

LIOB MEETING

Wednesday, August 21, 2013
Sacramento New City Hall
915 I Street
First Floor - Council Chambers
Sacramento, CA 95814
10am - 4pm
www.liob.org

Call - In Number 1-877-930 0524 - Passcode 3494395#

LIOB Board Members Present:

Chairman Jose Atilio Hernandez, Vice-Chair Jason Wimbley, Commissioner Catherine J.K. Sandoval, Ortensia Lopez, Dave Stephenson, Patricia Watts, Charlie Toledo, Jason A. Hobson, Alex Kim and Larry Gross (quorum present)

LIOB Members Absent: Janine Scancarelli

California Public Utilities Commission (CPUC) Staff Present:

Hazlyn Fortune, Syreeta Gibbs, Tory Francisco, Stephen St.Marie, Maria Carmen Rocha, Ditas Katague, Benjamin Schein and Zaida Amaya

Public Present:

Dennis Guido, Frances Thompson, John Fasana, Yvette Vazquez, John Kiladis, Joe Amader, Patti Landry, Mary O'Drain, Mark Aguirre, Jack Hawks, Andrew Steinberg, Jay Thomas, Arleen Novotney, Hugh Yao, Elise Kleiber, Jessica Lim & Holly Lloyd

Participants Via Conference:

Inaudible, Robert Castaneda,

Meeting called to order by Chairman Hernandez at 10:05am.

Item 1. Welcome and Introductions— Jose Hernandez, LIOB Chair and Commissioner Catherine J.K. Sandoval (10 minutes) *Standing Item*

Chairman Hernandez and Commissioner Sandoval welcomed board members, members of the public and Commission staff to the August 21, 2013 LIOB meeting and thanked the City of Sacramento for its hospitality. Commissioner Sandoval mentioned that members of the Board tour the Delta on August 22, 2013 to better understand some of the challenges that affect California's water supply including reliability, rates and, potential impacts on Californian's, including low-income population.

Chairman Hernandez thanked the utilities for their continued efforts in improving and increasing their penetration rates.

Item 2. Election of New LIOB Officers – Facilitated by CPUC Staff (15 minutes) *Action Item*

Hazlyn Fortune, Supervisor of the Demand Side Residential Programs in Energy Division read [Resolution E-4095](#), Article 6.1, which references the annual election of new LIOB officers.

Motions were made to re-elect Chairman Hernandez to continue serving as the LIOB Chair and for Board Member Patricia Watts to serve as the Vice-Chair Both motions were moved by Board Member Toledo and seconded by Board Member Stephenson (Motions passed unanimously).

Item 3. Public comments— Facilitated by Jose Hernandez, LIOB Chair (15 minutes) *Informational/Standing item*

No public comments were provided.

Item 4. Approval of the May 16, 2013 meeting minutes, Facilitated by Jose Hernandez, LIOB Chair (5 minutes) Action Item

A motion to approve the May 16, 2013 LIOB minutes was made and moved by Board Member Gross and seconded by Board Member Toledo (Motion passed unanimously).

Item 5. Residential Rate Design - Order Instituting Ruling (OIR) - Gabe Petlin - Energy Division Staff (20 minutes) Informational Item

Gabe Petlin from Energy Division provided an overview and history of California Residential Rates. Mr. Petlin explained that the CPUC opened a rulemaking to examine the optimal residential rate design. This proceeding will examine the current residential electric rate design and possible residential rate designs to be implemented if statutory restrictions are lifted including time-variant rates. The Commission intends to ensure that rates are both equitable and affordable for low-income households while meeting the Commission's rate and policy objectives for the residential sector and the Commission will take a fresh look at advancing the transition to dynamic and time-variant pricing while encouraging conservation and peak load reduction. The schedule for residential rate rulemaking, the principles of optimal rate design, and the comments and briefs on rate design proposals received are all available

at:http://delaps1.cpuc.ca.gov/CPUCProceedingLookup/f?p=401:56:2220187761709001::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1206013

Mr. Petlin also reported that a recent research indicated that tiered rates are not resulting in net conservation, some upper-tier users appear to conserve. However, these savings are generally offset by lower-tier users who consume more than they would if their bills reflected actual costs. The research was targeted to rate payers, but it didn't specify what percentages of customers were identified as low income.

The Board discussed AB 327 and inquired about the relationship between this proceeding and AB 327 and the window of opportunity for the LIOB to be involved or assist.

Ms. Fortune explained that if AB 327 passes, the Commission would need to adjust its current policies and rates in compliance with the legislation. As stated by Mr. Petlin, a staff report may be available in early fall, at which time, staff can provide the Board with a summary of its contents. Ms. Fortune reminded the Board that it is advisory to the Commission during the course of the Board meeting discussions in the presence of the Assigned Commissioner. Board Members may provide comments as an individual organization or a party to the proceeding but is unable to provide comments on record as a Board. Alternatively the Board may prepare and submit a joint letter to the Commissioner.

Board Member Wimbley commented that this is a complex issue that has many interrelated parts and suggested that the Board start by looking at the principals to make certain that the principals outline all of the primary considerations that should be considered and given immediate attention to ensure that the views of the LIOB are included in the overall process.

Board Member Stephenson concurred with these comments and added that the principles are going to be guidance source to this process.

Chairman Hernandez added that the SB 327 calls for a Needs Assessment every 3 years with the assistance of the LIOB. Chairman Hernandez suggested that CARE & ESAP Subcommittee take the lead on this process in consultation with CPUC staff.

The Board thanked Mr. Petlin for his thorough and informative report.

Ms. Petlin's full detailed report can be view and downloaded at:

<http://www.liob.org/docs/Item%205.%20Residential%20Rate%20Design%20Rev.ppt>

Item 6. Highlights of Upcoming Activities for Low-Income Energy Programs – Energy Division Staff (15 minutes) *Item*

Ms. Gibbs provided an update on the highlights and upcoming activities for low-income energy programs. Ms. Gibbs' report can be view and downloaded at:

<http://www.liob.org/docs/ACF11A.ppt>

Item 7. Subcommittees Reports and Updates – Facilitated by Jose Hernandez, LIOB Chair (40 minutes) *Update/Standing Item*

a) Marketing & Outreach (Board Members Toledo, Kim, Gross and Watts)

Board Member Toledo reported that the Marketing & Outreach subcommittee met on July 22, 2013. The sub-committee discussed how the IOU's handle their marketing practices and making sure that they are using ethnic media outreach, which the Board has been very adamant about in the past and to ensure that the IOU's are utilizing this venue. The sub-committee requested for the IOU's to provide a presentation on an annual basis, which will be presented at today's meeting.

Commissioner Sandoval mentioned that marketing and outreach is a very important area and mentioned that recently, the Commission has been meeting throughout California addressing lifeline enrollment issues to ensure that low-income Californians have access to telephone services. During the Eureka hearing in Crescent City, it was noted that although they have a large population of eligible low income people they have a very low enrollment in lifeline, only about 28% of those eligible are enrolled. There is a need for addition marketing and outreach. The CPUC will be working with its contractors and has offered the counties of Humbolt, Eureka and DelNorte County to provide them with brochures in English, Spanish and Hmong. The CPUC has also offered to send staff members to assist in this effort. It is very important that people are aware of these programs and that the marketing obligations apply to all the utilities including telephone companies who receive subsidies from the State. Commissioner Sandoval suggested to include lifeline marketing as part of this subcommittee and to look at the current programs as well as proposed legislation.

b) ESAP & CARE Implementation (Board Members Wimbley, Watts & Hobson)

Board Member Wimbley reported that the ESAP Implementation Subcommittee met on July 18, 2013. The intent of this sub-committee is to provide a foundational knowledge and understanding of how the utilities implement the ESAP and CARE programs. Board Member Wimbley acknowledged the participation from the IOU's and thanked them for their patience in terms of sharing information to help the Board understand on the various reporting tools that exist today. Examining the current IOU's activity to date, most of the IOU's are on track with their respective goals. SDG&E mentioned that they are slightly below goals in terms of penetration and service numbers; however, they shared some strategies that they are using to increase these numbers. In the area of program implementation, the subcommittee discussed the issue of weatherization services to multi-family whether the IOU's are putting enough emphasis on how they balance the service delivery to individuals that reside in single family dwelling as well as multi-family dwellings and to make certain that multi-family housing is included in their outreach plans. The sub-committee also discussed the impacts of the CARE and weatherization services and the low-income affordability. Lastly, the sub-committee discussed the studies that are underway and scheduled to be completed this fall and expressed an interest for the subcommittee to be involved in the various workshops to become more familiar with these important studies.

Board Member Hobson mentioned that some of the discussions held during the meeting were in response to concerns he had brought up at the last meeting and it was a very positive meeting.

c) Workforce Education and Training (Board Members Kim, Hernandez & Hobson)

No report provided.

d) Water Industry (Board Members Stephenson, Lopez & Hobson)

Board Member Stephenson reported that the Water Industry met on August 1, 2013 in San Francisco, the meeting was well attended. At the meeting Mr. Hawks informed the subcommittee about a proposed proceeding from the California Energy Commission, which addresses conservation, but it also addresses the consideration of water meter being an appliance. This would take regulation out of the Commission's hand and put it in the CEC's hands. Several comments were filed by the water companies, expressing concerns about the lack of knowledge that this was being considered by CEC and also expressing concerns about measuring every drop of water that goes thru the meter and the expense associated with doing so. This type of proceeding could drastically increase overall cost to water utilities. Other topics of discussion were SB750 installation of water meter on all multiple new dwelling units and AB115 would transfer the statutory and regulatory authority for the California Safe Drinking Water Act from the State Department of Public Health. Board Member Stephenson also mentioned that the staff report on the balance rate OIR, broadly looks at low income issues and the water energy nexus project coordination, looks at various ways of determining benefits both on the water side and energy side when certain energy savings are made.

The Board discussed the water bond that is currently being discussed in Legislation, SB 40 Pavley and SB 42 Wolk.

Commissioner Sandoval commented that the water bond is a very important issue for all communities reliant on the Delta, including low income communities and even though volume metrically most of the Delta's water goes to Southern California, the Delta is about all of California and not only Southern California, she mentioned that 55% of the Silicon Valley's water comes from the CA water project, even when the Silicon Valley is not in Southern California, however, it is South of the Tracy pumps and without the CA water project, the Silicon Valley would have to tap into its underground reserves and would have face challenges with regard to water. Commissioner Sandoval also noted that 90% of Livermore water comes from of the CA Water project, the Bay area, Fresno, the Central Valley, farmers are also in deeply trouble as well as Southern California, so there is a huge stake in this, and that it is important to emphasize, both politically and factually that the Delta is about all of California and not only Southern California.

Mr. Hawks from the California Water Association clarified that all of the Delta conveyance in the movement of water is not part of the water bond. Currently the water bond, led by Senators Pavley, and Wolk would reduce the \$11.1 billion bond down to about \$5.5 billion dollars, and emphasized that the conveyance part does not play a part on this. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

Board Member Toledo mentioned that it is important to note that conservation plays a big part in this issue and an important part of the ecological system.

e) Emerging Issues/Climate Change (Board Members Toledo & Kim)

Board Member Toledo reported that the Emerging Issues subcommittee met on June 24, 2013, the meeting was focused on lifeline issues. Board Member Toledo thanked Mr. Ben Schein from the Communications Division for being present at the meeting and for being so insightful and providing clarification on some of the issues the subcommittee raised as well as providing an update on the various public hearings and feedback from the consumers the Commission received.

Commissioner Sandoval mentioned that one of the issues raised at the lifeline public hearings is the importance of 800 and toll free numbers as well as 211 and n11 numbers. California lifeline offers unlimited 800 numbers, toll free numbers, and unlimited incoming calls, however, Federal wireless lifeline, treats toll free numbers as minutes and some of these providers only provides 250 minutes a month, which can be an issue when minutes are being used for long holding periods for public services such as social security office, social services, electric utilities, as well as many other 800 hotlines that are important in the low income community.

The Board expressed the necessity of educating low income customers on the different services and the impact that these services could have on their everyday phone usage and choose a plan according to their needs.

Mr. Schein commented that the PUC has a marketing contract that is budgeted at about \$6 million dollars a year and they spends about \$2 million of it.

Commissioner Sandoval mentioned that AB 1407 would preclude the CPUC from requiring beyond federal rules, and that the marketing rules of AB 1407 don't require prominent disclosure that toll free numbers and n11 numbers are counted as minutes. Commissioner Sandoval suggested that any Board member interested in providing comments on AB1407 or would like to participate in the lifeline proceeding to contact Ben Schein or her office.

Item 8. Lifeline Telephone Program Update – Benjamin Schein, CPUC- Consumer Programs (20 minutes) *Informational/Standing Item*

- a) Lifeline Proceeding Update (*Standing Item*)
 - i. Report on Scoping Memo and Public Participation Hearing
- b) Update on Lifeline Direct Application Project
- c) Presentation on Federal Lifeline Program and State Lifeline Program

Mr. Schein provided a brief report on the activities surrounding the Lifeline proceeding. He informed the Board that an all party meeting was held in January 2013, followed by a Scoping Memo issued on April 10, 2013 and with reply comments filed May 31, 2013. Public participations hearing were also held between May and August, 2013 as well as a workshop regarding pre-registration on August 20, 2013 in San Francisco. Mr. Schein provided a summary of the Federal Lifeline program, outlining that the Federal program provides a \$9.25 monthly subsidy for carriers, the carriers can be wireline or wireless. Mr. Schein provided an update on direct application process reporting that as of July 24, 2013 a total of 54,074 transactions were conducted of which 44,609 were successful with 9,465 were errors mostly due to duplicates. Mr. Schein also provided the current wireless participation numbers in Lifeline as of June 2013 as follows; Cricket –23,137 approved, 1,069 pending, Nexus – 64,597 approved, 265 pending, Telscape Wireless – 297 approved, 49 pending and Assurance (Virgin Mobile) - 8,988 approved, 1,809 pending. Lastly, Mr. Mr. Schein provided the Board with staff's contact information and welcomes any inquiries or information that the Board might have/need to address any telecommunications issues.

The Board thanked Mr. Schein for a very informative presentation. Mr. Schein's presentation can be view and downloaded at:

<http://www.liob.org/docs/Item%208.%20California%20LifeLine%20Presentation%20LIOB%20August%202013.ppt>

Item 9. Office of Governmental Affairs, Legislative Update - CPUC – OGA Director, Lynn Sadler (30 minutes) *Informational/Standing Item*

Nick Zanjani from the office of Governmental Affairs presented an update on the current low-income related bills in Lynn's absence. AB 327 - Mr. Zanjani informed the Board that the IOU's and consumer groups are on board with the current bill language, however, solar has some concerns which are being addressed. AB 327 allows the CPUC more discretion to set rates, concerns have been expressed regarding tier structures and new costs being imposed on to the 4 & 5 tier customers, however, AB327 would allow the PUC more discretion to balance this issue. This bill also raises the CARE discount to 30-35% and includes provisions to impose a \$10 limit per residential customer account per month for customers non-CARE customers, and a \$5 per month limit per residential customer account per month for CARE customers enrolled at the PUC's discretion. The PUC does not have a formal position at the moment but is following it very closely.

http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_0301-0350/ab_327_bill_20131007_chaptered.htm

SB 743 – Steinberg – is a competing measure to AB 327. Currently, lower tier customers are largely in a situation where their rates are locked in place and everything incremental is being put on to the higher tiers, SB 743 would allow for rates for lower tier customers to adjust according to the CPI (consumer price index).

http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0701-0750/sb_743_bill_20130927_chaptered.htm

AB 217 – Bradford- This bill would, upon the expenditure or reservation of those funds reserved for low-income residential housing, authorize the surcharge collected by the electrical corporations for the CSI to continue to provide funding for the administration of the SASH and MASH programs. The bill would extend the operation to December 31, 2021.

http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_0201-0250/ab_217_bill_20131007_chaptered.htm

Telco Related Bills:

AB 300 – Perea - This bill would set up a new process whereby the retail sellers of prepaid mobile services would collect the CPUC user fee, California's universal service PPP surcharges, the 911 surcharge, and UUTs at the point of sale and then remit these monies, not to the carriers who are currently responsible for collecting and remitting these monies, but to the state Board of Equalization (BOE) pursuant to the state Fee Collection Procedure Law. If this passes, it is almost certain that all ratepayers, postpaid as well as prepaid, will see an increase in the surcharge amounts for the universal service surcharges to pay for the increased administrative expenses triggered by the bill.

The PUC opposes this bill.

http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_0251-0300/ab_300_bill_20130919_enrolled.htm

AB 1407 – Bradford – This bill would permit wireless and other non-traditional voice service providers to voluntarily offer state Lifeline service, if they offer "voice telephony service" as defined by the FCC and collect lifeline surcharges. It would revise the state LifeLine program requirements to be more in line with the FCC Lifeline program, essentially repealing the requirement that LifeLine providers offer "lifeline basic service" as defined by the CPUC, and replacing it with a requirement that the providers offer "voice telephony service" as defined by the FCC, which would repeal the CPUC's authority to set a lifeline rate and instead it would codify the LifeLine discount at \$11.85, which a lifeline customer could apply toward any voice service offered by a lifeline provider. It would also codify the connection charge at \$10.00 (with the CPUC given the ability to increase both the discount and the connection charge based on increases in CPI-U). AB 1407 would have major impacts on the elements of the California lifeline service, such as ability to receive free unlimited incoming calls, free unlimited access to n11 numbers and free access to 800 or 800-like toll-free services. The PUC strongly opposes to this bill

http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1401-1450/ab_1407_bill_20130812_amended_sen_v96.htm

SB 129 – Wright – This bill would extend the sunset provision for collection of the Deaf and Disabled Telecommunications Program (DDTP) surcharge from January 1, 2014 to January 1, 2022.

Extension of the sunsets will ensure that people who are challenged using a standard telephone because of difficulty seeing, hearing, speaking, moving or remembering continue to receive health and safety impacting services connecting them by telephone to emergency, medical, business and other entities. This is a very important issue for the disabled community, elderly community and low income community in general. The Commission fully supports this bill.

http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0101-0150/sb_129_bill_20130923_chaptered.htm

AB 1299 – Bradford – This bill would allow public housing to qualify for broadband grant phones.

The Commission fully supports this bill

http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1251-1300/ab_1299_bill_20131003_chaptered.htm

SB 740 – Padilla – This bill expands eligibility for California Advance Service Fund (CASF) to help roll out broadband to more areas that are not served or underserved throughout the State of California, this is very important for rural communities and low income communities, that don't have adequate broadband access. The bill would also extend an additional \$90 million dollars' worth of funds to be used towards this purpose. The Commission fully supports this bill.

http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0701-0750/sb_740_bill_20131003_chaptered.htm

The Board thanked Mr. Zanjani for his presentation.

Ms. Fortune reminded the Board of its advisory role and the allowable processes to advise the Commission via the Assigned Commissioner.

Chairman Hernandez confirmed that PU Code Section 382.1 a(4) reads: The Low-Income Oversight Board shall do all of the following to advise the commission regarding the commission's duties:

(4) Provide reports to the Legislature, **as requested**, summarizing the assessment of need, audits, and analysis of program implementation.

Motion by Board Member Hobson, to inform and advise the Commission on the LIOB's concerns about AB 1407 and the impacts it could have on the low income community, seconded by Board Member Gross (Motion passed unanimously).

Motion by Board Member Hernandez, SB 327 -the LIOB recommends particular attention to be put on principles #1 and #10 to ensure for the long term welfare and health and safety of the vulnerable population, seconded by Board Member Stephenson (motion carried 9-1 abstained by Board Member Kim)

Item 10. Water utilities' current issues – Maria Carmen Rocha - CPUC Water Division (30 minutes)
Update/Informational/Standing Item

Ms. Rocha provided the Board with a summary of the class A water investor owned water utilities (IOU), she mentioned that all ten IOU's offer discounts to low income customers as well as a Class B' Water IOU (Del Oro Water Company) and a class D' Water IOU (Tahoe Swiss Village Water Company). Ms. Rocha noted that the IOUs named their low income water programs differently, Low Income Ratepayer Assistance Program (LIRA), California Alternate Rates for Water (CARW), Water Rate Assistance Program (WRAP), Low-Income Customer Assistance Program (LICA), Low Income Credit (LIC). The low income water programs have been adopted at different time periods through Decisions, Resolutions, Advice Letters, and Settlement agreements between DRA and the Water IOUs. Specifics of low income water programs' information and data about each program has not being kept in a single place or report. The results for data sharing were submitted to DWA and penetration rates are now reported (based on 2012 US Census data by household which includes all persons occupying a unit). Ms. Rocha continued with her presentation detailing the discounts provided by each IOU, average bill, surcharges as well as current penetration rates. Ms. Rocha's full presentation can be view and downloaded at:

a) Update on Census Data Track - Stephen St. Marie – CPUC Policy and Planning Division

Mr. St. Marie provided a report on an initial and preliminary calculation of what the costs of the Class A water utilities' low-income programs could be if ALL income eligible households were to receive the low-income program benefits.

Counting all low-income households as potential participants in the utilities' low-income programs is an unrealistic hypothesis, at least at the present time. Water service usually is delivered through one connection to a building regardless of how many residences it contains. Most apartment buildings, for example, have only one connection to the utility and provide water to all of the apartments (each a separate household) within the building. This is different from other utility services. For example, wired telephone service is connected separately to each residence regardless of the type of building in which the residence is located. Most residences also are metered individually for electric and gas service even in apartment buildings. Therefore, for wired telephone service, electric service, and gas service, the benefits of low income rates are available generally regardless of housing type

St. Marie's full report can be viewed and downloaded at:

<http://www.liob.org/docs/Item%2010a.%20Update%20on%20Census%20Data%20Track%20-%20Stephen%20St.%20Marie.pdf>

The Board commended Mr. St. Marie for his excellent presentation.

Item 11. Utilities' Reports— Utility representative (30 minutes) *Standing /Action/Discussion Item*

a) Update on IOU's Studies Reports

- i. Multi-family Segment Study – PG&E
- ii. Impact Evaluation – SDG&E
- iii. Energy Education Study - SCE
- iv. Needs Assessment Study – SCE

Ms. O'Drain provided an update on the IOU's studies and reports. These updates can be viewed and downloaded at:

<http://www.liob.org/docs/Item%2011a.%20IOU%20ESA%20Studies%20Update%202013-August-21%20LIOB-1.ppt>

b) Current Penetration Rates for CARE & ESAP

The current penetration rates for CARE & ESAP can be viewed and downloaded at:

<http://www.liob.org/docs/ACF136.ppt>

<http://www.liob.org/docs/Item%2011b.%20IOU%20ESA%20Homes%20Treated%202013-August-21%20LIOB-1.ppt>

c) CARE & ESAP Marketing & Outreach Efforts including Ethnic and Ethnic Owned

As requested by the Marketing & Outreach LIOB subcommittee the IOU's provided a report on their marketing & outreach efforts which included ethnic and ethnic owned. Representatives from the IOU's provided an overview of the traditional tactics use to drive enrollments as well as the methods used for ethnic outreach, print ads, large fonts and in-language brochures. Each of the IOU's provided a detail report on their CARE and ESA Program: Marketing and Outreach Efforts. The IOU's complete reports can be viewed and downloaded at:

<http://www.liob.org/docs/Item%2011c.%20SoCalGas%20Marketing%20and%20Outreach%20Efforts.ppt>

<http://www.liob.org/docs/Item%2011c.%20SDGE%20Marketing%20and%20Outreach%20Efforts%20Rev.pdf>

Item 12. Presentation from Curt Schmutte - Metropolitan Water District of Southern California – (45 minutes) *Informational Item*

Mr. Schmutte from the Metropolitan Water District of Southern California provided the Board with an animated presentation of the Delta levee system, noting that about 2/3 of the State's residents get some or all water from Delta, about 3 million acres of farmland depend upon the Delta. California is the largest producer of agricultural products in the nation. The Delta landscape is defined by its 1100 miles of levees, these levee systems supports agriculture and maintains water exports from the Delta. The Public Policy Institute of California estimates that there is a 90% probability that half the islands in the Delta are going to fail in the next 50 years. Moreover, there is a 25% chance of an earthquake causing 30 islands in the Delta region to collapse in the next 25 years, this according to the California Department of Water Resources. Mr. Schmutte spoke on the serious threats the 1,100 mile Delta levee faces by the three S's: subsidence, sea level rising and seismic vulnerability. He also noted that the most active fault in the Bay Area is the Hayward fault, and its recurrence interval is about 138 years and it has been 142 years since its last ruptured. The U.S. Geological Survey predicts that there is 60% chance of a magnitude 6.5 earthquake hitting the Bay-Delta region by 2032, so the damage the latter of the three would do, could be devastated. In conclusion, Mr. Schmutte said that the only way to effectively deal with these issues is to be proactive and not re-active, and think about how to restore the eco-system and how to protect the water supply in the State. When a disaster hits, it could be in the order of \$50-\$100 billion in economic loss to the State. He informed the Board that the federal and state officials, water agencies and other interested parties have proposed the Bay Delta Conservation Plan (BDCP), which would construct a new conveyance tunnel to protect the state water supply; improve the Delta ecosystem through habitat restoration; and remove pollutants, invasive species and other "stressors" harming the Delta environment. The Board thanked Mr. Schmutte for his insightful and impressive presentation.

Item 13. Future Events/Meetings Dates – *Standing Item*

- a) November 6, 2013 – LIOB Meeting in San Diego
- b) Agenda items for the November 6, 2013 LIOB Meeting

Update on Residential Rate Design – report by ED Staff
Bill Update on Lifeline
Education campaign – Education Efforts for 2014
Conservation – Methods Water utilities are working on

Meeting of the LIOB adjourned at 4:25pm