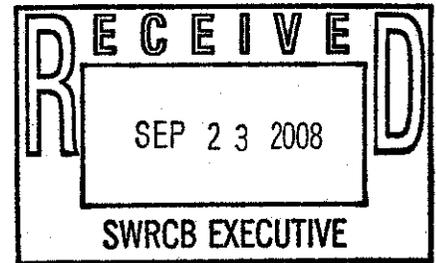




MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office



September 23, 2008

Ms. Tam M. Doduc, Chair
Members of the State Water Resources Control Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

VIA U.S. MAIL
& VIA EMAIL
commentletters@waterboards.ca.gov

Dear Chair Doduc and Board Members:

Comments on Development of an Urban Water Conservation Regulatory Program

The Metropolitan Water District of Southern California (Metropolitan) appreciates the opportunity to provide comments in advance of the October 1, 2008, workshop regarding development of an Urban Water Conservation Regulatory Program (Program). Metropolitan is providing these comments but intends to submit additional comments following the October 1 workshop after the Program has been fully explained and other stakeholders have voiced their opinions.

Metropolitan, a water wholesaler for over 18 million people, has aggressively approached water conservation through legislation, efficiency planning, public messaging and education, support of plumbing and industry efficiency standards, implementation of recycled water, rebates of cost-effective water conservation equipment and support of sound local ordinances and water pricing.

Since 1990, Metropolitan has been successful in implementing a voluntary conservation program spending over \$200 million dollars and saving a cumulative 977,000 acre-feet of water through direct incentive-based intervention. The Metropolitan service area saves approximately 800,000 acre-feet per year annually through active conservation programs and customer response or compliance with local ordinances, state plumbing code and water pricing. Much of this savings defies capture in the current database of the California Urban Water Conservation Council (CUWCC) database and does not get properly credited to water agencies efforts to adopt ordinances, support plumbing code efficiency improvements and set good water rates. In addition, Metropolitan programs yield 147,000 acre-feet of recycled and recovered ground water annually. Metropolitan is active in supporting legislative enhancements to efficiency efforts as evidenced by our co-sponsorship of AB 1420 (Laird) in 2007 and support as for AB 2175 (Laird/Feuer) in 2008 consistent with the Governor's 20x2020 initiative.

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Metropolitan has the following response to the seven key issues and questions identified in the workshop notice:

- 1. Should the State Water Board adopt an urban water conservation regulatory program? What should be the scope and content of such a program? Will mandating urban water suppliers to implement certain practices or meet specific performance standards be beneficial for enhancing water conservation?**

The State Water Resources Control Board (SWRCB) should look to the other ongoing efforts to address water conservation including re-adoption of the California Urban Water Conservation Council Memorandum of Understanding (MOU) and best management practices (BMPs) and the Governor's 20x2020 plan which both require review of water conservation measures. All these processes are working to better respond to the state's policy shift from conservation practices to water savings results. The water agency stakeholders should be allowed the time to help contribute to this new policy framework through its ongoing efforts to define how the overall goals can be successfully met. When given the time in the past, the SWRCB created the environment that enabled the formation of the California Urban Water Conservation Council, which has been instrumental in advancing water conservation in the state. We respectfully ask the SWRCB to support initiating a water agency stakeholder process to provide a plan to achieve the quantitative goals in the state's 20x2020 initiative.

- 2. What is an appropriate definition of urban water supplier? Should it include both wholesale and retail water suppliers?**

The definition of urban water supplier should be the same as in the Urban Water Management Planning Act. However, in this context the question should be, "Where should the results be measured?" Wholesalers are urban water suppliers but conservation has always been measured at the retail level and only with mutual consent do wholesalers have a significant role. In addition, the metric currently under policy consideration by the state for water savings is *gallons per capita day (GPCD)*. GPCD is not a metric that is easily aggregated across agency and through time. As an example, all the retail agencies in Metropolitan's service area may achieve a 15 percent GPCD reduction over the next 20 years, but the disproportionate growth of population in the hotter and drier regions of the Metropolitan service area may result in a much lower GPCD reduction for Metropolitan as a whole. As a result, GPCD should be measured either at the retail level or the statewide level only and policy can be set based upon those goals. Once these policies are set, regions or grouping of agencies may then voluntarily decide that joint efforts are more efficient. This approach may be the result of a wholesaler service region, watershed, or some other grouping based on common goals.

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- 3. Should the regulatory program apply to all areas of the state or only to areas subject to certain criteria?**

As stated earlier, the SWRCB should look to the ongoing processes that are intending to define an updated conservation approach. Further, any water conservation program should apply to all areas of the state. Caution should be taken in establishing a "one size fits all" program since each area of the state has differences in population, climate, industry types and mix, and other unique aspects to their regions. A meaningful agricultural water conservation savings approach should be included in any water conservation program.

- 4. Would a performance-based regulatory program, allowing latitude for urban water suppliers to select the practices to meet specified water use reductions, be an effective approach? In what form should the performance standards be expressed, for example, targeted reductions based on total urban per capita use or on water use sectors (residential, commercial, institutional and industrial)?**

Some form of a cost-effective, performance-based program is an effective approach to achieving water conservation. The CUWCC BMP revision process and the 20x2020 Program are evaluating performance metrics and are the appropriate venues for discussion of performance metrics. Any performance-based program must include reasonable latitude for water conservation practices to be implemented and reported for compliance.

- 5. Should the State Water Board adopt prescriptive urban water conservation management practices, such as the BMPs in table 1 from CUWCC? Would some of these BMPs be more appropriate for statewide implementation than others?**

Prescriptive urban water conservation BMPs are not appropriate at this time. Metropolitan strongly supports all water suppliers signing the CUWCC MOU and implementing appropriate conservation BMPs.

- 6. Are water pricing structures the most effective conservation measure to mandate on a statewide basis? Should particular volumetric water rate structures, such as increasing block rate, be specified? What criteria should be considered in defining a rate structure? What should the rate structure look like?**

Metropolitan supports the water rates standard established in the CUWCC's BMP 11 on Conservation Pricing, as a minimum requirement. Requiring block rate structures could trigger a number of significant concerns including many stemming from Proposition 218. This should be evaluated. In addition, poorly defined inclining block rate structures can do worse than well defined inclining block rate structures at saving water. The process of setting water rates is complex and requires flexibility for water agencies to adjust rates

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and fund capital improvement programs. Finally, many water purveyors are regulated under the CPUC and are not allowed to vary from current regulatory requirements. As a result, Metropolitan supports local decision-making over the detail of the rate setting process.

7. What data are available to support mandating particular water conservation practices and estimating the potential water savings associated with those measures?

Many water saving estimates used in the industry today are based on studies dating as far back as 1990 or prior. As a result, estimates of water savings from specific actions are in need of an update. Therefore, Metropolitan supports additional funding of studies to improve standardized water savings estimates. Without further work, any state plan to achieve the Governor's call for a 20 percent reduction in per capita demands will be based on the faulty relationship between actions and actual water savings.

Metropolitan strongly supports the State Water Resources Control Board's interest in improving water use efficiency and suggest that appreciable change requires a more comprehensive approach than is contemplated in your workshop. We believe that the following specific areas of action could be pursued by the SWRCB to help support the overall goals that the state is looking to achieve in water use efficiency:

- Expedient resolution of the recycled water permitting dilemma which significantly hinders the use of recycled water and adds to the demand for potable water;
- Providing leadership among partner state agencies to advance a culture of water-use efficiency through expedient implementation of water conservation retrofit measures at all state facilities and educational interfaces with the public;
- Promoting consumer use of "WaterSense" and "California Friendly" landscaping through product labeling and publishing of water usage standards;
- Support the recognition of non-incentive based conservation and CUWCC non-signatory accounting in state reporting of water agency efforts;
- Facilitate overlapping roles and contributions in water use efficiency, such as through CPUC policies for funding energy efficiency equipment that also yield water savings;
- Support the update of water savings studies through field verification of savings from device retrofits; and

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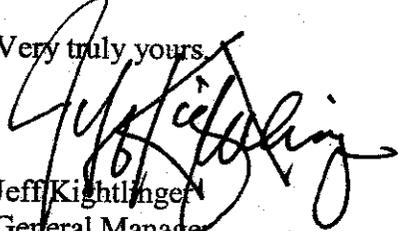
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- Address agricultural water use-efficiency.

In conclusion, we encourage the SWRCB to support a water agency stakeholder process to develop a conservation program that will have the most possibility of success to the state achieving its water use efficiency goals. This approach worked in the early 1990s, and we stand ready to contribute toward its success today.

If you have any questions, please call Mr. Timothy Blair of my staff at (213) 217-6613, or via email at tblair@mwdh2o.com

Very truly yours,



Jeff Kightlinger
General Manager

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