



on tap

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CALIFORNIA WATER ASSOCIATION
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MESSAGE FROM THE PRESIDENT

As regulatory compliance increases, drought management challenges continue to grow and aging infrastructure requires greater investments by investor-owned water utilities (IOUs), California Water Association member companies continually pursue cost-saving options for their customers. Whether it's implementing new technologies or designing and installing state-of-the-art equipment, the IOUs aim to be at the forefront of new research to provide high-quality, reliable water for Californians.

As they replace water mains and pipes, construct additional wells, storage tanks and treatment facilities and conduct pilot projects allowing customers to track water use in real time, the IOUs adopt innovative strategies to keep the water flowing for their customers at reasonable rates.

The following articles in this edition of *On Tap* highlight some of these strategies:

- Water IOUs Support New Emergency Conservation Regulations
- Investor-Owned Water Utilities Invest Millions in 2014 On Infrastructure To Ensure Safe Water
- California American Water's Pilot Program Provides Customers with Opportunities for Water Savings
- Cal Water Secures Grants to Offset Compliance and Improvement Costs – A Win-Win for Customers
- Drought Stories in the Media
- GSWC's Denise Kruger Represents Regulated Water Companies at *Capitol Weekly* Conference
- Water IOUs Stake Out Position on Groundwater Management at AGWA-AGWT Annual Conference
- Mark Your Calendar for CWA's Spring Conference in Sacramento on May 14th

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

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 California Water Association

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LEGISLATIVE AND REGULATORY UPDATE

WATER IOUs SUPPORT NEW EMERGENCY CONSERVATION REGULATIONS

Noting that its member investor-owned utilities (IOUs) have favorably responded to Governor Jerry Brown's call for reduced water use by its customers, the California Water Association expressed strong support for the State Water Resources Control Board's (SWRCB or Water Board) extension of the Emergency Regulations for Statewide Urban Water Conservation in a March 16, 2015, comment letter to the Water Board. The Water Board subsequently adopted the extended and expanded regulations on March 17 in a unanimous vote that was codified in a new SWRCB Resolution No. 2015-0013.



In its letter, CWA noted that fully half of the California Public Utilities Commission-regulated utilities' reporting districts have consistently exceeded the state average each month for reported reduced water production and several also have reported declines in water production exceeding the Governor's 20 percent goal. CWA said these results for the water IOUs were comparable to their public agency and municipal counterparts.

To this end, CWA requested that the State Water Board assist water utilities and municipalities with media and customer communications by actively addressing the second point in the 10th "Be It Further Resolved That" statement in the Water Board's Item 7 resolution, which reads: "Water suppliers that face budget shortfalls due to reduced sales should take immediate steps to raise necessary revenues in a way that actively promotes continued conservation" (e.g., develop fact sheets and conduct media interviews that help the public understand the facts behind conservation and drought-induced reductions in water use).

"Virtually every water agency in the state is doing just that," CWA said, "but they are being unjustly criticized in the media for being responsible managers." In his public testimony at the March 17 SWRCB meeting during considering of the emergency regulations, CWA Executive Director Jack Hawks said any help that the State Water Board can give with respect to media understanding and coverage would be appreciated.

In the news release announcing extension and expansion of the emergency regulations, State Water Board Chair Felicia Marcus cautioned that March 17 decision was not a final action. "We are experiencing the lowest snowpack and the driest January in recorded history, and communities around the state are already suffering severely from the prior three years of drought," she said. "If the drought continues through next winter and we do not conserve more -- the consequences could be even more catastrophic than they already are. Today's action is just a tune-up and a reminder to act, and we will consider more significant actions in the weeks to come."

The new regulations expand upon those approved last July, which will continue under the renewed program. Specifically, all Californians are now prohibited from:

- washing down sidewalks and driveways (existing prohibition);
- watering outdoor landscapes in a manner that causes excess runoff (existing);
- washing a motor vehicle with a hose, unless the hose is fitted with a shut-off nozzle (existing);
- operating a fountain or decorative water feature, unless the water is part of a recirculating system (existing); and
- irrigating turf or ornamental landscapes during and 48 hours following measurable precipitation (new)

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LEGISLATIVE AND REGULATORY UPDATE

WATER IOUs SUPPORT NEW EMERGENCY CONSERVATION REGULATIONS...CONTINUED

New prohibitions to which commercial businesses must adhere include (in addition to those above):

- restaurants and other foodservice establishments can only serve water to customers on request; and
- hotels and motels must provide guests with the option of choosing not to have towels and linens laundered daily and prominently display notice of this option.

According to the SWRCB, the biggest change for urban water suppliers (those utilities with more than 3,000 service connections) is the creation of a minimum standard for outdoor irrigation restrictions. Urban water suppliers now must limit the number of days per week that customers can irrigate outdoors. The limit must be specified in the utility's water shortage contingency plan within 45 days of the effective date of the regulation. If the plan contains no specific limit, then the restriction is no more than two days per week. If the plan currently contains different language (e.g., odd-even days, limits on the number of minutes per day, seasonal limitations, etc.), it is valid under the new regulation.

The water utilities and agencies have additional obligations. They will be required to notify customers when they are aware of leaks that are on the customer's side of the meter. The current monthly reporting requirements to the SWRCB will be expanded to include the utility's limit on days for outdoor irrigation, plus a description of its compliance and enforcement efforts with respect to those customers who are violating the water-use prohibitions.

For smaller water suppliers (those with less than 3,000 service connections), the expanded regulation clarifies that if they choose to implement alternate mandatory measures, in lieu of limiting outdoor irrigation to twice a week; those measures should be designed to achieve a 20 percent reduction in water consumption.

Local agencies can fine property owners up to \$500 a day for failure to implement conservation requirements. Water IOUs do not have the authority to issue such civil citations and fines, so they must rely on the willingness of their local government authorities to enforce the fine provisions. The State Water Board, however, can issue 'cease and desist' orders against water utilities that don't impose mandatory conservation measures upon their retail customers and those violating a cease and desist order are subject to civil liability of up to \$10,000 a day.

The new regulations were submitted to the Office of Administrative Law (OAL) for approval on March 20, 2015, and OAL approved them on March 27, at which time the regulations took effect. They will expire on Decemeber 23, 2015. For more information, please visit the SWRCB's Emergency Water Conservation web page (http://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/emergency_regulations_waterconservation.shtml). 

THE QUALITY & SERVICE FOCUS

INVESTOR-OWNED WATER UTILITIES INVEST MILLIONS IN 2014 ON INFRASTRUCTURE TO ENSURE SAFE WATER

The primary goal of California’s investor-owned water utilities (IOUs) is to provide customers with safe, high-quality and reliable water service. To accomplish this, IOUs spend millions of dollars annually on maintaining and replacing aging infrastructure or building new infrastructure to keep the water flowing.

In 2014, California Water Association members, who account for service to about 6 million Californians, invested more than \$400 million on needed water infrastructure. Some of that investment is illustrated in the following table:

Investor-Owned Water Utilities	2014 Infrastructure Investments
Apple Valley Ranchos Water Company (approximately 22,000 service connections in San Bernardino County)	\$8,166,239, including nine main replacement projects with approximately 5.5 miles of aging water mains replaced. Of those projects, the Rancherias Easement Phase 3 Project and the Standing Rock Phases 1 and 2 Projects included installing 1.26 miles of 20” main to improve transmission capabilities as well as replace aging, undersized mains. The aging booster pump station for the Youngstown Pressure Zone also was replaced to improve supply reliability and pumping capabilities for that portion of the water system.
California American Water (approximately 186,000 service connections throughout the state)	Approximately \$85 million, including: <ul style="list-style-type: none"> • Rerouting the Carmel River and preparing to remove the San Clemente Dam, at a cost of \$37 million • Design, permitting and preliminary engineering work on the Monterey Peninsula Water Supply Project, at a cost of \$13 million. • Building and refurbishing 15 water tanks and reservoirs to improve reliability and fire-fighting capability, at a cost of \$9 million • Investing in local community infrastructure by replacing 3.5 miles of pipeline mains, at a cost of \$7 million
California Water Service Company (approximately 510,000 service connections throughout the state)	Approximately \$128 million, including the installation of 81,000 feet of new/replacement water main and the construction of two wells, seven storage tanks and one granular-activated carbon treatment facility
Golden State Water Company (approximately 258,000 service connections throughout the state)	Approximately \$66 million, including installation of new and replacement water mains, installation of several hundred water meters on unmetered services, interior and exterior recoating of steel water storage reservoirs, construction of new welded steel reservoirs, completion of new groundwater wells, and installation of well head treatment systems.
Park Water Company (Central Basin Division – approximately 29,000 service connections in L.A. County)	\$13,810,118. Significant projects included: <ul style="list-style-type: none"> • Replacing landscaping with drought- tolerant plants or aggregate base at two wells and one reservoir. • Converting one well to variable frequency drive operation to improve groundwater pumping capabilities in a water system with minimal reservoir storage. • Upgrading the Supervisory Control and Data Acquisition radio backbone system to improve communication reliability. • Purchasing 600 acre feet of water rights in the adjudicated Central groundwater basin. • Completing two water main projects in Compton, CA (8,390 feet of water main, 21 fire hydrants, 177 services and houselines) and in Los Angeles County (3,538 feet of water main, 7 fire hydrants and 115 services and houselines).

THE QUALITY & SERVICE FOCUS

INVESTOR-OWNED WATER UTILITIES INVEST MILLIONS IN 2014 ON INFRASTRUCTURE TO ENSURE SAFE WATER...CONTINUED

Investor-Owned Water Utilities	2014 Infrastructure Investments
San Gabriel Valley Water Company (approximately 94,000 service connections in L.A. and San Bernardino Counties)	\$32.2 million of utility plant additions in San Gabriel's Los Angeles County and Fontana Water Company divisions, including two new wells, a new reservoir and booster pump station, and nearly 11 miles of water mains.
San Jose Water Company (approximately 224,000 service connections in Santa Clara County)	Approximately \$82 million, including: <ul style="list-style-type: none"> • Replacing approximately 24 miles of water mains to maintain reliable service • Initiating the complete redesign of the company's water treatment plant facility in order to maximize the use and availability of low-cost, high-quality surface water supplies • Replacing a critical 55-year-old reservoir with two new reservoirs to improve water quality and seismic reliability • Drilling two new wells to maintain water supply capacity
Suburban Water Systems (approximately 75,000 service connections in L.A. County)	\$14,254,297 - Suburban started the construction of the first of two concrete reservoirs, known as Plant 224 R-1. Plant 224 R-1 is a 2.37 million-gallon reservoir that is 24-feet tall and was constructed with 30-inch thick walls, 30-inch footings, 18-inch thick floor slab and a 9-inch thick roof. The reservoir took about six months to construct and used approximately 2,800 cubic yards of concrete from 300 concrete truck loads. It is anticipated that the second reservoir will have a capacity of 4.69 million gallons and will be completed in October 2015.

Water-industry infrastructure includes the various components that pump, divert, transport, store, treat and deliver safe drinking water. These may consist of groundwater wells, surface-water intakes, dams, reservoirs, aqueducts, storage tanks, treatment facilities and pipes. And to meet increasingly stringent regulatory standards, many water systems require improved technologies and upgraded infrastructure.

According to the American Society of Civil Engineers' [2013 Report Card for America's Infrastructure](#), California reported \$44.5 billion in drinking water infrastructure needs and \$29.9 billion in wastewater infrastructure needs during the next 20 years.

The IOUs' infrastructure expenditures not only serve to provide safe and reliable water, they also generate jobs and contribute to the state and local economies through taxes and purchasing products and services. 



Suburban Water Systems employees tour the interior of the newly constructed reservoirs at Plant 224.

MEMBER SPOTLIGHT

CALIFORNIA AMERICAN WATER'S PILOT PROGRAM PROVIDES CUSTOMERS WITH OPPORTUNITIES FOR WATER SAVINGS

In February, California American Water (CAW) launched a web-based pilot program aimed at conserving water and energy while helping customers avoid unnecessarily high water bills. The online application will monitor water use through a meter fitted with a radio transmitter that collects water use data. The data will be sent to a web portal, U2You, where customers can monitor their daily water consumption using a computer or smartphone.



“Nobody likes the shock of a high water bill due to a toilet or irrigation leak that they don’t know about until the bill arrives,” noted CAW President Rob MacLean in a press release. “And by the time the leak is discovered, thousands of gallons of water can be wasted as well as all the energy required to pump that water. By providing customers a detailed picture of their daily water usage, we hope to reveal opportunities for water savings.”

Most excessive water use is traced to leaky toilets or irrigation systems rather than faulty meters or computer errors. To catch leaks early, participants in CAW’s pilot will be able to identify abnormally high water consumption and compare their water use to the average water usage in their area. The U2You website also allows participants to set up alerts that will notify them by email or text messages if a leak is detected or their water use exceeds a specified amount. As a result, they will be able to avoid water waste while saving money on their bills.

Approximately 200 Monterey Peninsula business and residential customers were recruited to voluntarily participate in the pilot program, which will run for about one year. After the equipment is installed, tests will be conducted to ensure the data is transmitted and communicated accurately to the new website, which is expected to be launched in two to three months. CAW’s goal is to collect enough data to assess the application’s feasibility and costs and identify those features customers find most useful. If successful, the program may be rolled out to all CAW customers, pending the approval of the California Public Utilities Commission.

Ensuring customers’ access to reliable, high-quality drinking water on demand is a top priority for CAW. Providing customers with the tools and information they need to use water wisely and responsibly is another priority. If the U2You technology is successful, CAW will better meet its customers’ needs while working as a community to save water and avoid stricter mandatory conservation regulations. For more information on CAW’s conservation programs, visit www.montereywaterinfo.org. 

MEMBER SPOTLIGHT

CAL WATER SECURES GRANTS TO OFFSET COMPLIANCE AND IMPROVEMENT COSTS – A WIN-WIN FOR CUSTOMERS



California Water Service Company (Cal Water) recently secured grants to offset costs associated with regulatory compliance in Willows, California and fund an improvement project in Lucerne, California. As new regulations and aging infrastructure impact the cost of quality water service, Cal Water has aggressively pursued options to reduce rate impacts on customers. Securing grants for specific projects is one option that has proved to be successful, particularly for customers who win in two ways: improved water service without impacting their monthly bills.

The first Willows grant of \$5 million, awarded by the Department of Water Resources from Proposition 50 funds, will be used to comply with the state's new chromium-6 limit in drinking water of 0.010 parts per million, the first limit imposed in the nation. Cal Water's entire Willows District is impacted by this new regulation. The grant funds will support a treatment technique identified by Cal Water's research team as the most cost-effective solution using strong-base anion-exchange resin to remove chromium-6 from water.

An additional \$175,000 grant from the Water Research Foundation will be allocated to additional research on reducing brine and waste created by chromium-6 treatment in Willows to maximize the efficiency of the process through brine reuse.

In a press release issued by Cal Water, President and CEO Martin Kropelnicki said, "We are pleased that the Department of Water Resources and Water Research Foundation have awarded us these grants to aid in research and removal of chromium-6 from the Willows water supply. This project will not only provide water to residents that meets the chromium-6 standard and help minimize the costs to our customers, it will also provide valuable information for other utilities in California facing this issue."

A \$136,000 grant, secured from the State Water Resources Control Board's Division of Drinking Water, will be used for a two-phase improvement project in Cal Water's Lucerne District. Clear Lake, the sole water source for the district, has been impacted by the drought with water levels threatening to drop too low for existing pumping equipment to work properly. Cal Water implemented a short-term solution by extending the depth of the pump two feet.

The long-term solution will involve designing and installing a floating intake pump structure to draw water from the lake to respond efficiently to fluctuating water levels. Allowing water to be drawn from various levels in the lake may reduce water treatment requirements and become more cost-effective in the long run.

Kropelnicki noted, "I am very pleased that our team consisting of local employees, engineers and water quality professionals were able to secure grant funding to enable us to make the necessary improvements to help ensure a reliable supply of water to our customers without a financial impact to them." 

POINTS OF INTEREST

DROUGHT STORIES IN THE MEDIA

As California faces a fourth consecutive drought year – with January being the driest month on record – investor-owned water utilities continue to implement water-saving programs and encourage their customers to conserve this precious resource. The media also is educating the public on wise water use and the true cost of water, such as *Marketplace* correspondent Scott Tong’s piece, “[Counting gallons: How much water do you use?](#),” which recently aired on Capital Public Radio.

In an attempt to “show how ignorant we can be about our water footprint,” Tong tracked his five-member family’s water usage throughout one day. Compared with the United Nation’s estimate of a minimum of 13 gallons per day for one person to drink, bathe and clean, Tong’s final tally was 310 gallons or 62 gallons for each family member in one day. Based on his current water rate, the usage equated to \$1.30 per day or the cost of a bottle of water. One person commented on Tong’s story, “Imagine having to carry that much water from a well into a house?”

Tong also compared the United States’ water use with global consumption and cost and addressed the true cost of water by noting, “In many cases, what we pay does not cover the utilities’ full costs of sending water, replacing century-old pipes and adhering to Clean Water Act mandates.”

Beth Ruyak, host of Capital Public Radio’s show, *Insight*, also covered the impact of the drought on California’s water supply. Ruyak spoke with two U.C. Davis researchers, Ken Tate and Brad Hooker, who interviewed various farmers and ranchers to find out how they are dealing with the drought. Their responses are captured in “[Voices from the Drought.](#)” 



POINTS OF INTEREST

GSWC'S DENISE KRUGER REPRESENTS REGULATED WATER COMPANIES AT CAPITOL WEEKLY CONFERENCE

Regulated California water companies' interests were well represented at one of the year's first major water policy conferences in Sacramento.

Golden State Water Company Senior Vice President of Regulated Utilities Denise Kruger was a panelist at *Capitol Weekly's* February 19 "Water 2015" conference. As the most widely read publication by those who work in government and politics, *Capitol Weekly* regularly draws hundreds to its events, including many legislators and administration officials.



*Denise Kruger, Golden State Water Company
[Photo Source: Capitol Weekly]*

Kruger joined Joe Byrne of the California Water Commission, Cindy Tuck of the Association of California Water Agencies and Roger Patterson of Metropolitan Water District of Southern California on a panel titled, *The Money: Who Pays and How Much?* Kruger was the only representative of regulated utilities on the day's agenda, and her comments went beyond monetary issues.

"Because of California Water Association's advocacy, we had a seat at the table at this event, and I was excited to represent our members," Kruger said. "This was an important opportunity to better educate statewide elected officials and stakeholders about our essential role in setting water policy on a wider range of issues, including conservation, supply and infrastructure."

Kruger was especially effective at demonstrating to conference attendees that the Sustainable Groundwater Management Act isn't clear on its applicability to regulated utilities. She emphasized that sustainable groundwater management is important to all public water suppliers, including regulated utilities.

"That is an issue we are addressing with the Legislature right now and believe it should be embraced by all parties," Kruger said.

More about *Capitol Weekly's* "Water 2015" conference and other water issues can be found at www.capitolweekly.net. 🌍



*Joe Caves, Conservation Strategy Group, and
Denise Kruger, Golden State Water Company
[Photo Source: Capitol Weekly]*

POINTS OF INTEREST

WATER IOUS STAKE OUT POSITION ON GROUNDWATER MANAGEMENT AT AGWA-AGWT ANNUAL CONFERENCE

Noting that the interests of investor-owned water utilities' (IOUs) must be protected to the same degree as their public water agency counterparts, Golden State Water Company's Chief Hydrogeologist and Water Resources Manager Toby Moore told the attendees at the Association of Ground Water Agencies – American Ground Water Trust Annual Conference in February that water IOUs must be accorded full representation on the evolving Groundwater Sustainability Agencies (GSAs).

A major byproduct of the Sustainable Groundwater Management Act of 2014 (SGMA), GSAs are the new entities envisioned by the state legislature as the vehicles that will manage the groundwater sustainability plans under which all non-adjudicated groundwater basins in California ultimately will be managed. SGMA is designed to empower local water agencies to manage groundwater basins within their jurisdiction on a sustainable basis. It excludes adjudicated basins that are currently under the control of local superior court judges (except for certain reporting requirements), and it sets goals and deadlines for creation of GSAs and sustainability plans, depending on the basin's priority designation, as documented by its overdraft condition.

Dr. Moore explained to the audience that GSAs under SGMA are defined as "one or more local agencies," where local agencies are deemed to be "Local Public Agencies." A water corporation regulated by the California Public Utilities Commission may only participate in a GSA if the other local agencies approve. Because water IOUs are prominent operators and management leaders in certain basins, this membership inequity in GSAs cannot be allowed to continue, Moore said. He noted that the California Water Association is working on "clean-up" legislation during 2015 that will rectify this deficiency in SGMA.

The need to provide full representation for water IOUs, Dr. Moore explained, lies in the benefits that will accrue to water utilities and their customers from the successful implementation of SGMA and establishment of the GSAs. Among them are:

- Long-term water supply predictability and reliability
- Respect for groundwater rights among the members of the GSA
- Stakeholder involvement and coordination in reaching agreements on the development of the basin's sustainability plans

Equally significant, Moore noted, is that full GSA membership will help mitigate the risks associated with the GSAs:

- Short-term uncertainty (in governance, overlapping water management structures and plans, water rights and cutbacks in extractions, and costs)
- Longer-term expense and regulation associated with governance formation, studies and modeling, groundwater monitoring, supplemental supplies, etc.
- Potential need for adjudication even with the creation of GSAs

Dr. Moore concluded his presentation by explaining that the interests of government-owned water agencies and water IOUs are aligned in most instances with respect to the structure and management of GSAs. He described a number of basins in southern, central and northern California where existing groundwater management (including adjudicated basins) was effective and where water IOUs were equal partners in that management. He encouraged water IOUs to aggressively participate in GSA and sustainability plan development to ensure that their customers' interests are fully represented. 

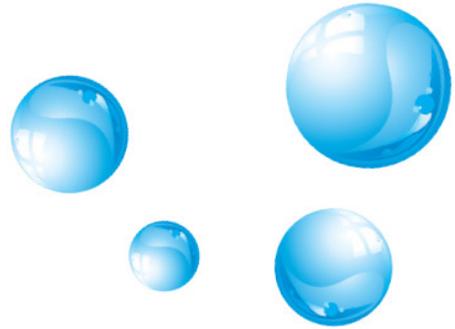
POINTS OF INTEREST

MARK YOUR CALENDAR! CALIFORNIA WATER ASSOCIATION'S 2015 SPRING CONFERENCE

KEEPING ALL THE BALLS IN THE AIR:

How Regulated Water Utilities are Juggling Multiple Priorities

MAY 13-15 THE CITIZEN HOTEL, SACRAMENTO



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Valet parking is available for \$25 per day.

Contact Vanessa Gonzales at vgonzales@calwaterassn.com for any questions.

**SAVE THE DATE
FOR CWA'S 2015
SPRING CONFERENCE**

May 13 - 15 at the Citizen Hotel, Sacramento
