



**THE BOLD AND THE
BEAUTIFUL**
INNOVATIVE DROUGHT MANAGEMENT

CWA 74th Annual Conference

November 11-13, 2015

Monterey Plaza Hotel, Monterey, California

State of the Association

- STRATEGIC GOALS AND ACTIONS IN 2015
- ISSUES AFFECTING CUSTOMERS, EMPLOYEES AND COMPANIES
- EXTERNAL CHALLENGES
- ASSISTING INDUSTRY SEGMENTS
- NOTABLE ACCOMPLISHMENTS

Core Strategic Goals

- Support Member Companies In Fulfilling Their Commitment To Provide Safe, Reliable, High-quality Water And Excellent Customer Service In A Sustainable Cost-effective Manner
- Shape And Influence The Business And Policy Environment To The Benefit Of Member Companies And Their Customers
- Maintain and strengthen the Association as the collective voice of the regulated water companies ... enhance customer perceptions by serving as the credible third-party resource for member companies

2015 Action Plan

- Drought Management– Compliance w/CPUC, SWRCB Regulations
- Shape Legislation, Regulation For Benefit Of Customers, Shareholders
 - Decision Makers Know and Understand Water IOWCs
 - SGMA Reform
 - Mandated Consolidation – Assist Governor’s Office and SWRCB
 - Roadmap for CPUC on Innovative Rate Design and Smart Water Technology
 - Assist Legislators on Bills to Help DACs (e.g. SB 88, AB 401)
 - Water Quality - Help Lead SWRCB’s Transition Advisory Group
- Promote the Value of IOUs Through Traditional Media, Social Media and Customer/Stakeholder Engagement
- Maintain Growth in Supplier Diversity
- Assist Small Companies in CPUC and SWRCB Compliance

Drought Management

- Gov. Brown's April 1 Executive Order – 25% Reduction in Use
 - Prompted State Water Board's statewide conservation targets
 - Prompted CPUC Order to activate Schedule 14.1 tariffs
- Explaining Schedule 14.1 to Customers
 - Nearly 100 public meetings, reaching 16,000 customers
 - Extensive outreach by IOWCs
- Impressive Results for IOWCs
 - 50 of 60 reporting IOWC districts achieved targets through September
 - 59 of 60 districts above statewide average reduction of 25%
- State Water Resources Board Monthly Meeting
 - Supporting actions/interests of IOWCs and their customers
 - Encouraging support for maintaining revenue stability in the face of declining sales

Shaping Legislation

- Sustainable Groundwater Management Act (SGMA) Reform
 - Remove public agency approval of water IOU membership in GSAs
 - Senate Bill 13 (Pavley) chaptered in September
 - Include role for CPUC in modernized adjudication bill (AB 617-Perea)
- Mandatory Consolidation of Small, Failing Water Systems
 - Secured significant amendments protecting water IOUs in SB 88
- Removed Anti-Water Provisions in CPUC Transparency Bills
 - Judicial review and confidential information
 - Despite Governor's vetoes, these measures will return in 2016
- Incremental, but Steady Progress on IOU Eligibility for Grants
- 2016 Will See a Major Push for a Water Public Goods Charge

Shaping Regulation

- California PUC
 - Extensive Revisions to Tariff Rule 14.1
 - Drought Management Resolutions
 - Water-Energy Nexus Decision – AMI Collaboration w/Energy IOUs
 - Balanced Rates Rulemaking – Phase 2: Rate Design, Related Issues
 - General Order 66-D Revisions (PUC Implementation of CPRA)
- State Water Resources Control Board
 - Emergency Conservation Regulations
 - Statewide Discharge Permit for Community Water Systems
 - Safe Drinking Water Plan
 - Grant Eligibility and Intended Use Plans for Funding Sources
 - Drinking Water Fee Regulations
 - Affordable Safe Drinking Water Framework

Shaping Regulation

- Department of Water Resources
 - SGMA Implementation – CWA SGMA Task Force
 - GSA Membership
 - GSP Development
 - Model Water-Efficient Landscape Ordinance
 - 2015 Urban Water Management Plan Guidelines
 - California Water Plan Update – Advisory Committee
 - Senate Bill 555 (Wolk) – Water Loss Audit Reports
- LA County Board of Supervisors
 - Revisions to Franchise Ordinance

External Communications

- Media Outreach
 - Responses to articles on compliance with emergency regulations
 - Responses to articles on condemnation threats to water IOUs
 - Responses to articles on PUC regulation of water utilities
 - Periodic editorials/guest commentaries throughout the state
- Judicial Activity
 - Amicus briefs on flawed judicial decisions involving condemnation law, use of Mello-Roos financing, etc.
- Social Media/Web Site Content
 - Ramped up Facebook and Twitter in 2015
 - Ongoing updates of website news and content
- RFP on Condemnation Cost Analysis/White Paper
 - Selection of The Analysis Group

Supplier Diversity

- IOWCs Exceeded General Order 156 Goal in 2014 for 2nd Consecutive Year
- Capacity Building and Capacity Assistance Program
- Hosted Two “Meet the Primes” Events in NorCal and SoCal
- Cal Water Presentation at Annual CPUC En Banc Hearing
- Input into Revisions to GO 156

Low Income Oversight Board

- Dave Stephenson Has Been IOWC Representative for Six Years (he will be hard to replace)
- Customer Information Sharing w/Energy IOUs Now Institutionalized
 - Approximately 250,000 water customers (out of 1.45 million) now participate in LIRA programs
 - Customer penetration rates now well above 60 percent
- Extensive Input into Assembly Bill 401 (Dodd)
 - Report On Feasibility And Sustainability Of Funding/Implementing A Statewide Program By 2018

Small Company Assistance

- GRCs/Advice Filings for Small Systems
- Developed Instruction Modules for Standard Small IOWC Filings
- Clarifications in Standard Practice U-27-W Regarding Earnings Test for Small Company CPI, Expense Offset and Rate Base Offset Advice Letters
- Clarifications and Reasonable Treatment for Small Water Systems in State Water Board's Emergency Conservation Regulations
- Assisting Small Companies with Financial Assistance from SWRCB
- Assisting Small Companies in Dealings with SWRCB
- Ensuring Small Company Protections in Mandatory Consolidation Bill

Financial Highlights

- Dues Restructuring for Small Companies
- Establishment of Suitable Reserves to Cover Extraordinary Regulatory Expenses in 2015 (CPUC, SWRCB, DWR filings) without Special Assessment or Raise in Dues Formula
- Development of 2016 Budget Based on Implementing Strategic Plan and Covering Regulatory Contingencies
- Renewed Smith Moore Associates Contract for Five Years
- Renewed Nossaman Legislative Contract Retaining Jennifer Capitolo for Three Years
- Hired Firm to Review CWA Financial Statements

Transitions / Milestones

■ Transitions

- Charles “C.K.” Smith – Sierra City Water Works (June 12, 2015)
- Henry H. “Sam” Wheeler, Jr. – Park Water Company (September 27, 2015)
- Martin “Marty” Abramson – California PUC/Small Company Consultant (October 7, 2015)
- Mary Hodges – Havasu Water Company (November 11, 2015)

■ Milestones

- Jack Hawks celebrated his 10th Anniversary as CWA Executive Director on November 1st