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MESSAGE FROM THE PRESIDENT

As summer draws to a close, California's investor-owned water utilities (IOUs) continue their efforts to comply with water reduction mandates while educating customers and weighing in on proposed regulations. In addition to submitting comment letters to the State Water Resources Control Board and contributing blog posts on the drought, the IOUs are creating educational toolkits, looking at technology for innovative ways to serve customers by sponsoring a hackathon and attending meetings focused on combating the effects of the drought.

This edition of *On Tap* includes the following articles:

- IOUs Lead the Way in Responding to Mandated Water-Use Reductions
- CWA Submits Comment Letters to SWRCB and DWR Addressing Regulatory Issues
- Golden State Water's Contest Encourages Customers To Let Their Lawns "Go Golden"
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To view *On Tap* in PDF format, click here, or access the online version on CWA's website at www.calwaterassn.com.

Sincerely,

Greg Milleman

California Water Service Company

2015-2016 CWA President

Greg Milleman

For instant CWA news:

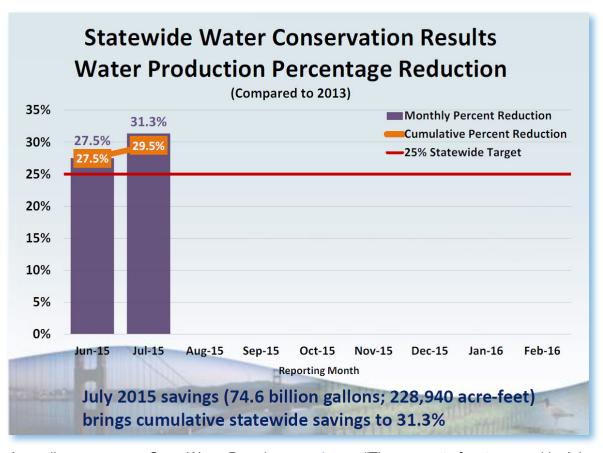




THE QUALITY & SERVICE FOCUS

IOUS LEAD THE WAY IN RESPONDING TO MANDATED WATER-USE REDUCTIONS

espite one of the hottest summers on record, California's investor-owned water utilities (IOUs) continued to lead the way as water agencies statewide responded to the drought and mandated water reductions. On August 27, 2015, the State Water Resources Control Board (State Water Board) released statewide water conservation results for July, indicating an overall 31.3 percent drop in urban water usage, comfortably exceeding Governor Brown's 25 percent reduction mandate. Combined with the June statewide reduction of 27.3 percent, the cumulative statewide savings was 29.5 percent, a welcome outcome for state officials, given that saving water in the hottest months is critical to meeting the reduction mandate.



According to a recent State Water Board news release, "The amount of water saved in July 2015 (74.6 billion gallons) is more than four times the amount of water saved in July 2014 (18 billion gallons), when the State's voluntary 20 percent conservation goal was in effect."

IOUs constitute 60 of the 411 reporting retail water districts or customer service areas in the state, and in both June and July, 50 met or exceeded their state-mandated conservation targets. Further, 35 of the IOU districts met or exceeded the state average reduction of 31.3 percent; 23 exceeded 35 percent, and seven exceeded the 40 percent savings threshold. San Gabriel Valley Water Co., California American Water's Sacramento and San Diego Districts, California Water Service's (Cal Water) Livermore and Redwood Valley Districts and Del Oro Water Company's Paradise Pines District were recognized at an August State Water Board presentation as having achieved noteworthy conservation efforts exceeding mandates by 20 percent.

THE QUALITY & SERVICE FOCUS

IOUS LEAD THE WAY IN RESPONDING TO MANDATED WATER-USE REDUCTIONS...CONTINUED

Additionally, the State Water Board's press releases recognized several CWA member companies for their conservation performance. "Dozens of communities achieved conservation levels of more than 30 percent in June 2015," including California Water Service's Antelope Valley (High Desert). "Suppliers demonstrating remarkable performance included: San Gabriel Valley Water Company reduced water use by 35 percent in June, 1.5 times greater than the 23 percent reduction recorded in May. San Gabriel Valley's Stage 2 drought restrictions and penalties were approved by the California Public Utilities Commission on June 22, 2015. Santa Clara Valley Water District set a 30 percent savings goal for its service area in March 2015, and nine of its 11 urban water suppliers, including the San Jose Water Company and the City of San Jose, exceeded the 30 percent goal in June, leading to an overall savings rate of 35 percent for the District."

Despite the governor's and regulatory agencies' drive to reduce water consumption in California, they also recognize the need to balance conservation with business operations that are highly dependent on water. Cal Water's Dominguez system is one such example with several critical businesses that cannot further reduce water consumption to achieve the mandated levels without impacting their core businesses. In an effort to comply with the State's mandate in districts that include these types of businesses, Cal Water developed an alternative means of complying with the water budgets established for its customers who are both "industrial water users" and have fixed or firm "process water" requirements. These customers may propose an alternative allocation of water budgets for non-process/incidental water use between different service connections by completing an application and complying with specific reporting requirements. Additionally, after months of discussion with the State Water Resources Control Board, the Board recently issued an alternate compliance order for Cal Water's Dominguez system that took into account the fact that the system could not meet the reduction requirement due to customers' process water needs.

All of the IOUs have invested in outreach and education programs to encourage their customers to conserve water. The June and July enforcement data highlight the success of those communication efforts.

LEGISLATIVE AND REGULATORY UPDATE

CWA SUBMITS COMMENT LETTERS TO SWRCB AND DWR ADDRESSING REGULATORY ISSUES



n behalf of the 113 investor-owned water utilities (IOUs) regulated by the California Public Utilities Commission, California Water Association (CWA) filed four comment letters during the summer to the State Water Resources Control Board (SWRCB) and the California Department of Water Resources (DWR).

CWA's first letter, filed with DWR in late June, focused on the draft update to the Model Water Efficient Landscape Ordinance (MWELO), which was approved on July 15 by

the California Water Commission and included CWA's suggested revisions. The draft update sought to achieve water savings through methods such as employing more efficient landscape irrigation systems, encouraging graywater use to promote uncontaminated wastewater as a resource and increasing public education. CWA generally supported the update; however, it identified two changes that warranted further clarification. First was to change "water budget" to "outdoor water budget" in Section 491, Subdivision (www) and throughout the ordinance since the former terminology refers to an individual customer's monthly allocation of **both** indoor and outdoor water use in the rate-setting context. The final MWELO document removed "water budget" from the definitions in Section 491 and clarified that water budget calculations pertained specifically to the Maximum Applied Water Amount and the Estimated Total Water Use calculations as determined in the Water Efficient Landscape Worksheet.

Second, in Section 492.7, Subdivision (a)(1), CWA recommended clarifying that customers who purchase their own landscape water meters are responsible for reading and maintaining those meters, as is the case for water purveyors who provide meters to their customers. While the final version did not include this recommendation, it did delineate between a landscape water meter provided by the local water purveyor or a privately owned meter or submeter.

The second letter, also filed with the SWRCB in late June, covered CWA's issues with the Draft State Fiscal Year 2015-16 Drinking Water State Revolving Fund (DWSRF) and Proposition 1 Intended Use Plan (IUP). CWA noted that IOUs remain ineligible for certain types of Proposition 1 benefits and assistance, including loan forgiveness (Short-Term Goal 10 of the IUP) and DWSRF Affordability and Additional Subsidy for Disadvantaged Communities (page 21 of the IUP). CWA's letter indicated the desire to work with the SWRCB to remedy these inequities.

The letter recommended a number of changes to the definition of "Economically Distressed Area (EDA)." Rather than basing the definition on a "population of less than 20,000 persons," CWA recommended changing it to "a system with less than 7,500 service connections," contending it is a better criterion than census-driven population estimates. Additionally, CWA suggested focusing on financial hardship and average monthly water bills compared with monthly median household income (MHI) rather than the unemployment rate. CWA further recommended revising the IUP to eliminate low population density as a measurement for evaluating project eligibility, as well as to enable small community systems facing huge treatment costs to be eligible, regardless of whether they meet the EDA criteria.

CWA is pleased to note that the final version adopted by the SWRCB on August 4 removed the entire discussion on EDAs, census-driven population estimates and unemployment rates. Instead, the final eligibility criteria will focus on financial hardship and the average residential water rates and bills as a percentage of MHI.

LEGISLATIVE AND REGULATORY UPDATE

CWA SUBMITS COMMENT LETTERS TO SWRCB AND DWR ADDRESSING REGULATORY ISSUES

...CONTINUED

Another letter submitted to the SWRCB addressed the application process for grants and loans made under the Proposition 1 Groundwater Sustainability Program and Senate Bill 445 Site Clean-up Subaccount Program (SCAP). IOUs use the grants and loans to offset the costs of complying with new groundwater regulations and environmental remediation to ensure reliable and clean water supplies for their customers. In the letter, CWA encouraged the SWRCB to devote staff and leadership time to ensure the Legislature appropriates available Proposition 1 and SCAP funds to "generate tangible, material benefits for the state's groundwater supply."

CWA also suggested that SWRCB's mandatory monitoring guidelines for grant and loan recipients should be streamlined and site specific; only consist of data collection necessary to evaluate the clean-up project; and only be imposed after a determination that other data available from other sources is insufficient to assess the effectiveness of the clean-up project.

CWA recommended prioritizing grants and loans for projects that prevent or clean up contaminated groundwater currently used for drinking water to augment supplies impacted by the drought. The letter went on to address how funding requests should be evaluated and prioritized and recommended that the SWRCB offer grants of various sizes based on the number of service connections that will benefit from the funds. The new funding applications can be accessed at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/gw_funding/.

CWA submitted the final letter to the SWRCB on July 1, 2015, which outlined the IOUs' experiences with the conservation water pricing and implementation of Directive 8 of Governor Brown's Executive Order B-29-15. For several years, the IOUs have been implementing conservation rate design programs to comply with the California Public Utilities Commission's (CPUC) Water Action Plan. The CPUC authorized the rates along with regulatory accounting mechanisms that work with conservation pricing. According to the letter, "These regulatory tools have generally worked well to instill a conservation ethic in customers... without inflicting undue financial harm on the IOUs."

At this point, the SWRCB staff is still mulling over its options with respect to future extensions of the emergency conservation regulations and particular conservation rate designs. However, an August 26 workshop hosted by staff indicated they are looking at a two-pronged approach, which includes both improvements to the emergency regulations should they be extended and, potentially, a longer-term conservation regulatory strategy for non-emergency, non-drought periods.

On September 18, 2015, a dozen water industry participants in the August 26 workshop, including CWA, submitted a letter to the five SWRCB Members, requesting that the Board take a deliberate approach to long-term conservation policy, noting that establishment of permanent conservation regulations during non-drought periods is a topic of enormous public policy importance, with significant potential for unintended consequences. The letter further noted that the end goal should be water supply reliability and drought resiliency, not water conservation as an end in itself, and that the effect of the emergency regulations on customers and utilities be fully analyzed and considered before moving toward permanent regulations.

GOLDEN STATE WATER'S CONTEST ENCOURAGES CUSTOMERS TO LET THEIR LAWNS "GO GOLDEN"

n September, Golden State Water Company (GSWC) teamed up with Save Our Water, a statewide program aimed at helping Californians reduce water use, to host the "Golden Lawn Contest." The contest promotes outdoor conservation by spotlighting customers who let their lawns "go golden" by reducing or stopping lawn irrigation to conserve water.

To enter the content, customers must submit photos of their golden lawns through September 29 by email to contest@gswater.com or through Twitter at @GoldenStateH2O using the hashtag #GoGoldCA. The top two photos selected will be announced on September 30, and winners will receive bill credits of \$100 for first place and \$50 for second place.

Denise Kruger, GSWC Senior Vice President of Regulated Utilities, noted in a press release, "The majority of California's residential water use is for outdoor irrigation, and this contest is a great opportunity to both recognize customers who are using water responsibly and embrace lawns that have gone gold. We applaud our customers who have taken steps to limit or stop lawn irrigation as well as those who have converted to drought-tolerant landscapes to reduce their outdoor water use."

Further details about the contest can be found at www.gswater.com/contest or www.saveourwater.com.



CALIFORNIA WATER SERVICE TO HOLD DRAWING FOR VISALIA DISTRICT CUSTOMERS WHO REDUCE WATER USE

ustomers in California Water Service's (Cal Water) Visalia District have the opportunity to "save and win" for conserving water. On November 2, 2015, Cal Water will hold a drawing for customers who reduce their water consumption during the September 23 to October 22 billing period compared with the same period in 2013.

Those reducing their water use by 32 to 40 percent automatically will be entered once to win the drawing. Customers who reduce water use by 41 to 49 percent will be entered twice, and those with reductions of 50 percent or more will have three chances to win. Ten customers will each win a \$500 bill credit, which will be applied to their accounts.

All residential and non-residential customers are eligible for the drawing, with the exception of Cal Water employees and their immediate family members. To qualify, customers must have had continuous water service at their current location since May 2013.

Cal Water Director of Drought Management and Conservation Ken Jenkins noted in a recent press release, "We still have work to do, as we have not yet reached the mandatory water-use reduction requirement set by the State, and we are excited to offer this program to our Visalia customers." Jenkins also cautioned, "During this promotion, we want to stress to our customers to still be prudent in their water use and be sure to use what is necessary for health and safety."

For additional information on the program, including all the terms and conditions, visit www.calwater.com/VISdrawing.



California Water Service (Cal Water) Visalia customers who are going above and beyond their water-use reduction requirement now have a chance to win a \$500 bill credit.

Customers who save at least the 32% state-mandated reduction on bills dated September 23 and October 22, 2015 (consumption period is the month prior to your bill date), will be automatically entered into the drawing. The drawing will be held on November 2, and 10 winners will each receive a \$500 conservation credit on their account.

Program details:

- This program is open to all customers in Cal Water's Visalia District, except employees or immediate family members.
 - Customers must have been continuously receiving water utility service at the same location since May 2013 in order to track water use reductions.
- Customers who use 32-40 percent below their water use for the same period in 2013 will receive one entry into the drawing; customers whose reduction is 41-49 percent will receive two entries; and customers whose reduction is 50 percent or more will receive three entries into the drawing.

For more information and full terms and conditions, visit www.calwater.com/VISdrawing

HOW TO DEAL WITH THE DROUGHT

evin Tilden, California Water Association Board of Directors Member and Vice President of External Affairs for California American Water, contributed the following post to *The Hill's Congress Blog*, a forum for federal lawmakers and policy professionals:

The drought in California and across the Colorado River basin is a problem for every American, regardless of where they live, because it has implications for our economy and our environment. For that reason, I was pleased that the Obama administration recently hosted a conversation among a broad spectrum of stakeholders, including academia, the agricultural sector, sportsmen groups, conservation organizations, and others in



Getty Images

the private sector. American Water was invited to a symposium in Washington to share ideas and potential solutions to enhance drought resilience.

More importantly, we came together to explore collaborative water management opportunities that will best serve the long-term sustainability of water resources across the West, and protect our environment and our way of life.

The National Drought Resilience Partnership, which hosted the event, is an inter-agency federal working group created by President Obama in 2013 to make it easier for communities afflicted by years of drought conditions to access assistance. The Partnership promotes information sharing across all levels of government so that federal drought policies are better aligned with the needs of states, tribes and local communities. The meaningful conversations at the symposium revealed common, systemic problems with data sharing, water transfers, and other issues, underscoring the importance of such collaboration. Some of the key points I took away include:

- The Colorado River basin (Southern California receives water imported from the basin), is ground zero for drought and how we deal with drought here can and will set the standard for collaboration and cooperation across all levels of business, government and agriculture.
- California American Water's 630,000 customers have successfully instituted conservation measures, which I believe can help sustain our rural and urban communities and protect habitat for wildlife by keeping water in the Colorado River and others. I would like to see more discussion about how water conservation can be an essential strategy for resiliency.
- 3. There appears to be a need for greater data sharing between Federal agencies with states and utilities, public and private, to facilitate real-time decision-making. This improves water management reliability, and would contribute to maintaining healthy flows in the Colorado River system and in drought-stricken California.
- 4. Enhanced Federal funding, with the recognition that the private sector can and should be an important partner, can help upgrade irrigation district infrastructure and help to support technology to detect leaks in our public and private water delivery systems to achieve greater water use efficiency. Each day approximately seven billion gallons of water in the U.S. are "lost" due to leaks representing 14 percent of total daily drinking water production. With new automatic leak detection technologies in place, California American Water is making great strides in detecting, preventing and managing many major leaks before they happen. All water managers should have such tools, and Federal partners could provide financial assistance and incentives.

HOW TO DEAL WITH THE DROUGHT...CONTINUED

We all agree that water is a precious resource. At California American Water we believe it is our responsibility to use water and our other natural resources wisely. We work with our customers to conserve water by offering rebates for turf removal and high efficiency appliances and plumbing fixtures, by providing water surveys, and by educating our customers about smart irrigation schedules. We also offer school programs on water and energy conservation for elementary school students.

We urge federal, state and local agencies, other businesses and individuals to consider what they can do to promote and implement conservation, reuse, and data and water sharing so that we can survive and even thrive in dry conditions. As Obama said in April about the drought: "Everyone is in this together and we all need to be doing our part."

We appreciate the administration's leadership in convening this conversation. Collaboration between federal, state and local partners is critical to long-term drought resilience. Fortunately, work is well underway to identify areas of common ground and to strengthen that approach.

Tilden is Vice President, External Affairs for California American Water, a wholly-owned subsidiary of American Water, which serves about 630,000 people in Northern, Central and Southern California. It is a member of Protect the Flows -- a coalition of 1,200 businesses that seek to maintain a healthy and flowing Colorado River system.

http://thehill.com/blogs/congress-blog/energy-environment/250788-how-to-deal-with-the-drought

CALIFORNIA WATER SERVICE RECOGNIZES STUDENTS WITH \$60,000 IN SCHOLARSHIPS

On September 11, 2015, representatives from California Water Service (Cal Water) were joined by several state legislators at the Capitol to recognize students pursuing higher education by awarding company scholarships totaling \$60,000. The two grand-prize recipients, Fariha Hameed from Westlake Village and Sophia Leiker from Chico, each received \$10,000 scholarships for their outstanding academic achievements and community service. In addition, 20 scholarships ranging from \$1,000 to \$3,500 were awarded to various students from Cal Water's service areas.

Assembly Member Jacqui Irwin, representing the 44th Assembly District and Cal Water's Westlake service area, commented in Cal Water's press release, "Fariha's years of academic excellence, dedicated volunteerism, and leadership have not gone unnoticed in our community, and we are so lucky to have her. I know she will continue to make our district proud."



L-R: Assembly Member Rob Bonta, Assembly Member Devon Mathis, Senator Fran Pavley, Fariha Hameed, Martin A. Kropelnicki, Sophia Leiker and Assembly Member James Gallagher

Assembly Member James Gallagher from the 3rd Assembly District, which includes Cal Water's Chico service area, said in the press release, "I was honored to join Ms. Leiker this morning as she was awarded a \$10,000 scholarship from Cal Water. Sophia is a very bright young woman and does great work with young women in our community. I am glad Cal Water is able to assist in furthering her education at an outstanding university like Cal."

To apply for the Cal Water scholarships, students must live in a Cal Water service area. They also must plan to enroll as full-time undergraduates at accredited two- or four-year colleges or vocational-technical schools and not have a degree or diploma from any of those institutions. Information and guidelines on applying for the next round of scholarships in spring 2016 can be found at Cal Water's Scholarship Program webpage.

"One of Cal Water's core values is to improve the quality of life in the communities we serve," explained Chief Executive Officer Martin A. Kropelnicki in the press release. "And by helping young people pursue a college education, we are making an investment in our young people's future. We are confident these remarkable men and women will go on to accomplish great things and represent their communities well."

VALUE OF WATER COALITION UNVEILS TOOLKIT AS PART OF EDUCATION CAMPAIGN



n August 4, 2015, The Value of Water Coalition (VWC) unveiled an education campaign and toolkit, What's the Value of Water, using eyecatching graphics and aimed at shining a spotlight on water – a precious, but often invisible, resource. The toolkit is free to any organization raising awareness and educating individuals about the importance of investing in water infrastructure and water resources. It includes billboards, outdoor advertisements, print advertisements, bill stuffers, conference banners, a water fact sheet, a message guide and shareable social media graphics.

The campaign and toolkit are the result of collaboration among 30 members of the coalition, whose purpose is "advancing positive solutions to the nation's pressing water challenges." All of the materials are available for download on the VWC website at www.thevalueofwater.org.

COMPLETION OF SAN CLEMENTE DAM TEARDOWN EXPECTED BY END OF AUGUST

s reported in the *Monterey Herald* on August 4, the demolition and removal of the San Clemente Dam began in early August with concrete and reinforced steel being hauled off in truckloads. Built in 1921, the dam is the dominant component of the California American Water (CAW) Carmel River reroute project.

According to CAW Project Manager J. Aman Gonzalez, "The top third of the dam will be removed by the end of the week or the beginning of next week, with the rest of the structure removed by the third week of August."



Granite Construction crews working on the \$84 million San Clemente Dam removal project. The third and final stage of the project is scheduled to be completed by December. (Vern Fisher - Monterey Herald)

The removal of the 106-foot-tall, 7,000-square-foot dam is the largest project of its kind in California's history and can be viewed on the *Monterey Herald*'s website's photo gallery. The state's Coastal Conservancy, National Oceanic and Atmospheric Association's National Marine Fisheries Service and Nature Conservancy, as well as private donors and CAW's customers, will share the cost of the \$84 million project.

HACKATHON GENERATES TECHNOLOGY-BASED WATER AND ENERGY CONSERVATION SOLUTIONS

he 2015 Water/Energy Nexus Hackathon (Hackathon) held at General Assembly in San Francisco exceeded expectations. The gathering on August 15-16, 2015 attracted 70 coders as well as policymakers and water and energy experts. Made possible by keynote sponsor California American Water (CAW) and The Water Innovation Project, the Hackathon gave participants the opportunity to showcase their technologybased innovations for reducing water and energy use during California's drought.

In a press release, CAW President Robert MacLean noted, "The intersection between water and energy is crucial today, especially when we need to discover new ways to conserve water and energy. Events like these can highlight how smart technologies and intelligent water grids can be enhanced even further if we take different approaches to accomplishing the same task."

After 36 hours of work, the solutions generated by 15 teams of coders were presented to a panel of judges, including CAW's Vice President of Operations Rich Svindland, California Public Utilities Commissioner Catherine Sandoval, Sally Gutierrez from U.S. Environmental Protection Agency's Office of Research and Development and individuals from Verizon and the Presidio School in San Francisco.

The Best Overall Award went to the "Water Conservation for CAW Team" for creating an extensive application that compares monthly, daily and hourly household water use against defined benchmarks to identify customers who are using water inefficiently or wasting it. CAW is looking at ways to incorporate this tool to help customers conserve water. The "California Drought Team" won the Best Out-of-the-Box Award for using multiple datasets to identify vulnerable sectors of the population such as those on fixed incomes. And the Audience's Choice Award, voted on by all teams, was presented to the "Water Game Team," which developed an application with exceptional graphics that included an incentive for high water users to earn tax rebates for conserving water.



"There is no better time to hold this event," said the event's curator Christopher Peacock, founder of H2O and The Water Innovation Project, in the press release. "Considering how critical it is for state officials, business owners and citizens to find resilient solutions to deal with our drought driven paradigm, this two-day event can unveil new ways of thinking about how we interact with technology."

Due to the success of the Hackathon, discussions are already underway for a future event.

POINTS OF INTEREST

REGISTER TODAY FOR CWA'S 74TH ANNUAL CONFERENCE



egister today for the California Water Association's 74th Annual Conference! The conference theme is "The Bold and the Beautiful: Innovative Drought Management," and the program will consist of speakers and panels on everything from El Niño's impact on the drought to the state's view on how bold and innovative the water utility industry has been to facing the drought management music in terms of rates and revenue stability. Please contact Vanessa Gonzales for more information!

REGISTER TODAY!