



## CALIFORNIA WATER ASSOCIATION

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## MESSAGE FROM THE PRESIDENT

With the conclusion of another successful Spring Conference, the California Water Association's (CWA) member companies are turning their attention to ongoing priorities and work that ensure the delivery of safe, reliable, high-quality water to their customers.

One priority is staying on top of legislation that CWA is sponsoring before the Legislature adjourns for summer recess on July 12. CWA member companies also are active with infrastructure upgrades and general rate cases, as well as acquisitions of small water systems to help accomplish the state's consolidation goals. And while the water utilities are planning ahead and preparing for another wildfire season in California, several of them continue to assist with disaster-relief efforts in communities hit hard by previous fires.

The May-June edition of *On Tap* features the following articles on these topics and more:

- CWA Spring Conference Highlights Fire and Water – Survival and Sustainability
- CWA's Safety, Safe Drinking Water Legislation Moves Forward
- CWA Files Comment Letter on State Water Board's Needs Assessment Conceptual Plan
- Cal Am's and Liberty Utilities' Acquisitions Further State's Small Water System Consolidation Goal
- Fish Rebound After San Clemente Dam Removal
- Cal Am Completes Metering Project in Dunnigan
- Cal Water Teams Up with Salvation Army to Provide Mobile Kitchen for Displaced Residents During Disasters
- CWA Unveils New Video on Ratemaking Process
- Search Underway for Executive Director to Succeed Jack Hawks

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

Sincerely,

Keith Switzer  
Golden State Water  
2019-2020 CWA President

## QUESTIONS?

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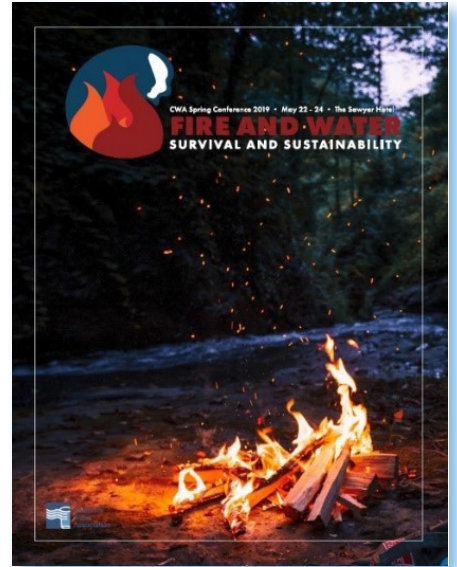
California  
Water  
Association



## CWA'S 76TH SPRING CONFERENCE

### CWA SPRING CONFERENCE HIGHLIGHTS FIRE AND WATER – SURVIVAL AND SUSTAINABILITY

The California Water Association's (CWA) Spring Conference kicked off in Sacramento on May 23 with welcoming remarks by CWA 2nd Vice President and Conference Program Chair Edward Jackson. Highlighting the conference theme, "Fire and Water – Survival and Sustainability," Senator Henry Stern (D-Canoga Park) provided the opening keynote address, saying he didn't want the state's water utilities left behind as the Legislature addresses wildfire issues associated with damage claims and helping victims recover from their devastating losses. His address was followed by a panel discussion on Inverse Condemnation Liability – "But It's Not My Fault". The panel, which included insurance expert Paul Fuller, Nossaman LLP Partner Bradford Kuhn, and Chris Lyons, Senior Counsel at San Diego Gas & Electric Company, covered the nearly unique California interpretation of liability law that allows water utilities to be saddled with the costs of damage from fires they did not start. Moderated by California Water Service (Cal Water) Vice President, General Counsel Lynne McGhee, the panel confronted the reality faced by California now – how wildfires are threatening the state's drinking water supply. John Faust of Cal EPA's Office of Environmental Health Hazard Assessment described OEHHA's new Affordability Framework for Evaluating Progress on the Human Right to Water. Matthew Payne, Principal with WestWater Research, presented some compelling points in Valuing Water Rights in a Utility Consolidation.



The morning session closed with an address from the newest commissioner at the California Public Utilities Commission (CPUC), Genevieve Shiroma, on the CPUC's Multi-Dimensional Approach to Today's Safety Challenges. She discussed the many proceedings related to wildfire mitigation, disaster relief, and climate change, noting that the CPUC has adopted an "all-hands-on-deck" approach to expediting these proceedings while still providing the proper degree of due process for all parties.



(L-R) Lynne McGhee, Vice President, General Counsel, California Water Service; Bradford Kuhn, Partner, Nossaman LLP; Paul Fuller, CEO, Allied Public Risk, LLC; Chris Lyons, Senior Regulatory Counsel, San Diego Gas & Electric Company



Senator Henry Stern

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## CWA'S 76TH SPRING CONFERENCE

### CWA SPRING CONFERENCE HIGHLIGHTS FIRE AND WATER – SURVIVAL AND SUSTAINABILITY...CONTINUED

During lunch, State Water Resources Control Board (SWRCB) Member Laurel Firestone discussed how she plans to work with the SWRCB staff to address Governor Newsom's two biggest water priorities – affordable, safe drinking water and water supply resiliency. The afternoon session included a supplier diversity update from Cal Water's Jose Espinoza; a Drinking Water Regulatory Program update by SWRCB Deputy Director



*CPUC Commissioner Genevieve Shiroma*



*Dr. John Faust, Toxicologist, California Environmental Protection Agency's Office of Environmental Health Hazard Assessment and Chief of its Community and Environmental Epidemiology Research Branch*

Darrin Polhemus, Division of Drinking Water; and Eurofins Eaton Analytical, LLC's Account Manager Rick Zimmer's presentation on When Legislation Meets Water Quality Standards – PFAS and Microplastics. The conference concluded with a panel discussion on California's 2019 legislative session moderated by Jennifer Capitolo, Senior Policy Advisor, Nossaman LLP. She was joined by Danielle Blacet of the California Municipal Utilities Association, Marlaigne Dumaine of East Bay Municipal Utility District, Adam Quiñonez of the Association of California Water Agencies, and Catherine Freeman, Chief Consultant of the Assembly Water, Parks & Wildlife Committee. Several of the conference presentations are available online at [www.calwaterassn.com/event/2019-cwa-spring-conference/](http://www.calwaterassn.com/event/2019-cwa-spring-conference/).

CWA's 2019 Annual Conference will be held in Monterey, CA on November 14, 2019.



*(L-R) Jennifer Capitolo, Senior Policy Advisor, Nossaman LLP; Danielle Blacet, Director for Water, California Municipal Utilities Association; Marlaigne Dumaine, Manager of Legislative Affairs, East Bay Municipal Utility District; Catherine Freeman, Chief Consultant, Assembly Water, Parks and Wildlife Committee; Adam Quiñonez, Senior Legislative Advocate, Association of California Water Agencies*

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## CWA'S 76TH SPRING CONFERENCE

### CWA SPRING CONFERENCE HIGHLIGHTS FIRE AND WATER – SURVIVAL AND SUSTAINABILITY...CONTINUED



*Laurel Firestone, Member, State Water Resources Control Board*



*Jose Espinoza CPSM, CPSD, MBA, Supplier Diversity Program Manager, California Water Service*



*Darrin Polhemus, Deputy Director, Division of Drinking Water, State Water Resources Control Board*



*Rick Zimmer, Senior Account Manager, Eurofins Eaton Analytical, LLC*



*(L-R) Jack Hawks, Executive Director, CWA, and Keith Switzer, President, CWA and Vice President of Regulatory Affairs, Golden State Water, present Emma Maxey, Supplier Diversity Manager, Golden State Water, with a crystal vase, commemorating her many contributions to CWA's Supplier Diversity Program over the past 15 years.*





## LEGISLATIVE &amp; REGULATORY UPDATE


## CWA'S SAFETY, SAFE DRINKING WATER LEGISLATION MOVES FORWARD



On June 13, the California Senate and Assembly passed the main budget bill, which includes \$214.8 billion in spending for FY 2019-2020. Associated trailer bills were approved by both houses on June 17, and more are expected in the coming weeks. The final budget includes an additional \$19 billion set-aside in the state's "rainy day" reserves. In a compromise with the Legislature, the budget does not include the "water tax" that was proposed in January. Instead, the budget commits \$100 million of cap-and-trade funds and \$30 million from the General Fund in the next year and additional funding through 2030 to provide safe, affordable drinking water to California communities. An additional \$3.4 million from the General Fund will cover the administrative costs for the State Water Board.

Also in June, the four bills sponsored by the California Water Association (CWA) moved forward. SB 668 (Rubio), which will (1) update an existing statute to require water systems with more than 5,000 service connections to develop disaster preparedness plans and (2) ensure that public water systems in fire-prone areas have disaster preparedness plans that are sufficient to address all possible disaster scenarios, was heard on the Senate Floor on May 26 and passed 38-0 on consent. The bill was heard in the Assembly Governmental Organization Committee on June 26 and passed 19-0 with 2 votes not recorded. It will next be heard by the Assembly Appropriations Committee.

AB 1432 (Dahle), which would authorize a public water supplier to declare a water shortage emergency condition without holding a public hearing in the event of a wildfire (joining other disasters with such an exemption such as dam breaches or pump or pipeline failures) passed the Assembly in April and was heard on the Senate Floor on June 17 where it passed 40-0. Governor Newsom signed the bill into law on June 26.

Two other bills involving California Public Utilities Commission (CPUC) processes have passed the Assembly and are working their way through the Senate. AB 1751 (Chiu) would expedite CPUC approval of consolidations by giving priority to proposed consolidations involving systems in disadvantage communities or troubled municipal systems with less than 2,000 service connections. On June 18, the Senate Energy, Utilities and Communications (EU&C) Committee heard AB 1751 and passed it unanimously. It will next be heard by the Senate Environmental Quality Committee on July 3. Another bill, AB 1072 (Patterson), would correct existing deficient statutory language involving CPUC audits of regulated utilities and provide for audits or reviews, as appropriate, for utilities with fewer than 10,000 customers. The bill passed the Assembly unanimously on May 28 and will next be heard by the Senate EU&C Committee on July 2. 

## LEGISLATIVE & REGULATORY UPDATE

### CWA FILES COMMENT LETTER ON STATE WATER BOARD'S NEEDS ASSESSMENT CONCEPTUAL PLAN

In response to the State Water Resources Control Board's (SWRCB) outreach to the drinking water community for a reaction to its proposed Conceptual Plan for a needs analysis of the state of drinking water in California, the California Water Association (CWA) filed a comment letter on June 6. The letter emphasized a parallel effort for troubled systems that may be in compliance with current drinking water standards, but for whom the long-term outlook for sustainability is grim.

CWA noted that a water provider's operations may be at risk of failure even where the system is meeting water quality standards. It is critical to adopt a systematic approach to identifying and periodically monitoring the operations of these "systems of need," which often are neglected until a problem arises, before the failure of the provider's technical, managerial, and/or financial capabilities impairs the delivery of safe, reliable, and high-quality water to its customers. Accordingly, CWA supported the SWRCB's work to perform the needs analysis described in the Conceptual Plan but recommended that "at-risk" water systems be listed as a standalone category for assessment rather than showing them combined with water systems presently violating water quality standards.

Additionally, CWA recommended that the elements be listed in a priority order, one that places significant – if not primary – emphasis on at-risk systems. In CWA's view, making these structural changes to the Conceptual Plan and any associated documents or forthcoming contractual scope of work would help convey the appropriate direction to the SWRCB's consultant in performing the needs analysis. 🌍



## QUALITY & SERVICE FOCUS

### CAL AM'S AND LIBERTY UTILITIES' ACQUISITIONS FURTHER STATE'S SMALL WATER SYSTEM CONSOLIDATION GOAL

On June 4, [California American Water](#) (Cal Am) acquired Rio Plaza Water Company (Rio Plaza) in Ventura County from the Nickel family, who has owned and operated the water system for two generations. Cal Am also has signed agreements to purchase the [Warring Water System](#) in Ventura County and the [East Pasadena Water System](#) in Los Angeles County. These acquisitions will help achieve the [State Water Resources Control Board's \(SWRCB\)](#) goal of consolidating small water systems.



Serving approximately 500 customers, Rio Plaza joins Cal Am's Ventura County service district, which includes approximately 21,000 households and businesses and serves a population of approximately 63,000.


In a [press release](#), Chris Mattis, Cal Am's Director of Southern California Operations, said, "We look forward to welcoming our new Rio Plaza customers and are eager to introduce them to our various programs that include rebates, free water conservation services, and devices. Cal Am maintains a staff of qualified personnel who are experts in their field and duly certified by the SWRCB."

John Chris Nickel, Sr. of Rio Plaza noted, "Cal Am and Rio Plaza share a goal of providing dependable water services to customers in Ventura County. We believe Cal Am will provide the best service to our customers, and we look forward to their active participation in the community."

On June 3, Liberty Utilities (Park Water) Corp. acquired Mesa Crest Water Company, which serves approximately 500 customer connections in the Los Angeles County community of La Cañada Flintridge. The purchase meets the objective in the California Public Utilities Commission's [Water Action Plan](#) for larger investor-owned water utilities to acquire and upgrade small water systems throughout California to maintain the highest standards of water quality and reliable service.

President Chris Alario, Liberty Utilities California, stated in a [press release](#), "We are proud and genuinely excited to provide water service to the La Cañada Flintridge community. Liberty Utilities is a professional water provider that holds itself to the highest standards for service, water quality, and customer care. Our team of dedicated professionals looks forward to being a trusted community partner, today and for generations to come."

Liberty Utilities, a values-driven company committed to quality, care, and efficiency, provides regulated water, wastewater, natural gas, electric, and propane/air utility services to more than 750,000 customers across the nation.

"We welcome Liberty Utilities to the La Cañada Flintridge community and look forward to a long and productive partnership," said Mark R. Alexander, La Cañada Flintridge City Manager. 



## QUALITY & SERVICE FOCUS

### FISH REBOUND AFTER SAN CLEMENTE DAM REMOVAL


**F**our years after the [San Clemente Dam](#) was removed, the Carmel River is returning to its wild state, and the fish population is rebounding. California American Water's (Cal Am) removal of the 10-story concrete dam was the largest project of its kind in California history and will likely serve as a model for similar projects nationwide.

Steelhead trout, which are listed as threatened under the Endangered Species Act, have been blocked by dams built across the West during the past century. These impediments have impeded the migration routes for steelheads, resulting in a critical decline in their populations.

During the first year after the San Clemente dam was removed, no steelhead trout were found. By 2017, seven made the trip up the river, and 29 were counted in 2018. This year, 123 steelheads have traveled upriver, and other species, such as lampreys, are coming back as well.

A [front-page article](#) in the *San Jose Mercury News* quoted Tommy Williams, a biologist with the National Oceanic and Atmospheric Administration who has monitored the Carmel River's recovery, "We don't want to do the touchdown dance yet, but so far things are looking good. It's just amazing how fast these systems come back. Everything is playing out like we thought."

"We're seeing progress. I'm surprised that it has been happening in such a short time," said Aman Gonzalez, manager of the dam removal project for Cal Am.

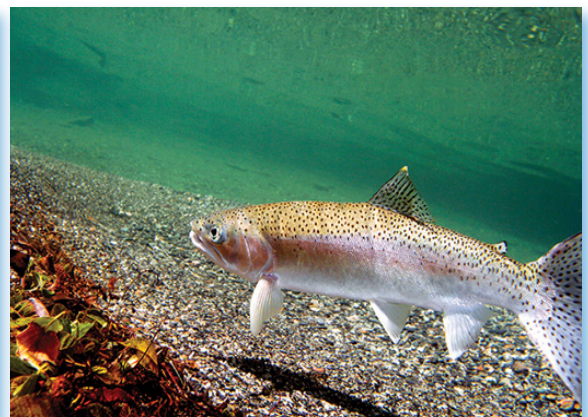
The San Clemente Dam, built in 1921, stopped supplying water in 2002 due to the buildup of sand and gravel in the reservoir from the Carmel River. In 1991, state inspectors determined the dam was at risk of failure in an earthquake. 



*Fishery Technician Dereka Chargualaf with a steelhead trout caught and later released near the Los Padres Dam in Carmel Valley in April 2019. (Source: Randy Vazquez/Bay Area News Group)*



*The Former San Clemente Dam on the Carmel River (Source: Gary Reyes/Bay Area News Group Archives)*



*Steelhead Trout*



## QUALITY & SERVICE FOCUS

### CAL AM COMPLETES METERING PROJECT IN DUNNIGAN

California American Water (Cal Am) representatives recently held a community meeting in Dunnigan, California, to discuss the implementation of metered rates. With Cal Am's completion of meter installations in the small community, residents are beginning to transition from flat rates to metered rates. The water utility has invested millions of dollars in water treatment and other upgrades since acquiring the system in 2016. At the community meeting, residents expressed their gratitude for Cal Am's service and investments made in their water system. 🌈



*Cal Am's Director of Regulatory Policy Evan Jacobs meets with Dunnigan residents about new metered rates for the area.*

## MEMBER SPOTLIGHT

## CAL WATER TEAMS UP WITH SALVATION ARMY TO PROVIDE MOBILE KITCHEN FOR DISPLACED RESIDENTS DURING DISASTERS

For California Water Service (Cal Water), safety and emergency preparedness remains a top priority. While proactively preparing for potential disasters, Cal Water also partners with local communities to teach best practices and provide support when needed. One recent example took place in the water utility's Oroville service area.

The Salvation Army of Oroville decided that purchasing a mobile kitchen unit to provide food for people evacuated during a disaster would be one of the best ways to serve local residents. The nonprofit initiated a three-week campaign to raise \$90,000, and Cal Water rose to the challenge by donating \$70,000 to make the dream become a reality.

In May during National Salvation Army week, the nonprofit and Cal Water cohosted a ribbon-cutting ceremony to unveil the trailer, and the Salvation Army took the opportunity to publicly thank the water utility for the donation. Cal Water representatives, who answered questions about disaster preparedness at the event, were joined by Oroville Mayor Chuck Reynolds, Councilmembers David Pittman and Eric Smith, and members of the Oroville Area Chamber of Commerce.



*George Barber, Cal Water's Oroville District Manager, addresses attendees at the ribbon-cutting ceremony.*



*Cal Water employees Alex Williams, Mike Mares, George Barber, and Greg Silva at the ribbon-cutting ceremony in Oroville.*



## POINTS OF INTEREST

## CWA UNVEILS NEW VIDEO ON RATEMAKING PROCESS

The California Water Association (CWA) has unveiled a new video to help demystify the complex ratemaking process for California's regulated water utilities.

The video—in both English and Spanish—walks viewers through the General Rate Case (GRC) process, which requires the California Public Utilities Commission (CPUC) to conduct a detailed review of the rates and costs of the largest regulated water utilities and then to make any needed adjustments every three years.

“The ratemaking process is complex and can be overwhelming,” said CWA Executive Director Jack Hawks. “That’s why we set out to produce a tool for CWA member companies to use with their customers that distills the process into steps and terms that are more easily understood. The video also highlights opportunities for the public to provide input to their utilities’ rate proceedings.”

The GRC is basically a complete audit and gives everyone an opportunity to take a close look at how a utility operates and to make sure rates are fair and reasonable and can support the delivery of safe, high-quality, and reliable water service.

The video breaks the ratemaking process into five steps and explains how various parties are involved, including the regulated water utility (applicant), Administrative Law Judge, CPUC Commissioners, Public Advocates Office, customers, and other interested stakeholders.

The video also explains how rates are based on the costs of providing service—the actual costs to purchase, extract, pump, transport, and treat the water to strict standards—and clarifies the opportunity for regulated water utilities to earn a return on investor funding to improve the water system.

“We think the video will help the public understand how rates are set through the CPUC’s transparent process. The independent review and approval of operating costs and investment needs help ensure that our water utility systems are properly upgraded and maintained for reliable service today and into the future,” Hawks said.

The [video is available](#) for viewing on CWA’s website at [calwaterassn.com](http://calwaterassn.com) or on [YouTube](#).



## POINTS OF INTEREST

**SEARCH UNDERWAY FOR EXECUTIVE DIRECTOR TO SUCCEED JACK HAWKS**

The California Water Association (CWA) is seeking an Executive Director to succeed Jack Hawks who, after serving the regulated water utilities in California for 14 years, is planning to retire at year end. Overviews of the position, qualifications and compensation, as well as the application process, are available online at <http://www.calwaterassn.com/executive-director/>.

Candidates may submit a resume and cover letter to CWA Administrative Director Melissa Manchester at [melissa@calwaterassn.com](mailto:melissa@calwaterassn.com) by July 10, 2019. In-person interviews will be conducted in August, and Hawks' successor will be identified in October or November. The official start date for the successful candidate will be January 1, 2020. 🌊

