



on tap

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CALIFORNIA WATER ASSOCIATION
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IN THIS ISSUE:

- CPUC Directs Water Utilities to Implement Emergency Conservation Regulations 2
- California American Water Company's Slant Wells Performing Better Than Expected for Desalination Project 4
- California Water Service Partners to Provide Recycled Water to Apple 2 Cupertino Campus 5
- Golden State Water Company Creates Informational Video to Help Customers in Time of Drought 6
- IOUs Maintain Momentum in Supplier Diversity Program 7
- PPIC Launches New Water Center 8
- Drought Forces California to Change Itself 8
- California American Water and PPIC to Host a Water Forum in August – Save the Date! 8

MESSAGE FROM THE PRESIDENT

In light of Governor Brown's recent executive order mandating substantial water reductions across California and the subsequent direction from the State Water Resources Control Board and the California Public Utilities Commission (CPUC) to comply with the new emergency conservation regulations, investor-owned water utilities (IOUs) continue to make strides in addressing the drought and the ongoing declines in available water supplies by activating their water-use reduction plans. Further, they are moving forward with innovative solutions such as the desalination project on the Monterey Peninsula and a recycled water project on the Apple campus in Cupertino. IOUs are working with their communities to identify workable water strategies as well as educate customers on what they can do to conserve water.

California Water Association's Spring Conference in Sacramento highlighted issues related to the Sustainable Groundwater Management Act, implementation of the new drought emergency regulations, the status of current water and CPUC legislation and how the IOUs must juggle multiple regulatory and water service priorities. Full coverage of the Spring Conference will be included in the June issue of *On Tap*.

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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

For instant CWA news:



California Water Association



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LEGISLATIVE AND REGULATORY UPDATE

CPUC DIRECTS WATER UTILITIES TO IMPLEMENT EMERGENCY WATER CONSERVATION REGULATIONS

At its April 7, 2015, meeting, the State Water Resources Control Board (SWRCB) announced a proposed regulatory framework and subsequently, at its May 5, 2015, meeting, unanimously passed [Resolution 2015-0032](#) implementing Governor Jerry Brown's April 1 [Executive Order B-29-15](#), which mandated a statewide 25 percent reduction in water use. These updated emergency conservation regulations were ratified by the Office of Administrative Law on May 18.

For its part, the California Public Utilities Commission (CPUC) passed two resolutions, [Resolution W-5034](#) on April 9, 2015, and [Resolution W-5041](#) on May 7, 2015. Both directed the water utilities under its jurisdiction to comply with all of the mandatory water conservation measures in the SWRCB's Resolutions 2015-0015 and 2015-0032, which have been codified in Title 23, Sections 863/864/865/866 of the California Code of Regulations. Details on the emergency conservation regulations can be found in the Emergency Water Conservation Regulations Portal on the SWRCB's [website](#).

The CPUC's resolutions ordered the water utilities to notify their customers of the new emergency regulations through notices in local newspapers or other distribution channels such as social media, email, text messages, company websites or bill inserts. The resolutions also required the water utilities to implement the revised and expanded regulations approved by the SWRCB, including the new "conservation standards" whereby different geographical regions in the state must reduce water use compared with the same period in 2013 between a range of 8 percent and 36 percent. The logic behind the conservation standards is that the overall state average achieved through the varied reduction targets will meet the mandated 25 percent reduction statewide.

According to the CPUC [press release](#) announcing compliance with the governor's mandate, the larger water investor-owned water utilities (IOUs) must take steps to ensure that their respective water-use reduction targets can be achieved. Smaller IOUs with districts having less than 3,000 service connections must reduce water use by 25 percent by restricting outdoor irrigation to no more than two days per week or implement other mandatory restrictions to achieve the necessary water savings. An earlier CPUC [press release](#) directed the water IOUs to:

- Inform their customers of their implementation plan for outdoor irrigation restrictions. Specifically, if a water company does not already have a limit on the number of days that outdoor irrigation of ornamental landscapes or turf with potable water is allowed, the company must limit such irrigation to no more than two days per week.
- Inform customers that they are prohibited from irrigating turf or ornamental landscapes during and 48 hours following measurable precipitation.
- Notify customers when the water company is aware of leaks that are within the customer's control.
- Inform commercial businesses that restaurant and other food service providers can only serve water to customers on request and that hotel/motel operators must provide guests with the option of choosing not to have towels and linens laundered daily and prominently display notice of this option.

Violations of these prohibited actions are punishable by a fine of up to \$500 for each day in which the violation occurs.

LEGISLATIVE AND REGULATORY UPDATE

CPUC DIRECTS WATER UTILITIES TO IMPLEMENT EMERGENCY WATER CONSERVATION REGULATIONS...CONTINUED

“The regulated water utilities fully endorse the CPUC’s directives in Resolutions W-5034 and W-5041 because they will enable the IOUs to comply with the SWRCB’s emergency conservation regulations and take a big step forward in achieving the governor’s 25 percent reduction mandate,” said CWA Executive Director Jack Hawks. “Since water utilities, alone, cannot comply with the water use reduction mandates, they will need to partner with their customers. This will require significant decreases in customers’ water use, an essential element to achieving compliance.”

In anticipation of the SWRCB’s adoption of the new emergency regulations on May 5, the CPUC added an additional requirement in Resolution W-5034 for its Class A and B water utilities (those with more than 2,000 service connections) to add Schedule 14.1 to their existing Tariff Rule 14.1, which implements their water shortage contingency plans. Unlike Tariff Rule 14.1, which addresses “voluntary” conservation measures and mandatory water use “restrictions,” Schedule 14.1 implements mandatory water use “reductions.” Among other things, Schedule 14.1 will include penalties for violating prohibited and non-essential water uses, as well as drought surcharges for exceeding the utility’s specific water use reduction target, as identified by the SWRCB in its regulatory framework [tiers](#).

To implement Schedule 14.1, the water utilities are required to design the structure of the mandatory reduction schedules and the penalties and surcharges necessary to stimulate water use reductions. The utilities then must seek the CPUC’s approval through a formal filing of the language, structure and issuance of their Schedule 14.1. During this process, they are required to hold public meetings with their customers to explain the details and ramifications of Schedule 14.1. Additionally, activation of the reduction plan must comply with all requirements of Sections 350-358 of the California Water Code. The filings and public meetings are expected to take place by June 1, 2015. 



MEMBER SPOTLIGHT

CALIFORNIA AMERICAN WATER COMPANY'S SLANT WELLS PERFORMING BETTER THAN EXPECTED FOR DESALINATION PROJECT



Construction of California American Water Company's (CAW) test slant well and monitoring wells for the Monterey Peninsula Water Supply Project was completed on March 16, 2015. Data obtained from pumping operations to date indicates better results than anticipated with a higher volume of water being pumped than early engineering estimates of 1,800 gallons per minute. The well, which is now in its long-term testing phase, is running continuously at 2,000 gallons per minute.

"This bodes well for the overall desalination project," said CAW's Central California External Affairs Manager Catherine Stedman. "It shows our initial estimates concerning the project were reasonable and even, perhaps, a bit conservative."

The test slant well, the preferred, sub-surface water intake method by the California Coastal Commission and other regulatory agencies, is located at the CEMEX sand plant in Marina and draws mainly seawater with some brackish groundwater from below the Monterey Bay. The test slant well, along with additional monitoring wells, will assist CAW in determining the amount and quality of the water drawn by the slant well in addition to measuring the impact of slant wells on the Salinas Valley Groundwater Basin, fulfilling CAW's commitment to agricultural groups in Monterey County.

The test well operation data will be analyzed by a hydrogeologic working group of scientists, who analyze the data and report the results. Quoted in the Monterey County Herald, Carmel's Mayor Jason Burnett said he "expects initial test well data reports to be available within a month or two," and that "positive test well results would bolster the local claim that progress is being made," though he added that he wants the working group to be allowed the time it needs to conduct a thorough initial analysis.

Data from the test slant well will continue to be gathered and made available to the public at www.watersupplyproject.org/testwellmonitoring.

MEMBER SPOTLIGHT

CALIFORNIA WATER SERVICE PARTNERS TO PROVIDE RECYCLED WATER TO APPLE 2 CUPERTINO CAMPUS



In February 2015, California Water Service (Cal Water), [announced](#) its agreement to partner with the city of Sunnyvale, Santa Clara Valley Water District (SCVWD) and Apple Inc. to provide recycled water to Apple Campus 2 in Cupertino. The partnership translates into more than 157,000 gallons per day of recycled water to be provided to Apple Campus 2 once the project is completed.

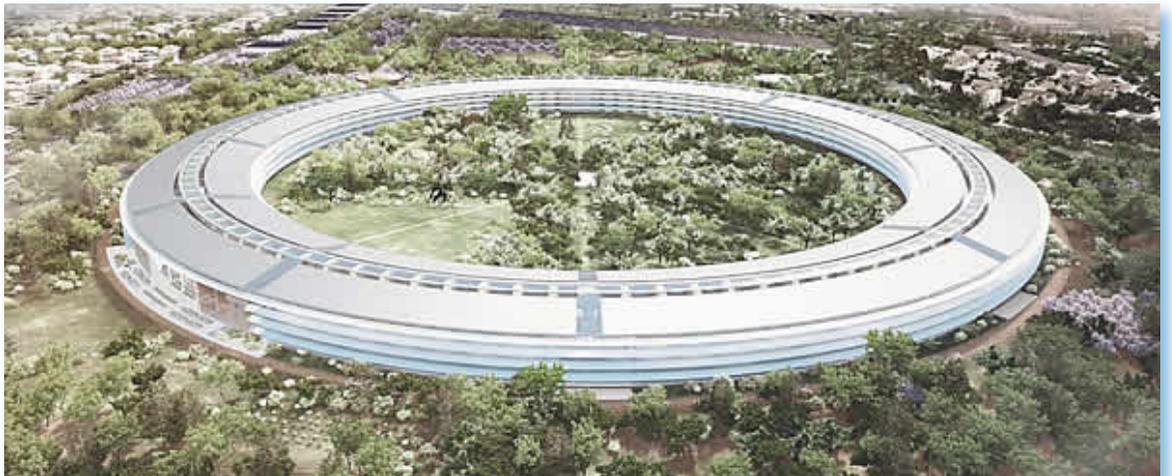
“Given the seriousness of the current drought, we are particularly pleased to partner on this project that will enable us to provide recycled water to our valued customer, Apple Inc.,” said President and Chief Executive Officer of California Water Service Group, Martin A. Kropelnicki.

The total cost of the project is \$17.5 million for planning, design and construction, of which Cal Water will invest \$1.5 million to provide water services to the Apple campus. New recycled water supplies are expected to be available in fall 2016.

According to SCVWD’s October 2014 [news release](#), its board authorized the chief executive officer to negotiate and execute five agreements with the city of Sunnyvale, Cal Water and Apple Inc., and the commitment and collaboration of all of the partners made the recycled water project a reality.

Water and Apple Inc., and the commitment and collaboration of all of the partners made the recycled water project a reality.

“It has been a pleasure working with the Santa Clara Valley Water District, city of Sunnyvale and Apple Inc., all of whom share our commitment to protecting our most precious natural resource and being good environmental stewards,” said Kropelnicki. 🌍



Apple Campus 2

MEMBER SPOTLIGHT

GOLDEN STATE WATER COMPANY CREATES INFORMATIONAL VIDEO TO HELP CUSTOMERS IN TIME OF DROUGHT

With the ongoing drought and continued forecast for little to no rain, Golden State Water Company (GSWC) developed an informational [video](#) to assist customers in making more informed decisions about conserving water. The video emphasizes drought-related issues and features GSWC water resources and efficiency experts sharing their knowledge of California's water supply. Additionally, the video provide tips and resources to help customers modify their water-use habits.



Emphasizing the importance of proactive planning and taking action now, GSWC's Chief Hydrogeologist and Water Resources Manager Toby Moore offers this comment in the video, "Because of the prolonged drought, it's going to take some time to replenish our supplies, and even average or above-average rainfall and snowpack for one to three years may not get us there."

GSWC Water-Use Efficiency Manager Edwin DeLeon stressed, "As far as the drought is concerned, it's a new norm. We have to understand we aren't going to have the water supply like in the past."

On GSWC's website's "[drought page](#)" (www.gswater.com/drought), customers can access a variety of information, including drought news and updates and information on water-use efficiency programs and incentives. GSWC also offers a Spanish-language version of the "drought page" at www.gswater.com/sequia. Customers also can [report](#) water waste in their communities through the website. 🇺🇸

THE QUALITY & SERVICE FOCUS

IOUs MAINTAIN MOMENTUM IN SUPPLIER DIVERSITY PROGRAM

2014 was a banner year for investor-owned water utilities (IOUs) filing General Order 156 (GO 156) reports. There was not only an increase in the total dollars spent with women-, minority- and disabled veteran-owned business enterprises (WMDVBEs), but also an increase in the number of diverse and service-disabled veteran businesses to the supply chain.

For the second year in a row, the combined IOU “spend” with WMDVBE’s surpassed the 21.5 percent goal established in GO 156, reaching 23.4 percent. This represents a total dollar amount spent with WMDVBE’s of \$122,927,102. The number of certified WMDVBE’s added to the collective supplier base increased by 2.5 percent from 1,041 to 1,067. In 2014, the number of participating WMDVBE’s increased from 474 to 553 or 17 percent.

In the 2014 reporting, there were several “firsts” for IOUs. California Water Service (Cal Water) and San Jose Water Company surpassed the 21.5 percent goal for the first time, and Cal Water joined other companies that reported a total spend by the Standard Industrial Classification (SIC) code.

There were several other accomplishments achieved during 2014. In June, Golden State Water Company (GSWC) was presented the Utility Company of the Year Award by the Black Business Association (BBA). The award recognized GSWC’s commitment to support the growth and development of the BBA and provide economic opportunities for diverse suppliers. Also, Robert MacLean, President of California American Water (CAW), was appointed Co-Chair of the National Utilities Diversity Council and is the first regulated water utility participant to serve on the Council.



Emma Maxey (far left), Supplier Diversity Manager for Golden State Water Company, received the BBA Utility Company of the Year Award on behalf of the company.

As in the past, IOUs were asked to meet individually with the California Public Utilities Commission’s (CPUC) Utility Supplier Diversity Program staff to discuss the IOUs’ specific results. The interview agenda included general questions about their positions on the tenets of GO 156 and their approach to meeting program goals.

To provide additional confidence in the accuracy of GO 156 reports, the CPUC requires that a minimum of one random audit of an annual GO 156 report be conducted every two years. Initially, the CPUC’s audit branch audited an energy company’s 2012 report. Subsequently, a telecommunications company’s 2014 report was audited. 2016 will be the first year water utilities will come under scrutiny, and a water utility’s 2015 report will be randomly selected for an audit.

In the future, CAW will continue to focus on diversity in employee recruitment and retention, employee benefits, procurement, community involvement and governance, resulting in improvements in CAW’s culture and customer service. GSWC will implement an e-procurement program, which should streamline the procurement process, improve outreach efforts with suppliers and gain control and visibility over spending.

Collectively, IOUs have achieved results that continue to demonstrate their commitment to supplier diversity while maintaining a robust framework for continued success. 🌍

THE QUALITY & SERVICE FOCUS

PPIC LAUNCHES NEW WATER CENTER



On April 1, 2015, the Public Policy Institute of California (PPIC) announced the creation of the PPIC Water Policy Center. The primary focus of the Center will be to provide timely information and innovative water management solutions. Launched with \$9 million in seed funding from S. D. Bechtel, Jr. Foundation, the Center will, according to the PPIC press release, “strengthen the bridge between objective, rigorous research and real-world policy debates with the goal of putting water management on a sustainable path.”

DROUGHT FORCES CALIFORNIA TO CHANGE ITSELF

An April 4, 2015, article in the New York Times titled, “California Drought Tests History of Endless Growth,” raises the question – Will California survive the drought in light of its image of “being a place where people flocked for a better life?” Detailing California’s image thrust up against a backdrop of the worst drought on record, the authors quote multiple expert responses to the current waterless conditions and Governor Brown’s recent edict of a 25 percent cut in water consumption. Although suggesting California will be forced to create a “new normal” when it comes to water use, the real question readers are left with is, can California change itself?



SAVE THE DATE CALIFORNIA AMERICAN WATER AND PPIC TO HOST A WATER FORUM IN AUGUST August 18, 2015 - Monterey, CA

The ongoing drought has spotlighted the challenges of managing water scarcity on the Central Coast. Join California American Water and the Public Policy Institute of California (PPIC) for “Meeting Water Challenges on the Central Coast,” a forum exploring the unique challenges and local solutions for meeting water demands for cities, farms and the environment. A panel of national, state and local leaders will discuss how to address current and future water issues. The forum will take place on August 18, 2015, from 6:00 p.m. to 7:30 p.m. followed by a reception at 7:30 p.m. in the Irvine Auditorium at the Middlebury Institute of International Studies at Monterey, 499 Pierce Street, Monterey, CA. Additional information and registration will be available on PPIC’s website soon.