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January 26, 2016

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814



(Delivered by e-mail to: commentletters@waterboards.ca.gov)

Subject: 2/2/16 Board Meeting – Item 7 (Conservation Extended Emergency Regulation)

Dear Chair Marcus and Commissioners of the State Water Resources Control Board:

On behalf of the Board of Directors and Rincon Water customers, thank you for the opportunity to submit these additional comments regarding the proposed text of the Conservation Extended Emergency Regulations dated January 15, 2016. We appreciate that the State Board incorporated recommended changes from the water community into the Extended Regulations, and made this process as open and inclusive as practical. We appreciate the Board's efforts to balance the Governor's continued directives for conservation during this drought, while witnessing an increasing water supply due to current El Nino conditions.

First, thank you for acknowledging the importance of climate adjustment, growth and the need to incentivize drought-resilient supplies. The updated draft regulations are a small move in the right direction, but could have gone further in recognizing the total percentage adjustment associated with these various credits. We do appreciate the willingness to accept the result of total lower aggregate water savings until October, but there should be no total cumulative credit cap of 8%, although we do agree with the floor not going below 8% for any agency or city.

Of considerable importance going forward are the decisions to be made based on improving water supply conditions throughout the State. It is understood that various agencies provided recommended protocols, to include Rincon Water, but unfortunately, the latest proposed regulation remains silent in that regard. It is again highly recommended that language be included in the regulatory framework associated with "off ramps" tied to state and regional hydrologic conditions and downgrading emergency regulations based on improved conditions. This is extremely important so that all agencies and customers, as well as the Water Board, understand the protocols and decision points associated with reducing regulations.

It should be noted that a good majority of water agencies, through their UWMPs and Drought Response Ordinances/Plans, have well established mechanisms that would allow these agencies to move in and out of drought conditions, based on local water supply conditions. Adopting the proposed drought response protocol submitted in my previous letter of January 6, 2015 would allow local and regional agencies to continue to utilize local/regional resources, develop additional drought tolerant sources of supply, and coordinate regional requirements, while still promoting

conservation ethics and practices. Some water agencies are already under extreme scrutiny by ratepayers who have invested heavily to develop drought tolerant and sustainable sources of supply, have seen rates increase while usage decreases (to cover operating costs), and then told to continue to conserve and cut back (some at 32 or 36% from 2013) even while their wholesale agencies can provide 98-99% of annual demand, while the El Nino conditions provide record amounts of snow and rain throughout the state and region.

We continue to wholeheartedly support adjustments related to climate, growth, and development of drought resilient supplies. In regards to specific items in the proposed extended regulation framework, the following comments are provided:

- **Drought Resilient Supply Adjustment:**

- Credit should be given for drought-resilient supplies developed prior to 2013. Literally hundreds of millions of dollars (billions) were invested prior to 2013 to develop a myriad of alternate supplies, including expanded recycled water systems, desalinated brackish groundwater, improved storage and conveyance systems, and/or conserved water from long-term transfers, to name a few. All of these projects significantly reduced the demand on the State Water Project, which is evident in that southern California, especially San Diego County, receives significantly less water (almost 50% less) now from the SWP than it did 20 years ago.
- Further in regards to drought resilient sources of supply, Colorado River water is a separate source of supply for a portion of the State, and by southern California's diligent efforts and considerable financial investment, the programs and projects executed actually mitigated the impacts of the drought to northern California and other portions of the state, and should be dutifully credited in the framework regulations.
- Related to indirect potable reuse or desalination, a one for one credit should be given for these supplies as percentage of total supply to an agency. For the State Board staff to only recommend an up to 8% reduction does not appropriately recognize the investments and effort to develop these supplies, nor does it reflect the importance and value on the local and state economy. More importantly, it sets an extremely dangerous precedent in not recognizing the true worth of these supplies, and deters local agencies from making future investments supporting drought resilient supplies if drought regulations don't give the proper credit and recognition. Again, agencies are under extreme scrutiny by ratepayers, who have paid for these investments and alternate supplies, and pay a higher monthly rate, yet are told they can't use them, or receive credit for them.

- **Climate and Growth Adjustment:**

- Each credit for weather, growth, drought resilient supplies, and other areas should not be capped for a cumulative total credit of no more than 8%. Each credit should stand on its own, and be allowed to be applied the maximum amount. For instance, water agencies who are in the warmest part of the State, and who are also experiencing significant population and CII growth should be able to claim the maximum of both credits, not just a total of 8%. This is fair and equitable to these agencies.

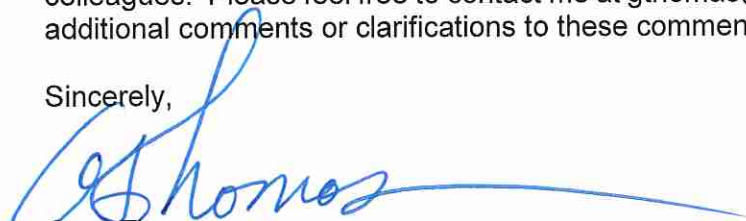
The current emergency regulation's focus on achieving the state's water reduction standards solely through conservation does not allow regional or local water agencies to realize the benefits of their investments in water supply reliability – investments in self-reliance that are consistent with Governor Brown's Water Action Plan. This approach threatens to discourage ratepayers

from supporting future water supply investments, stunting California's ability to meet the needs of its growing population amid an increasingly changing and challenging climate. The continued imposition of demand reduction targets as the state's primary drought response also places California at a competitive disadvantage in terms of attracting new business and encouraging business expansion. These businesses and industries need to be convinced that the state is doing everything in its power to develop new and drought-resilient water supplies to serve their businesses. As noted above, one of the things the State can do now is amend the regulation to provide credits for any supply development. In fact, in our service area we have one of California's largest breweries and several other companies reliant on water as a mainstay of their business. The current regulations complicate maintaining a healthy economy and supporting business while balancing the mandated reductions on the backs of residential customers.

For further consideration, and mentioned in part on specific adjustment comments above, because the potential wet conditions this winter will impact the supply conditions differently throughout the state, we recommend the State Water Board to adjust urban water supplier mandates based on their local supply conditions and whether they are experiencing any shortages and/or have adequate storage supplies available (whether ground water, surface water, desalination, recycled offsets, or water transfers, to name a few). Majority of retail agencies receive supplies from a wholesale provider, and if the wholesale provider can verify adequate water supply is available from various sources, then those agencies should receive a reduced conservation mandate or no mandate at all. Crediting drought-resilient supply development appropriately recognizes water agencies and their ratepayers who have had the foresight to invest in long-term, local water supply development, conservation programs, and transfer agreements. Agencies who have the foresight to diversify their portfolio continue to be penalized with a "one-size-fits-all" approach. This does not mean conservation will still not be utilized or locally enforced, but done through an already established process of Drought Response Plans and specific local conditions retail agencies are best positioned to manage.

Thank you for the opportunity to provide these comments on the Conservation Extended Emergency Regulation. I am encouraged that some of the previous comments and recommendations from the water industry have been included in these draft extended regulations and that you further consider the recommendations contained in this letter and those of my colleagues. Please feel free to contact me at gthomas@rinconwater.org or 760-745-5522 for any additional comments or clarifications to these comments.

Sincerely,



Greg Thomas
General Manager