



CALIFORNIA WATER ASSOCIATION

Working Together.
Achieving Results.

www.calwaterassn.com

IN THIS ISSUE:

- Water IOUs Top State Average After One Year of Mandatory Water-Use Reductions..... 2
- IOUs Encourage Customers to Comply with Updated Water Conservation Emergency Regulations..... 3
- Cal Water Assists Customers During Devastating Erskine Wildfire..... 5
- CPUC Adopts Revised Drought Emergency Regulation 7
- CWA Comments on SWRCB's Intended Use Plans 8
- CWA Weighs in on Proposed Drinking Water Fee Regulations 9
- CPUC Approves AMI Pilot Programs for Water and Energy Utilities 10
- California American Water Customers Featured in "#Rethink Your Yard" Billboard Campaign..... 11

MESSAGE FROM THE PRESIDENT

While complying with the state's revised emergency regulation on drought management, investor-owned water utilities (IOUs) continue encouraging customers to conserve water and carry on with their successful conversation practices. At the same time, the California Water Association continues weighing in on proposed regulations and pilot programs to ensure its members can deliver safe, reliable and high-quality water to their customers.

And with the increased severity of wildfires due to long-term drought conditions, IOUs have been working closely with local utilities and communities to keep water flowing for consumers and local and state firefighters.

These topics and more are featured in the following articles in this edition of *On Tap*:

- Water IOUs Top State Average After One Year of Mandatory Water-Use Reductions
- IOUs Encourage Customers to Comply with Updated Water Conservation Emergency Regulations
- Cal Water Assists Customers During Devastating Erskine Wildfire
- CPUC Adopts Revised Drought Emergency Regulation
- CWA Comments on SWRCB's Intended Use Plans
- CWA Weighs in on Proposed Drinking Water Fee Regulations
- CPUC Approves AMI Pilot Programs for Water and Energy Utilities
- California American Water Customers Featured in "#Rethink Your Yard" Billboard Campaign

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

For instant CWA news:



California
Water
Association



QUESTIONS?

Contact the CWA office at:

700 R Street, Suite 200
Sacramento, CA 95111

Phone: 916.231.2147

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

Sincerely,

Greg Milleman

Greg Milleman

California Water Service Company
2015-2016 CWA President

THE QUALITY & SERVICE FOCUS

WATER IOUs TOP STATE AVERAGE AFTER ONE YEAR OF MANDATORY WATER-USE REDUCTIONS

June 1, 2016, marked the one-year anniversary of the urban water supplier community working with customers under the State Water Resources Control Board's (SWRCB) drought management emergency regulation process. Under the regulation, urban water suppliers (water utilities providing municipal water service to more than 3,000 service connections) had individual mandatory reduction targets compared to the same time period in 2013 based on their residential water use in gallons per capita per day (R-GPCD).




At a July 6, 2016, meeting, SWRCB members received a report from staff indicating Californians statewide saved water by 28 percent in comparison with the same month in 2013. Cumulatively, after one year of determined efforts to comply with Governor Brown's April 2015 call-to-arms to save 25 percent, Californians came very close at 24.5 percent. In practical terms, staff reported Californians had saved 1,609,532 acre-feet or approximately 524.5 billion gallons of water – enough to supply 8 million people for a year.

For investor-owned water utilities (IOUs) regulated by the California Public Utilities Commission (CPUC), the news was even more favorable:

- The 59 IOU reporting districts topped the statewide 12-month average by more than two percentage points – their customers used 26.7 percent less water than the comparable timeframes in 2013.
- Forty-eight of the 59 IOU reporting districts achieved their mandatory conservation standards for the entire 12-month period, and four of the remaining 11 were within 1 percentage point of their target. The others performed almost as well, with six within 6 percentage points of their target and the final one within 8 percentage points.
- Significantly, the 11 IOUs that didn't quite make their cumulative targets together exceeded the statewide conservation average, saving 24.8 percent, compared with 24.5 percent.
- The IOUs' 59 reporting districts had R-GPCDs that compared favorably with the state average – 88.8 GPCD versus 86.8 GPCD.

"The CPUC-regulated water utilities are pleased that their customers responded so well to the State Water Board's drought management program, especially in terms of exceeding both the governor's mandated goal and the actual statewide performance," said Greg Milleman, Director of Field Operations for California Water Service and 2015-16 President of the California Water Association (CWA)."

"We all know the drought has not disappeared in California," Milleman said, "and CWA looks forward to working with the governor's office, the Department of Water Resources and the State Water Resources Control Board on the promulgation of more permanent conservation regulations that will assist the state in combatting future drought years." 

THE QUALITY & SERVICE FOCUS

IOUs ENCOURAGE CUSTOMERS TO COMPLY WITH UPDATED WATER CONSERVATION EMERGENCY REGULATIONS

With new drought management regulations in place effective June 1, 2016 (see article on the State Water Resources Control Board's (SWRCB) revised emergency conservation regulation in the [May-June issue of On Tap](#)), California Water Association (CWA) member companies have been busy this summer informing their customers on the changes to the SWRCB's revised emergency regulation on drought management, which carries the state through January 2017.

In response to the SWRCB resolution, and a companion resolution from the California Public Utilities Commission (CPUC) (see article on page 8), virtually all of the investor-owned water utilities (IOUs) affected by the SWRCB's resolution confirmed for their customers that their supplies were sufficient for the next three years. The IOUs also submitted self-certifications at zero percent (except Santa Clara County as noted below); however, they continue to press customers to minimize their water use and maintain their successful conservation practices.



Suburban Water Systems (Suburban) notified its customers in Whitter, La Mirada and San Jose Hills (all in southeastern Los Angeles County) via bill inserts and postcard mailings that the utility was moving from Stage 2 to Stage 1 of its Water Shortage Contingency Plan effective July 18, 2016. Moving to Stage 1 entailed several changes to its drought management program, most significantly, the suspension of mandated water-reduction targets, including drought surcharges for excessive water use that had been in effect for nearly a year. Several mandatory water-use restrictions remain in place, including a limitation on outdoor irrigation

to (generally) three days a week and irrigating ornamental landscapes between the hours of 8:00 a.m. and 6:00 p.m. Additionally, all of the SWRCB's prohibitions on unauthorized, non-essential water uses remain in place.

The message in Suburban's postcard mailing to customers noted, "Suburban Water Systems would like to thank all of our customers for your continued efforts to save water. We are proud to announce that our customers conserved 23 percent in comparison to 2013, which is 3.9 billion gallons saved from June 2015 to May 2016! Keep up the great work. EVERY DROP COUNTS!"

San Jose Water Company's (SJWC) Director of Customer Service Robert Day sent a [letter](#) to customers on the updated water conservation targets, which included [conservation rules](#) and [frequently asked questions](#). Day noted, "On a statewide basis, the governor's emergency drought declaration remains in effect.



CONTINUED ON NEXT PAGE

THE QUALITY & SERVICE FOCUS

IOUs ENCOURAGE CUSTOMERS TO COMPLY WITH UPDATED WATER CONSERVATION EMERGENCY REGULATIONS...CONTINUED

Locally, the Santa Clara Valley Water District (District), the county's wholesale water supply agency, recently reduced its water conservation target from 30 percent to 20 percent and increased the number of watering days from two to three days a week. The new target and watering schedule will be in effect from July 1, 2016, through January 31, 2017." In response, SJWC amended its conservation plan to reflect the District's new 20 percent target.




San Gabriel Valley Water Company notified its customers, the CPUC and the SWRCB that it will retain its current (amended) conservation target of 14 percent on a voluntary basis but without surcharges and penalties. As with all water utilities, non-essential and prohibitive water-use restrictions will remain in effect.

In a drought update, California American Water commended customers for doing a great job of responding to the drought, noting they saved more than 9 billion gallons of water from June 1, 2015, to May 31, 2016. The IOU outlined reduced mandatory drought restrictions for all districts on its website.

For many of its systems, Golden State Water Company (GSWC) implemented new conservation standards aligned with the SWRCB's shift to locally developed conservation standards. As with all IOUs, the standards could be revised pending the SWRCB's verification of self-certification data and developments in local water supply conditions and conservation. Given California remains in a drought emergency, GSWC continues to encourage customers to use water responsibly and keep the existing conservation momentum to ensure sufficient water supplies are available when needed. In addition, GSWC offers customers an online option to report water waste as well as a water-use efficiency section on its website.



California American Water Drought Update Website

Lastly, California Water Service (Cal Water) notified customers that "conservation targets will continue to be based on 2013 use, except for unique situations; however, the company will suspend surcharges for all customers, at least temporarily. In most communities, Cal Water asks customers to achieve a water-use reduction of at least 10 percent." In a press release, Cal Water's Director of Drought Management and Conservation Ken Jenkins cautioned, "Although most of our communities have adequate short-term water supplies, much of the state continues to experience severe drought. It is critical that our customers continue their excellent conservation efforts in order to ensure that we have enough water to meet long-term needs." 

MEMBER SPOTLIGHT

CAL WATER ASSISTS CUSTOMERS DURING DEVASTATING ERSKINE WILDFIRE

When the deadly Erskine Fire broke out on June 23 in Kern County, California Water Service (Cal Water) employees quickly responded to assist customers served by its Squirrel Mountain, South Lake and Mountain Mesa water systems. The wildfire, the most destructive in Kern County history, burned close to 50,000 acres, destroyed 257 homes and caused two deaths.

"We were in a unique position to assist our customers because we know the community so well," said Greg Milleman, Cal Water's Director of Field Operations who served as Cal Water's incident commander for the fire and tracked it operationally. "Our Local Manager Chris Whitley, who lives in the area, had to break the tragic news to several customers that their homes were no longer standing."

As Southern California Edison lost power due to the fire, this greatly impacted several of Cal Water's isolated water systems and required moving multiple portable generators around the area to keep water flowing for firefighters, residents and businesses. Before the generators were operational, Cal Water temporarily lost power and water pressure, resulting in Cal Water issuing a precautionary advisory for the area instructing customers to use boiled tap water or bottled water for drinking, food preparation and teeth brushing.

Recognizing the added challenge of needing to boil water, Whitley noted in a press release, "Our deepest sympathies are with the families who lost their loved ones, and our thoughts are with all of the families who have been impacted by this devastating fire. Living and working here, I see first-hand how overwhelming this is, and we understand the added challenge of some customers needing to boil their water. We apologize for the inconvenience it causes; we are issuing this as a precaution because protecting our customers' health and safety with the drinking water supply is our highest priority."

Cal Water also assisted the Kern County Emergency Operations Center by distributing free bottled water, donated by Nestle, 7-11, Costco and W.A. Thompson, at Cal Water's customer center and three mobile distribution centers. Customers who purchased bottled water during the advisory were encouraged to send their receipts for reimbursement to Cal Water's Customer Center. The water utility also asked customers who remained in their homes during the



[l-r] Jim Smith, Cal Water's Visalia Director; U.S. Congress Majority Leader Kevin McCarthy; and Cal Water's Kern River Valley Local Manager, Chris Whitley



Cal Water's Emergency Response Trailer Unit Used as a Mobile Bottled Water Distribution Center During the Erskine Fire

CONTINUED ON NEXT PAGE

MEMBER SPOTLIGHT

**CAL WATER ASSISTS CUSTOMERS DURING
DEVASTATING ERSKINE WILDFIRE...CONTINUED**

fire to reduce water consumption to ensure first responders would have adequate water supplies to fight the wildfire.

Once it was safe to do so, Cal Water tested the area water systems, which confirmed the water quality was not impacted by the power and water outage, and customers were notified the advisory on boiling water was cancelled.

To further assist those affected by the fire, Cal Water shareholders donated more than \$37,000 in gift cards to customers through its philanthropic giving program. In addition to the many Cal Water employees throughout the state who assisted on the ground in Kern County, a statewide employee donation fund was established to help fire victims. Cal Water is matching the employee contributions. 🌈



Ersine Fire Victims Express their Appreciation


LEGISLATIVE AND REGULATORY UPDATE

CPUC ADOPTS REVISED DROUGHT EMERGENCY REGULATION

On June 23, 2016, the California Public Utilities Commission (CPUC) adopted [Resolution W-5103](#), ordering water utilities to comply with the [revised version](#) of the Drought Emergency Water Conservation Regulation (Regulation) adopted by the State Water Resources Control Board (SWRCB) on May 18, 2016 (see [May-June On Tap article](#)). All public comments received by the CPUC supported the adoption of the Resolution, including those from California Water Service, California American Water, Great Oaks Water Company and the California Water Association.



The Resolution orders:

1. All CPUC-regulated water utilities to comply with the Regulation.
2. Class A and B water utilities that do not identify a conservation standard under self-certification, or if the SWRCB rejects the water utility's conservation standard, to implement the mandatory water conservation actions adopted by [Resolution W-5041](#) and [Resolution W-5082](#), with the modifications in Section 865 of the Regulation.
3. All water utilities to enforce and comply with Section 864(a) of the Regulation in promoting water conservation.
4. All water utilities continue to take bold enforcement actions on water-use restrictions such as mandatory water audits; customer-funded, remotely read meters; restrictions on water use for top residential, commercial and industrial users, particularly those with excessive water use; flow-restrictor requirements; restrictive outdoor water rules; and limits on total water use.
5. Class C and D water utilities to comply with reporting requirements in Section 865(g)2 of the Regulation.
6. Class A and B water utilities to file an appropriate advice letter to amend their Tariff Schedule 14.1, if necessary, based on their compliance with the Regulation.
7. All water utilities to comply with all monitoring and reporting requirements established by the SWRCB. 

LEGISLATIVE AND REGULATORY UPDATE

CWA COMMENTS ON SWRCB'S INTENDED USE PLANS




On June 16, 2016, the California Water Association (CWA) submitted two comment letters on Intended Use Plans (IUPs) to the State Water Resources Control Board (SWRCB). The IUPs deal with the Drinking Water and Clean Water state revolving funds for fiscal year 2016-17 and outline the SWRCB's business plans for the two funds, including revised Water Quality, Supply and Infrastructure Improvement Act of 2014 (Proposition 1) guidelines. According to the SWRCB, these two

funds are critical in providing financing for projects that supply clean and safe drinking water as well as creating better water quality and sustainable and reusable water resources.

The Drinking Water fund, established in 1996 as part of the Safe Drinking Water Act, offers financial assistance to public water systems for drinking water infrastructure improvements. The Clean Water Fund, established in 1989 under the Clean Water Act, funds projects such as wastewater treatment and water recycling facilities; wastewater collection systems; and non-point source or estuary projects. The IUPs explain the types of projects the State Water Board anticipates funding this year and identifies the appropriate financing terms. These use plans are required under federal regulations and are submitted to the U.S. Environmental Protection Agency to receive grant funding.

CWA's first [letter](#) addressed the draft 2016 Drinking Water State Revolving Fund (DWSRF) IUP for 2016-17 and the revised guidelines for implementing the Proposition 1 Drinking Water Program (Prop 1 Program). Acknowledging the water utilities regulated by the California Public Utilities Commission (CPUC) are generally eligible for grants and loans under the DWSRF-Prop 1 Program, CWA noted the utilities remain ineligible for the principal forgiveness component of capitalization grants and financial assistance in disadvantaged or severely disadvantaged communities (DACs and SDACs). To remedy the inequities, CWA is sponsoring [Senate Bill 1456](#) to expand eligibility to all community water systems with fewer than 3,300 service connections serving DACs and SDACs.

CWA's [second letter](#) focused on the draft 2016 Clean Water State Revolving Fund (CWSRF) IUP for 2016-17 in conjunction with the Prop 1 Program. CWA's letter asked the SWRCB to clarify in its updated IUP that CPUC-regulated water utilities are eligible for identified projects under the CWSRF Program. CWA's letter also asked that Section D be added to the IUP introduction spelling out the eligibility for regulated water and wastewater utilities.

The SWRCB considered CWA's comments in both IUPs, and CWA was satisfied with the final plans, which were approved by the SWRCB on June 21. 



LEGISLATIVE AND REGULATORY UPDATE

CWA WEIGHS IN ON PROPOSED DRINKING WATER FEE REGULATIONS


In response to the [Drinking Water Fee Regulations](#) proposed by the State Water Resources Control Board (SWRCB) on April 29, 2016, the California Water Association (CWA) submitted a [comment letter](#) on behalf of the 108 investor-owned water utilities regulated by the California Public Utilities Commission.



California
Water
Association

While agreeing with the need to establish fees that fully fund the Drinking Water Program (DWP), CWA urged the SWRCB to minimize the disproportionality in the fee schedule, specifically on large public water systems, and institutionalize practices from the traditional fee-for-service model. CWA also encouraged the inclusion of additional mechanisms to ensure accountability of the DWP to the water systems and their customers, including:

1. Tracking and reporting DWP staff time attributed to specific water systems.
2. Establishing performance standards with metrics tracking and reporting on turnaround time for processing variances/waivers and inspections and permitting of infrastructure and including language on the number of planned sanitary surveys for water systems.
3. Requiring annual reporting to inform water systems and the public about the DWP's performance and achievements.
4. Setting criteria for future fee increases tied to compensation rates and benefits cost increases and losses in grants and other funding sources.

CWA will continue to monitor and weigh in on the proposed regulations as they are further developed by the SWRCB. 



LEGISLATIVE AND REGULATORY UPDATE

CPUC APPROVES AMI PILOT PROGRAMS FOR WATER AND ENERGY UTILITIES



The California Public Utilities Commission (CPUC) issued a decision on June 9, 2016, approving pilot programs by Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas) and Southern California

Edison Company that will test the impact of joint delivery of energy and water data to customers via Advanced Metering Infrastructure (AMI) on energy and water saving behaviors. An additional pilot program was approved for San Diego Gas & Electric Company that will explore technical issues associated with shared use of the energy utility's AMI communication network. The decision also established the funding and cost-recovery method for pilot costs and the evaluation requirements.

In its comments on a previous decision in the CPUC's ongoing water-energy nexus rulemaking, the California Water Association (CWA) asked the CPUC to add approval of AMI installations to the scope of the water-energy nexus proceeding. CWA contended that as a result of the governor's [mandate](#) to reduce statewide water consumption and the State Water Resources Control Board's emergency regulations requiring per-utility conservation targets, there's an immediate need to provide customers with real-time information on their water consumption. This, in turn, created a potential for water and related energy savings.

While the CPUC has approved deployment of smart electricity and gas meters, it has yet to approve smart meters for CPUC-jurisdictional water utilities, which will mark the beginning of AMI system deployment for investor-owned water utilities (IOUs). The main components of the AMI system are meters, communication networks and data-management systems, which will measure and store customer usage at hourly or finer intervals, to assist customers in leak detection and/or real-time drought management. Additionally, the system includes a communication network between meters and the neighborhood data-collection unit, which is connected to the data-management systems at the utility data center.

One of the pilot programs evaluates water, electric and gas use of a residential sector comprised of approximately 10,000 overlapping customers in PG&E's and East Bay Municipal Utility District's (EBMUD) service territories. Of the targeted households, up to 5,000 will receive smart water meters that communicate usage data via EBMUD's existing and expanded AMI network. Households receiving the meters will represent a diverse population and climate across EBMUD's 330-square-mile service territory.

PG&E and its research partner, the Center for Water Energy Efficiency at the University of California, Davis, will collect primary data on water, electricity and gas use in the selected households to determine where a measurable, positive correlation exists between behavior-based water conservation and energy conservation.

In a second pilot, SoCalGas is partnering with CWA member, San Gabriel Valley Water Company (SGVWC), and Valor Water Analytics to gather and transmit data from water meters over the existing SoCalGas network to a server hosted by Aclara, SoCalGas' AMI technology vendor. The pilot will cover 1,000 meters for SoCalGas' and SGVWC's joint customers. The pilot includes an analytics component for identifying and evaluating potential hot-water leaks.

Valor Water Analytics will perform the analysis necessary to quantify the benefits of using combined AMI data and assess how data integration will allow utilities to address water losses, enhance conservation efforts, increase energy savings and reduce greenhouse gas emissions to a greater extent than just the data analytics from one AMI utility source.

The information in this article is drawn from the CPUC's decision [D.16-06-010](#). 

POINTS OF INTEREST

CALIFORNIA AMERICAN WATER CUSTOMERS FEATURED IN “#RETHINK YOUR YARD” BILLBOARD CAMPAIGN



Billboards Throughout Sacramento Featuring the Delgados and Their New Water-Wise Front Yard

California American Water (CAW) nominated Sacramento customers [Dorothy and Daniel Delgado](#) to be featured in the [#Rethink Your Yard](#) billboard campaign. Sponsored by the [Regional Water Authority](#) and Sacramento-area water providers, the campaign showcases local residents who have made permanent water-wise changes to their landscape. The Delgados replaced 3,000 square feet of their thirsty front lawn with 260 colorful, low-water-use plants and meandering pathways. With \$4,600 in rebates from CAW, the couple removed turf and two juniper plants and installed a weather-based sprinkler timer. The Delgados' hard work earned them the "Yard-of-the-Month" award as well as the [cover story](#) in the July 8, 2016, Home & Garden section of *The Sacramento Bee*. 