodriguez expressing their collective desire that drinking water enforcement should be executed explicitly under the authority of the deputy director and that enforcement should not be subject to SWRCB review unless the deputy director's action is appealed.

Further, the stakeholder group strongly encouraged the Administration to continue the work of the Task Force in the form of a Stakeholder Advisory Group that would remain in effect through July 1, 2019. The letter also encouraged the Administration to focus first on a smooth and effective transition before addressing new policy or funding issues.

Finally, the stakeholder letter encouraged the Administration's transition plan to make sure that the Safe Drinking Water State Revolving Fund conforms to the U.S.



## LEGISLATIVE AND REGULATORY UPDATE

### CPUC ISSUES NEW WATER-ENERGY COST-EFFECTIVENESS RULEMAKING

**A**t its year-end meeting, the California Public Utilities Commission (CPUC) issued a new Order Instituting Rulemaking (OIR) designed to create a forum for water and energy-related issues that will enable the CPUC to develop a partnership framework between investor-owned energy utilities (energy IOUs) and the water sector – both investor-owned water utilities regulated by the CPUC and government-owned water and wastewater agencies. The partnerships are intended to promote programs that identify more efficient uses of energy by the water sector in supplying, conveying, treating and distributing water.

The OIR states, in part: “In order to continue to strengthen the State of California’s ability to rely on energy efficiency as an important resource, we must develop more robust methodologies for measuring the embedded energy savings from energy efficiency and conservation measures in the water sector, and for determining the cost-effectiveness of these projects.” The rulemaking will explore how best to develop these methodologies and measure potential benefits for energy and water customers.

The OIR’s scope of work keys on the following:

- The appropriate methodology for determining the energy embedded in water;
- The appropriate methodology for determining water system benefits;
- The appropriate methodology for allocating program costs among partners;
- Strategies for overcoming barriers to joint funding of water-energy nexus programs for different combinations of partners, e.g., energy IOUs, CPUC-regulated water utilities, public water and wastewater agencies and local government entities;
- The appropriate ratemaking treatment and/or other funding mechanisms for participating CPUC-regulated water utilities;
- Availability of additional state and/or federal funding.

Because of the complexity of the policy issues involved and the number and multi-jurisdictional nature of the parties expected to participate, it is anticipated the rulemaking processing timeframe will take at least 18 months.



## THE QUALITY & SERVICE FOCUS

### CALIFORNIA WATER SERVICE COMPANY'S CHROMIUM-6 TESTING PROGRAM FIRST OF ITS KIND

**C**alifornia Water Service Company (Cal Water) is ahead of the pack when it comes to chromium-6 testing and treatment assessment. Hexavalent chromium, or chromium-6, is a subset of total chromium, a naturally occurring element and a chemical used in many industrial processes.

In 2001, California passed legislation requiring the California Department of Public Health (CDPH) to establish a maximum contaminant level (MCL) for chromium-6, making California, the first state to do so. In August 2013, the CDPH issued a draft MCL standard of 10 parts per billion (a measure of concentration roughly equivalent to, for example, one second in nearly 32 years or one drop in an Olympic-sized swimming pool) for chromium-6. The CDPH must submit the final standard to the Office of Administrative Law by April 15, 2014 (or June 15, 2014, if changes to the proposed regulations are made triggering a 15-day public comment period). Once the standard is adopted, all water utilities throughout California, including investor-owned water companies, must comply by testing and limiting treated water concentrations for chromium-6.

Cal Water supports the rigorous and comprehensive science-based approach to setting water quality standards and is committed to meeting all water quality standards that protect the health and safety of its customers. Accordingly, to prepare for the new standard and determine the most cost-effective approach to treatment, Cal Water has begun testing wells in its Dixon and Willows districts and assessed the most suitable approaches for chromium-6 treatment. The company is pilot testing ion-exchange treatment to help identify the site-specific design and operational settings with the lowest cost to customers.

Two aspects of the pilot tests are "first of their kind" by drinking water utilities – bicarbonate regeneration and hydraulic loading rate tests.

1. Ion exchange resins are typically regenerated using sodium chloride to renew the media (the type of resin used to remove the chromium-6), so it can be used again to treat hexavalent chromium. This traditional approach generates drinking water that is slightly higher in chloride, which may not be acceptable at the Dixon wastewater treatment plant. Bicarbonate regeneration, in lieu of sodium chloride, avoids chloride increases in treated water and may offer the opportunity to dispose of the treated waste stream at local wastewater plants.
2. Hydraulic loading rate refers to the flow of water per area through the treatment process. Higher hydraulic loading rates may lower treatment capital costs and the footprint but increase pumping costs. Pilot testing will determine the optimal hydraulic loading rate for efficient hexavalent chromium removal.

Cal Water is working closely with the CDPH, Jacobs Engineering Group, the University of California, Davis and local governing authorities to ensure the project's success. The pilot testing will be closely watched by the entire industry.



*Dixon Testing Site*



*Dixon's Station 9 Testing to Determine Which Hydraulic Loading Rate is Most Effective in Removing Hexavalent Chromium*



## MEMBER SPOTLIGHT

**SAN JOSE WATER COMPANY HOSTS FIFTH  
“THANKSGIVING IN JANUARY”**

**F**or the fifth year in a row, San Jose Water Company (SJWC) partnered with Martha’s Kitchen to keep the spirit of holiday giving alive into the New Year with “Thanksgiving in January.” Martha’s Kitchen is a San Jose-based nonprofit whose mission is to “feed the hungry with dignity, no questions asked, no judgment made.”

This year, SJWC donated more than \$25,000 for Martha’s Kitchen to prepare and serve more than 3,000 hot meals and to distribute more than 500 care packages throughout January. The care packages included food, personal care items and sweatshirts, a welcome gift during one of the coldest months of the year. Further, SJWC employees and their families spent more than 100 volunteer hours assembling and distributing the care packages and making “Thanksgiving in January” a reality for the families who stopped by for a meal at Martha’s Kitchen. They were joined by City of San Jose Councilmembers Sam Liccardo, Xavier Campos, Don Rocha and Pierluigi Oliverio, who attended and supported the event.

“SJWC’s partnership with Martha’s Kitchen is a clear example of the level of commitment from the chief executive officer to first-line employees in fighting hunger in the City of San Jose,” said Charmaine Jackson, SJWC Supplier Diversity Program Manager. “Our water company is making a difference as evidenced by the looks on individuals’ faces when dinner is served and care packages are distributed.”



## MEMBER SPOTLIGHT

## CAL WATER SUPPORTS LOCAL COMMUNITIES DURING THE HOLIDAYS

Thanks to the generous contributions of company shareholders, local nonprofits in California Water Service Company's (Cal Water) service areas celebrated Christmas early this past December. The company's continuing commitment to improve the quality of life in the communities it serves was brought to light when employees at several district offices presented donations ranging from \$5,000 to \$20,000 to a variety of nonprofits, just in time for Christmas.

Cal Water's districts that participated in this year-end effort included Antelope Valley, Bakersfield, Kern River Valley, Redwood Valley-Lucerne, Marysville, Oroville, Selma, Visalia and Willows.

Nonprofits receiving the funds were selected by the local districts and included Boys & Girls Clubs, the Bakersfield Police Activities League, YMCAs, the Leona Valley Improvement Association, Oroville Rescue Mission, the Hope Center, the City Of Willows Swim Pool, the First Southern Baptist Church of Willows Food Bank, Glenn County Health Services, the Willows Area Chamber of Commerce, Kern River Valley Revitalization, North Coast Opportunities and West County Community Services in Lucerne, the Visalia Rescue Mission and Community Services & Employment Training, the City of Marysville's Bounce Back Initiative, Blue Star Mothers of America, Butchie's Pool, Hands of Hope and Selma Cares.

According to Cal Water, "It is important to us to be a good corporate citizen and support organizations that make this a better place to live. Our shareholders know that this means investing in worthwhile organizations like these."



## MEMBER SPOTLIGHT

**VALENCIA WATER COMPANY'S "WATER SMART" CAMPAIGN EARNS TOP HONORS**

Valencia Water Company (VWC) was honored in November with a Public Education PRISM award presented by the Los Angeles Chapter of the Public Relations Society of America (PRSA-LA) for VWC's "Water SMART" program public outreach and education campaign.

During ceremonies at the Beverly Hills Hotel, VWC received the award for its ongoing, comprehensive efforts to inform customers about the new five-tier rate program that rewards water use efficiency and prevents waste while helping to meet the 2020 goal of reducing per capita water use by 20 percent. The "Water SMART" program bases monthly water allocations for residential customers on their specific water use needs tied to weather data for the Santa Clarita Valley, calculations on efficient indoor water use and information about each customer's landscaped area. VWC provides customers with detailed water use information on their monthly bills and secure online accounts. Customers can use that information to improve their water use efficiency.

In a press release issued by VWC, General Manager Keith Abercrombie noted, "Valencia Water Company is proud to be recognized for its commitment to communicate with our customers about their water habits and for a group of outstanding employees who routinely go the extra mile to work with our customers."

The PRSA-LA judges based their decisions, in part, on VWC exceeding its objectives to implement the new program with broad customer understanding and acceptance, as well as the informational graphics that clearly explained how the allocations and tiered rates would work. VWC's communications consultant, The Wolcott Company, supported the campaign with news releases, graphic design and printed materials and arranged community and stakeholder briefings. The consultant also developed the original strategic communications plan for announcing the "Water SMART" program. 🌍



## POINTS OF INTEREST

**COMMISSIONER FERRON RESIGNS FROM THE CALIFORNIA PUBLIC UTILITIES COMMISSION**

On January 15, 2014, Commissioner Mark J. Ferron announced his resignation from the California Public Utilities Commission (CPUC) and issued the following statement:

“In January 2012, I was diagnosed with an aggressive form of prostate cancer, and over the last two years I have undergone extensive treatments at UCSF Medical Center. Unfortunately, I learned last week that my disease has moved to a new stage, and after consultation with my family, my medical advisors, the Governor, and President Peevey, I have decided that I can no longer continue to carry out my duties as

Commissioner. Consequently, I am resigning my appointment. I would like to thank my staff, my fellow Commissioners, and all those at the CPUC for their tremendous support over my three years as Commissioner.”

In response to Commissioner Ferron’s statement, CPUC President Michael R. Peevey said, “I speak on behalf of my fellow Commissioners when I say that Mark has been an invaluable asset to us and has brought a real-world perspective to our work. He is a man with tremendous inner strength. We wish him the best and look forward to the day when we can raise our glasses in a toast to his recovery.” 🍷


## POINTS OF INTEREST

**CALIFORNIA AMERICAN WATER PRESIDENT  
APPOINTED TO NATIONAL UTILITIES DIVERSITY  
COUNCIL EXECUTIVE COMMITTEE**

**C**alifornia American Water (CAW) President Robert MacLean has been appointed to the Executive Committee of the National Utilities Diversity Council (NUDC). MacLean was elected to the NUDC Board of Directors in 2012.

The NUDC is a national, non-profit organization that fosters the growth of diversity in the regulated utilities industry and enhances the quality of utilities' diversity by focusing on multiple areas, including governance, employment, procurement and customer service. MacLean will provide his knowledge and leadership to the Committee as it continues to promote and encourage growth in the diversity of utilities.

President of CAW since 2009, MacLean leads a team of about 300 employees who provide safe, reliable and high-quality water and wastewater services to 600,000 Californians in six districts throughout the state. His leadership is valued by customers, regulators, employees and public officials, and under his leadership, CAW has made great strides in diversity, particularly in the areas of supplier diversity and governance.

MacLean is actively involved in community efforts and, as a member of the Executive Committee on the National Utilities Diversity Council, he will continue to strengthen the communities CAW serves. 

## POINTS OF INTEREST

## CALIFORNIA AMERICAN WATER PURCHASES OPERATING ASSETS OF DUNNIGAN WATER SYSTEM

In December, California American Water (CAW) signed an agreement to purchase the operating assets of Dunnigan Water Works (DWW), an investor-owned Class D water utility serving Yolo County.

The acquisition will add 253 water and wastewater service connections to CAW's Sacramento-area customer base, which currently provides services to approximately 60,000 homes and businesses in Sacramento and Placer counties.

"As a result of this acquisition, Dunnigan customers will soon have access to expanded customer services," said CAW's Director of Northern California Operations S. Audie Foster. "Our services include a 24-hour customer service center, web self-service, paperless billing, water efficiency programs and rebates and our H<sub>2</sub>O Help to Others Program, which provides Low Income Rate Assistance to seniors on low fixed incomes and to families facing financial hardships."

DWW owner Mel Smith concurred, "This is a positive move forward for the community of Dunnigan."

