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CALIFORNIA WATER ASSOCIATION

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MESSAGE FROM THE PRESIDENT

Throughout California, investor-owned water utilities (IOUs) have been celebrating their customers’ achievements in water conservation with appreciation events, official proclamations and gifts to their communities. However, with the onset of warm weather in California, IOUs are continuing to urge customers to conserve and are preparing their compliance filings for the new water supply “stress test” articulated by the State Water Resources Control Board (SWRCB) in its new Emergency Regulation on water conservation.

Quality service and standards also continue to be at the forefront of IOUs’ efforts as evidenced by the number of water IOUs that ranked high in the new, nationwide J.D. Power Customer Satisfaction Survey.

These and other subjects were highlighted at the CWA Spring Conference in Sacramento where water industry experts shared their perspectives on groundwater sustainability, drought communications, conditions in the Delta and other important water issues.

This edition of *On Tap* includes all this and more in the following articles:

- SWRCB Revises and Extends Drought Emergency Water Conservation Regulation
- Cal Water Tops West Region in J.D. Power Customer Satisfaction Survey
- California Water Service Celebrates Customers for Conserving Water
- San Jose Water Company Celebrates 150th Anniversary with Gift to Community
- “Improving Our Water IQ” at CWA’s Spring Conference

For instant CWA news:



California
Water
Association



QUESTIONS?

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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

LEGISLATIVE AND REGULATORY UPDATE

SWRCB REVISES AND EXTENDS DROUGHT EMERGENCY WATER CONSERVATION REGULATION



On May 18, 2016, the State Water Resources Control Board (SWRCB) adopted a revised version of the Drought Emergency Water Conservation Regulation (Regulation) and extended it through January 2017. During her luncheon address at California Water Association's (CWA) Spring Conference (see related article in this edition of *On Tap*), SWRCB Vice Chair Frances Spivy-Weber noted the Regulation was intentionally extended only for a short term (through January 2017) to allow time for the SWRCB, the Department of Water Resources and the California Public Utilities Commission to develop long-term strategies.

Earlier in May, CWA and California Water Service (Cal Water) submitted letters in response to the proposed Regulation issued on May 9, 2016, which would create a path for water suppliers to develop and implement conservation standards tailored more to their unique water supply and demand conditions. CWA's letter cautioned, "Conservation standards should be responsive to local circumstances, as well as current hydrological conditions, in order to minimize further drought 'fatigue' among water utility customers." The letter included several recommendations such as encouraging collaboration and communication, adopting a minimum conservation standard of 8 percent in concert with the self-certification supply assessment option and allowing water utilities to aggregate local water sources in their reporting. Cal Water's letter included recommendations to establish a conservation floor of 10 percent and continue the current prohibition on serving drinking water only upon request in food establishments.

The final Regulation converts the existing demand-based conservation standards to a supply assessment and includes a "stress-test" approach requiring water agencies to self-certify a three-year water supply, assuming three additional years of drought comparable to the previous three years (2013 through 2015). Those agencies facing supply constraints will be required to meet a mandatory conservation standard equal to the amount of the constrained supply. For example, if an agency self-certifies a 10-percent supply shortfall, the mandatory conservation standard would be 10 percent. The projections and calculations used to determine the new conservation standards will be publicly available on the SWRCB's website. As to the state board's decision not to institute a minimum conservation floor, Spivy-Weber explained that the SWRCB believes the focus should be on developing long-term strategies through 2017, rather than allocating staff time to work on short-term strategies associated with a mandated floor.

The final Regulation requires urban water suppliers to continue monthly conservation reporting and preserves prohibitions against over-watering landscapes or watering during and within 48 hours of measurable rainfall; washing rather than sweeping sidewalks; using hoses without cutoff valves; and using potable rather than recirculated water in fountains and water features. Existing hospitality requirements for lodging and eating establishments will remain in effect.

While the adopted Regulation keeps the specific prohibitions against certain water uses in place for all utilities (e.g., watering down a sidewalk or overwatering landscape causing run-off into gutters), customers of smaller water utilities with less than 3,000 service connections or that serve less than 3,000 acre-feet annually no longer have the two-day a week outdoor watering restriction. Also, these smaller utilities are no longer required

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LEGISLATIVE AND REGULATORY UPDATE

SWRCB REVISES AND EXTENDS DROUGHT EMERGENCY WATER CONSERVATION REGULATION...CONTINUED

to reduce their water production by 25 percent relative to the amount produced in 2013. They will still have to identify their total potable water production by month from December 2015 through November 2016, compared to the same months in 2013, in a report due on December 15, 2016. Additionally, the smaller suppliers will have to provide prompt notice to customers when they determine a leak may exist on the customers' side of the meter.

On June 6, 2016, the California Public Utilities Commission (CPUC) released two versions of a Proposed Resolution W-5103 for comment that address the SWRCB's new Emergency Regulation. Option A of W-5103 directed the regulated water utilities to follow the direction of the Emergency Regulation and make a choice between the self-certification supply assessment and continuing with the existing mandated water-use reductions. Option B calls for the investor-owned water utilities (IOUs) to select as their conservation standard the higher of their self-certification standard and their current SWRCB conservation standard.

Comments on Proposed Resolution W-5103 were due on June 13, 2016, and several public water agencies joined CWA and its member companies in filing comment letters with the CPUC, stating they supported Option A and opposed Option B. CWA's letter stated:

"The IOUs should be given the same opportunity that the public water agencies will have to ask their customers to align water use behaviors to comport with changing conditions going forward. While that may spell relief from strict conservation mandates in the near term, it also may mean ramping up the efforts and urgency to conserve again after a short period of relative supply stability. CWA believes that this would be a reasonable course of action. Option B has the potential to confuse customers and, frankly, to alienate them ..."

"In addition to making it more difficult for the IOUs to make sure their customers receive the right message and set appropriate goals, the regulatory incongruity could damage water conservation efforts if the customers of the IOUs perceive that their water suppliers are artificially inflating the present drought danger. In CWA's view, clear customer messaging is the state's most effective tool for managing a long-term drought with respect to urban water users. Option B impairs the effectiveness of that tool."

The CPUC is scheduled to consider the W-5103 Resolution on June 23, 2016. 

THE QUALITY & SERVICE FOCUS

CAL WATER TOPS WEST REGION IN J.D. POWER CUSTOMER SATISFACTION SURVEY

On May 18, 2016, J.D. Power released the results of a comprehensive, inaugural study measuring customer satisfaction of water utilities serving 400,000 or more residential customers in four U.S. regions. Of significant interest is that California Water Service (Cal Water) ranked first in the West Region out of 24 utilities in that region's survey. Additionally, another investor-owned water utility, Illinois American Water, ranked first in the Midwest Region.

The 2016 Water Utility Residential Customer Satisfaction Survey, conducted in March 2016, is based on 28,000 online interviews with customers of the 84 largest water utilities in the U.S. The questions examined 33 attributes within six factors: delivery, price, billing and payment, conservation, communications and customer service.

Several California Water Association members were included in the survey, and they compared favorably with many of their public agency counterparts in the West Region. In addition to Cal Water, California American Water, Golden State Water Company, San Gabriel Valley Water Company and San Jose Water Company were all considered.

In a company press release, Martin A. Kropelnicki, Cal Water President and Chief Executive Officer said, "We are committed to providing our customers with quality, service and value. We are humbled by our customers' feedback and remain dedicated to fulfilling this promise through each member of our customer service, operations, water quality, engineering, information technology, communications and other support teams." 



THE QUALITY & SERVICE FOCUS

CALIFORNIA WATER SERVICE CELEBRATES CUSTOMERS FOR CONSERVING WATER

To recognize customers who stayed within their water budgets between June 2015 and February 2016, California Water Service (Cal Water) held customer-appreciation events in Stockton and Willows in May. Approximately 750 attendees in Stockton and 150 in Willows enjoyed interactive water conservation games and activities, learned about water-efficient irrigation and were given water conservation kits and drought-tolerant plants.

In addition to the festivities, customers at the Stockton event filled three barrels with canned goods for the Stockton Shelter for the Homeless, and Cal Water donated \$1,000 to the shelter as part of its Cal Water Cares program. City Council Members Christina Fugazi and Michael Blower, with Zenet Negrón representing Assembly Member Susan Eggman, presented proclamations to Cal Water and its customers for their achievements. Hammer Head Protection, Inc., one of Cal Water's supplier diversity vendors, worked security at the event. Hammer Head also provided security coverage at Super Bowl 50 in February.

In a press release, Cal Water's Stockton District Manager John Freeman, Jr. acknowledged customers for their water-saving efforts, "We wanted to take this opportunity to thank them and let them know how much we appreciate their hard work. Thanks to their efforts, we surpassed the state's original conservation target for our community of 20 percent."

At the event in Willows, Mayor Gary Hansen presented a proclamation to Cal Water and its customers for their achievements. Cal Water's Local Manager Geoff Fulks thanked customers for being leaders in conservation and for their exceptional response to the drought, which surpassed the state's original target for Willows of 28 percent.



Attendees at Cal Water's Stockton Customer-Appreciation Event



L-R: Cal Water District Manager John Freeman, Stockton City Councilmember Michael Blower, Assembly Member Susan Eggman's representative Zenet Negrón, Stockton City Council Member Christina Fugazi and Stockton Shelter for the Homeless CEO Adam Cheshire with his daughter.



L-R: Willows' Mayor Gary Hansen and Cal Water Local Manager Geoff Fulks



Attendees at Cal Water's Customer-Appreciation Event in Willows

MEMBER SPOTLIGHT

SAN JOSE WATER COMPANY CELEBRATES 150TH ANNIVERSARY WITH GIFT TO COMMUNITY



Maintaining a long history of supporting the community where its employees live, work and serve, San Jose Water Company (SJWC) believes “there can be no company without community.” In recognition of SJWC’s 150th anniversary and the greater San Jose metropolitan area that has been central to its existence, the investor-owned water utility (IOU) made a special contribution of \$150,000 to the Guadalupe River Park Conservancy.

The funds will be used to expand the Rotary Children’s Sculpture Walk by adding new cast-aluminum sculptures to the existing sculptures in Guadalupe River Park. Some of the sculptures will be added this fall, while additional pieces will be added in 2017.

SJWC and the Guadalupe River Park Conservancy partnered on the project with former San Jose Rotary Club President, Shirley Lewis, the inspiration behind the Children’s Sculpture Walk. San Jose State University’s Foundry Program designed and manufactured the sculptures. Working with San Jose State’s Foundry brought SJWC full circle back to 1866 when the company began operations with two water tanks located at the original San Jose Foundry site.



L-R: Sharon Whaley, Water Conservation Specialist, SJWC; Jeff Lawson, Board member, Guadalupe River Park Conservancy; Leslee Hamilton, Executive Director, Guadalupe River Park Conservancy; Francois Rodigari, Director of Water Quality, SJWC, and Board member, Guadalupe River Park Conservancy; and John Tang, Vice President of Government Relations and Corporate Communications, SJWC



Sculpture along the Children’s Sculpture Walk

SJWC further celebrated the community by selecting two local elementary schools to be part of the project team. The designs for the 2017 sculptures were inspired by students at Washington Elementary School and Hacienda Science Magnet School. With the theme of “Children at Play,” the winners’ designs included scooters and skateboards, soccer, bug watching and dog walking.

An unveiling ceremony will take place this fall when the sculptures are installed at the park. 🎉



San Jose Foundry



Contest Winner

POINTS OF INTEREST

“IMPROVING OUR WATER IQ” AT CWA’S SPRING CONFERENCE

The California Water Association’s (CWA) 2016 Spring Conference in Sacramento on May 19 focused on the theme “Improving Our Water IQ.” CWA 2nd Vice President Keith Switzer, Vice President, Golden State Water Company (GSWC), welcomed the attendees and provided an overview of the day’s agenda. Noting that urban water users have reduced water consumption on average by approximately 24 percent, Switzer said, “Californians’ water IQ is worth celebrating.”



CWA Spring Conference Attendees

Senator Fran Pavley, Chair of the Senate National Resources and Water Committee (Committee), kicked off the conference with a Capitol update. Emphasizing that water is always the most controversial and political subject in the Capitol, Pavley outlined pending legislation that could impact the water industry. The bills include: [SB 1263](#) (Wieckowski and Pavley) targeted at small, undercapitalized water systems that cannot provide safe drinking water; [SB 1317](#) (Wolk) related to groundwater extraction; [AB 1755](#) (Dodd) enacting the Open and Transparent Water Data Act; [AB 2304](#) (Levine) establishing the California Water Market Exchange; and [AB 2594](#) (Gordon) authorizing a public entity to capture storm water. Pavley thanked CWA for supporting the [Sustainable Groundwater Management Act](#) (SGMA) and her subsequent clean-up bill [SB 13](#). Commenting that one in six Californians get their water from investor-owned water utilities (IOUs), Pavley encouraged CWA members to connect with Dennis O'Connor, Principal Consultant on the Committee, when her term as chair ends. She concluded on a cautionary note that in this fifth year of record drought, it’s not time to go back to our normal ways.



CWA 2nd Vice President Keith Switzer



Senator Fran Pavley



L-R: CWA President Greg Milleman, Panel Moderator, and David Gutierrez, Department of Water Resources



Dave Ceppos, Center for Collaborative Policy

CWA President Greg Milleman, Director of Field Administration and Finance, California Water Service (Cal Water), moderated the first panel on “SGMA, GSAs and IOUs – One Year Later.” Panelists included Dave Ceppos, Associate Director, Center for Collaborative Policy; David Gutierrez, Program Manager, Groundwater Sustainability Program,

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POINTS OF INTEREST

“IMPROVING OUR WATER IQ” AT CWA’S SPRING CONFERENCE...CONTINUED

Department of Water Resources; and John Woodling, Executive Director, Regional Water Authority. The panel focused on the requirements and challenges of forming [Groundwater Sustainability Agencies](#) (GSAs) and the consequences if the June 30, 2017, deadline for forming locally controlled GSAs is not met.

CWA Executive Director Jack Hawks led a panel on “Improving Our Water IQ.” He was joined by Robb Barnitt, Founder and Chief Executive Officer, [DropCountr](#); Christine Boyle, Founder and Chief Executive Officer, [Valor Water Analytics](#); and Peter Yolles, Founder and Chief Policy Officer, [WaterSmart](#). Barnitt detailed DropCountr’s digital technology for water conservation, which helps customers track their water use and compare it to similar

households. In his February Huffington Post [article](#), Barnitt noted that Californians’ awareness of water conservation is admirable. Boyle’s company analyzes meter data that can be leveraged into value for utilities and their customers. Yolles’ WaterSmart platform uses utility meter data to improve communications with customers and help them conserve water as well as providing the utilities with billing data and water-use trends. By proactively communicating with customers and providing 24/7 access to information about their water use through mobile and online platforms, IOUs can improve their customers’ water IQ.

The panel on “Water IOUs – Doing Their Part” was moderated by Rami Kahlon, Director, California Public Utilities Commission (CPUC) Division of Water and Audits. The panelists included Andy Gere, President and Chief Operating Officer, San Jose Water Company (SJWC); Rich Svindland, Vice President of Operations, California American Water (CAW); Carol Thomas-Keefer, Superintendent of Operations, Liberty Utilities Apple Valley; and Tim Treloar, Vice President of Operations and Water Quality, Cal Water. The panelists discussed projects their IOUs have undertaken to provide customers with safe, reliable and high-quality water. SJWC modernized its water treatment plant in Montevina, while CAW continues working on the pre-construction and permitting process for the Monterey Peninsula Water Supply project, which will include a desalination plant, groundwater replenishment and aquifer storage and recovery. Treloar provided an overview of how Cal Water met the new chromium-6 standard in its service areas, and Thomas-Keefer discussed the challenges associated with Liberty Utilities’ acquisition and improvement of the Yermo Water System, which consolidated three small water companies that had long been neglected and were non-compliant.

GSA Responsibilities

- Groundwater Sustainability Agencies**
 - Formation by June 30, 2017
 - Only local agencies can be GSAs
- Groundwater Sustainability Plans**
 - January 31, 2020 for critically overdrafted basins
 - January 31, 2022 for all other high and medium priority basins
 - Multiple GSPs in a basin must coordinate
- GSA Authorities (Chapter 5 – SGMA)**
 - Sustainably Manage Groundwater
 - Adopt rules, regulations, ordinances...
 - Propose and update fees
 - Require registration of GW facilities
 - Require measurement and reporting of GW use
 - Regulate GW extraction
- Groundwater Sustainability**
 - 20-year implementation period
 - 50-year planning horizon

The diagram shows a circular process: Plan (top), Do (right), Evaluate and learn (left), and Adjust (bottom). The center is labeled 'Adaptive Management'.

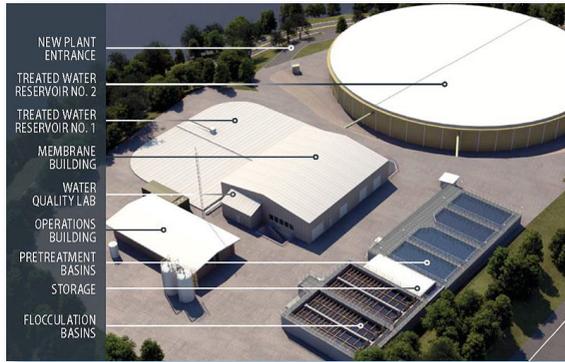


Panel on Water IOUs – Doing Their Part
 L-R: Tim Treloar, Cal Water, Carol Thomas-Keefer, Liberty Utilities (Apple Valley Ranchos Water), Rich Svindland, CAW, Andy Gere, SJWC, and Rami Kahlon, CPUC

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POINTS OF INTEREST

“IMPROVING OUR WATER IQ” AT CWA’S SPRING CONFERENCE...CONTINUED



Montevina Treatment Plant



Artist Rendering of the Proposed Monterey Peninsula Desalination Plant

Frances Spivy-Weber, Vice Chair, State Water Resources Control Board (SWRCB), spoke on “Urban Water Conservation Policy – Today and Tomorrow” during her luncheon presentation. Given Californians do not have as much water as they’re used to using, Spivy-Weber said they should be thinking about the “new normal.” She discussed the [Emergency Regulation](#) adopted by the SWRCB on May 18, 2016, which will remain in effect through January 2017 (see article in the Legislative and Regulatory Update section) and how the SWRCB is focusing on long-term strategies. She encouraged IOUs to take the lead in imitating energy companies that have moved from selling kilowatt hours to selling a service. This could include establishing ways of helping customers conserve, supplying them with recycled, storm and/or gray water and educating them on the costs associated with conveying, treating and distributing water. When asked about water suppliers that might self-certify at zero under the Emergency Regulation’s new “stress-test approach,” Spivy-Weber said the SWRCB will look carefully at the calculations to verify their accuracy.

Christine Kohn, Principal, IN Communications, moderated a panel on “Keeping Drought Communications Fresh – Beating Drought Fatigue,” which included panelists Evan Jacobs, External Affairs and Drought Response Manager, CAW; Alison Kastama, Manager of Public Affairs and Community Outreach, East Bay Municipal Utility District (EBMUD); Yvonne Kingman, Corporate Communications Manager, Cal Water; and John Tang, Vice President of Government Relations and Corporate Communications, SJWC. They discussed various ways of communicating about conservation to continue encouraging customers to be water wise.



SWRCB Vice Chair Frances Spivy-Weber

In addition to traditional communication methods, such as direct mail, print, radio and television ads, bill inserts and text messages, CAW uses email, online ads, a mobile app where customers can send photos of water waste and ads at movie theaters. CAW also has doubled down on direct contact with customers through walk-and-talks, community events and a very successful “Mulch Madness” event. SJWC has moved away from text-based communications to infographics and [videos](#) to explain topics such as ratemaking, the value of tap water and what it takes to deliver water. The IOU also is changing its focus from drought to driving home efficiency by targeting the highest users in all classes, reaching out to youth and leveraging technology and social media. In 2014-15,

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POINTS OF INTEREST

“IMPROVING OUR WATER IQ” AT CWA’S SPRING CONFERENCE...CONTINUED

EBMUD reached out to customers through community meetings, automated calls, social media, billboards, bus shelter ads, a bimonthly newsletter and more than 200 events and workshops. With a redesigned website, EBMUD offers an [online tool](#) allowing customers to estimate their water use. The district also partnered with 41 hardware stores during Fix-a-Leak Week and makes it a point to thank customers for conserving water.

Cal Water has employed direct mail, fact sheets and 25 public meetings to educate customers about conservation. The meetings, one of which drew 800 attendees, provided opportunities to connect with and thank customers. Cal Water also rewarded customers who met their water budgets with a drawing for bill credits as well as gift cards for customers who stayed below their water budgets during the winter months. The IOU conducted conservation events featuring food, fun for kids and educational opportunities in East Los Angeles and Stockton with two more in the planning stages. And Cal Water created videos of “local conservation heroes.” The panel concluded with a discussion on the next phase of communicating with customers as IOUs self-certify their water supplies and demands under the new Emergency Regulation.



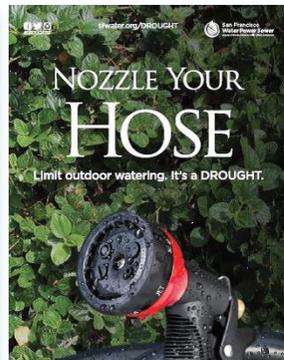
CAW Walk-and-Talks



SJWC Infographics



San Francisco Public Utilities Commission Ads



Cal Water Customer Meeting

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POINTS OF INTEREST

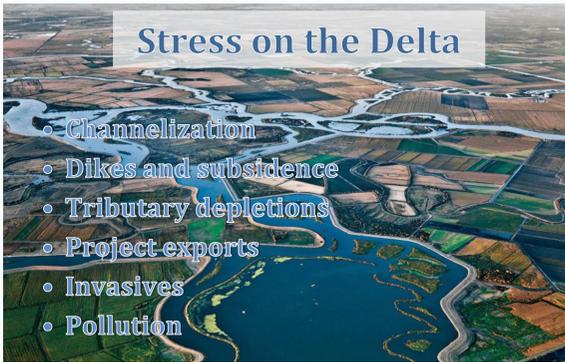
“IMPROVING OUR WATER IQ” AT CWA’S SPRING CONFERENCE...CONTINUED



Delta Watermaster
Michael Patrick George

Michael Patrick George, Delta Watermaster, SWRCB, Delta Stewardship Council, addressed the topic of “Improving Our Delta IQ.” After explaining the history and current state of the Sacramento–San Joaquin River Delta, George talked about stressors, which include channelization, dikes and subsidence, tributary depletions, project exports, invasive species and pollution. He noted the Delta drains 60 percent of California’s land mass and misusing it as a temporary diversion facility is unsustainable and needs to be addressed.

The conference concluded with “Is the 2016 Legislative Session Improving Our Water IQ?” panel moderated by Jennifer Capitolo, Senior Policy Advisor, Nossaman LLP. Panelists included Danielle Blacet, Director for Water, California Municipal Utilities Association (CMUA); Kathleen Cole, Executive Legislative Representative, Metropolitan Water District of Southern California (MWDSC); and Wendy Ridderbusch, Director of State Relations, Association of California Water Agencies (ACWA). The panelists discussed several water-related bills currently moving through the California Legislature. 🗺️



Legislative Session Panel
L-R: Kathleen Cole, MWDSC, Wendy Ridderbusch, ACWA, Danielle Blacet, CMUA, and Jennifer Capitolo, Nossaman LLP

SAVE THE DATE

California Water Association’s 75th Annual Conference

November 3, 2016 – Monterey Plaza Hotel, Monterey, CA

