



State of the Drought



Low-Income Oversight Board

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May 22, 2014





CPUC Regulated Utility Overview

- **115 Water Utilities**
 - 9 Class A water utilities (over 10,000 connections)
 - 6 Class B water utilities (over 2,000 connections)
 - 23 Class C water utilities (over 500 connections)
 - 77 Class D water utilities (500 connections or less)
- 14 Sewer utilities, less than 1,000 connections
- Serving over 6 million Californians, or about 16% of the state's population
- \$1.4 Billion in total revenue





Water Utility Geographic Reach



▲ CLASS A WATER COMPANIES
Headquarter Offices

All Water Company Customer Service Areas

**▲ CLASS A WATER COMPANIES
CUSTOMER SERVICE AREAS**
More than 10,000 Service Connections

◆ CLASS B WATER COMPANIES
2,000 - 10,000 Service Connections

● CLASS C WATER COMPANIES
500 - 2,000 Service Connections

■ CLASS D WATER COMPANIES
Less than 500 Service Connections





Water Industry

- CPUC Charter: Clean, safe, and reliable water service at just and reasonable rates.
- Challenges and Cost Drivers
 - More stringent water quality standards
 - Aging infrastructure
 - Declining water use
 - Recession
 - Conservation mandates
 - Drought





California's Water Supply

- ❑ **Sierra Mountain Range**
- ❑ **Delta**
- ❑ **Colorado River**
- ❑ **Ground Water**
- ❑ **Storage Reservoirs**





Drought Events Timeline

- **December 2013** – Drought Task Force established
- **January 17** – Drought State of Emergency declared by Governor Brown
 - 20% voluntary conservation
- **January 31** – No water deliveries from the State Water Project
 - Might increase if it rains
- **February 21** – Central Valley Project
 - No water deliveries for farmers
 - 50% cut for urban customers





Drought Events Timeline

- **April 18** – State Water Project deliveries increased from 0% to 5%
 - Delta salinity barrier project called off
 - Federal Water project deliveries for some senior rights holders increased from 40% to 75%
- **April 25** – Governor Brown's Proclamation
 - Continued State of Emergency
 - 20 Action Items
- **May 2014** – Save our Water Month
 - Water Conservation Campaign in full swing
 - Snowpack – 9% of normal as of May 16





Governor's April 25 Proclamation

- **Highlights**

- Facilitate water transfers and exchanges
- Urban water suppliers directed to address outdoor water / waste
- Californians directed to eliminate water waste
 - Limit outdoor watering; irrigation, washing hard surfaces, car washing; Commercial establishments
- Homeowner Association rules voided
- Assist with temporary interconnections between water systems
- Protect threatened and endangered species
- CEQA / Water Code sections suspended
 - Timber harvesting
 - Water transfers





Governor's Budget

- **May Revise**
- Emergency Drought Response
 - Task Force
 - Legislation
 - \$687.4 million for drought relief
 - Accelerated expenditure of voter approved bonds
 - Includes funds for food and housing for those directly impacted
 - Expanded Fire Protection
 - Operations Plan
 - DWR, Bureau of Reclamation, Fish and Wildlife, State Board





Wildfire Activity

- **San Diego County**
 - Eight Fires, 18,000 acres burned as of Friday, May 16
 - Dozens of homes / structures destroyed / thousands evacuated
 - No major electric grid interruptions
 - Governor Brown declared a State of Emergency on May 14
- **California; 1,501 wildfires thus far this year**
 - Double than average
 - Additional funds made available for Cal Fire
 - Peak staffing expected in June





CPUC Drought Mitigation

February 27, 2014 – CPUC adopted Resolution W-4976

- Drought procedures for water conservation, rationing and service connection moratoria.
- Comply with Governor's call for 20% conservation

Tariff Rule No. 14.1

- Water Conservation and Rationing Plan
- Lists non-essential and unauthorized water uses

Tariff Schedule 14.1

- Mandatory rationing
- Requires DWA approval

All Class A utilities have voluntary conservation measures in place

CPUC monitoring vulnerable systems





Low Income Ratepayer Assistance

- All large (Class A) water utilities offer low-income bill assistance programs.
- Over 250,000 CPUC-regulated residential water customers participating in income water assistance programs.
- Huge increase in participation rates in 2013.
- Auto enrollment program with data exchange between the energy and water utilities.

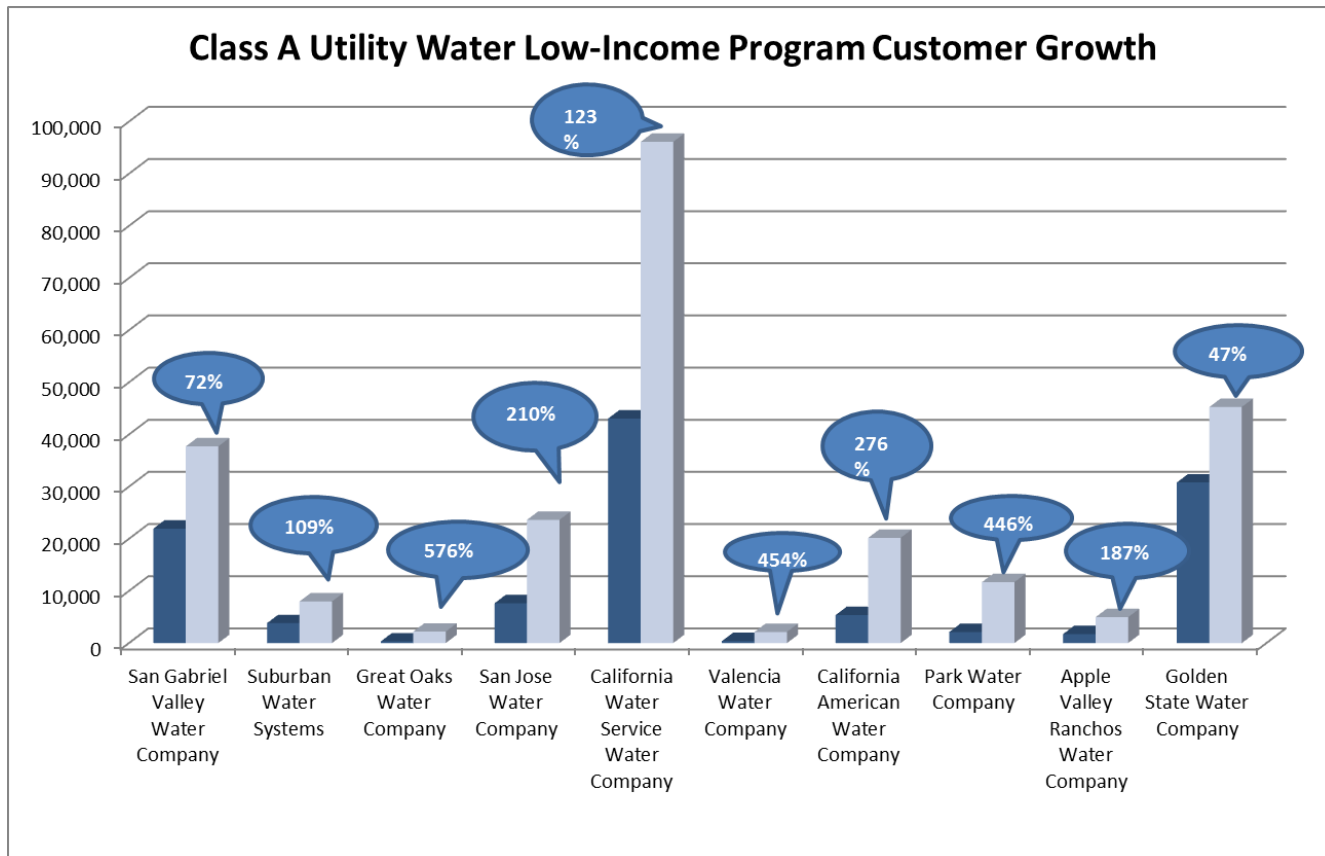


Low-income programs for water started in 2006.





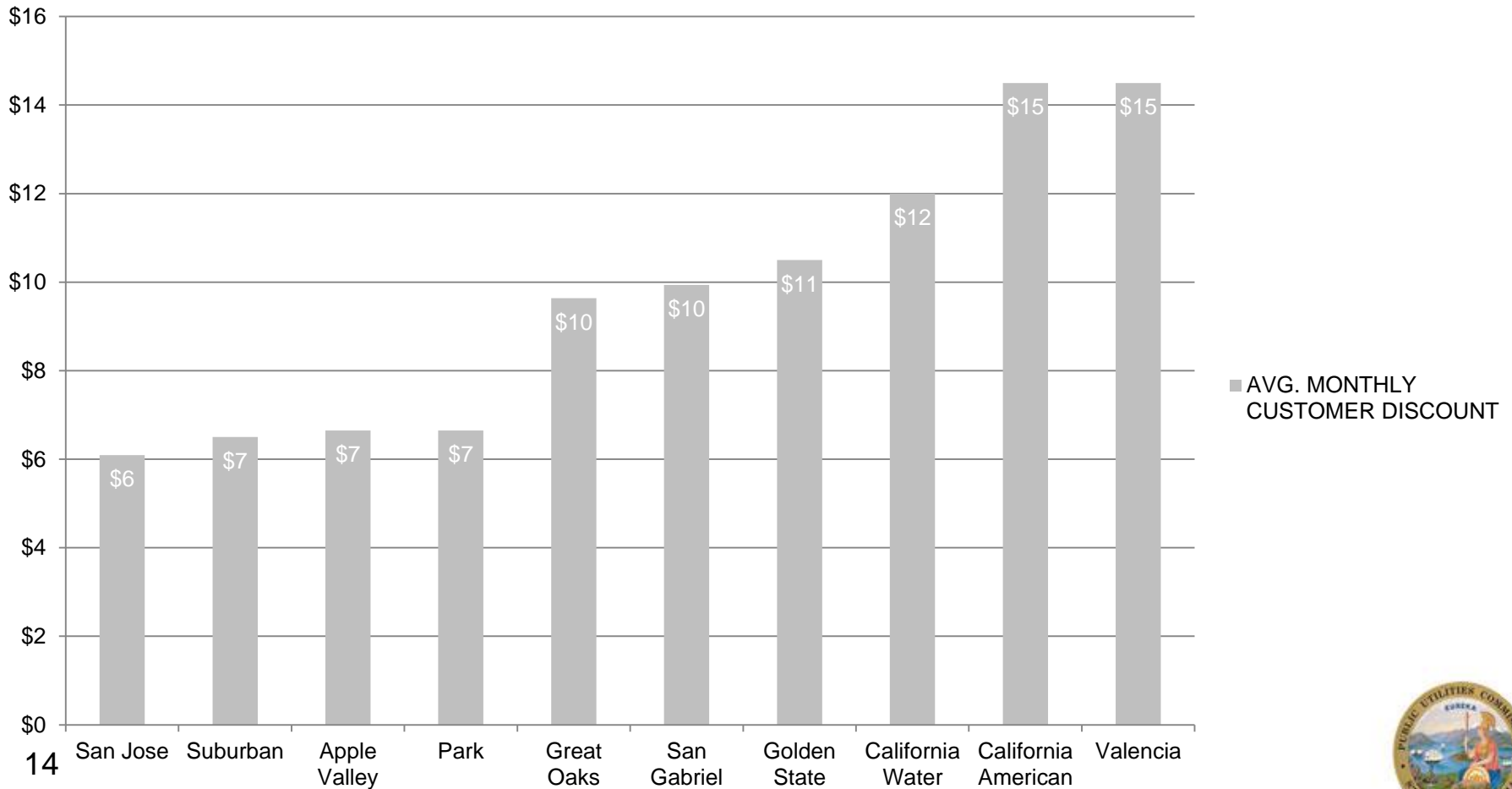
Low-Income Program Growth in 2013





Discounts for Low-Income Customers

LOW INCOME MONTHLY DISCOUNT





2014 Focus

- Drought
- Legislation
 - AB 1434 - 20% bill reduction across all water utilities
- Uniform Rate Rulemaking
 - Consolidation of rate making districts
- Recycled Water Decision





Uniform Rate OIR

- Uniform Rate OIR pending before the Commission
- Guidelines to implement Water Action Plan
- Examine the consolidation of rates between multi-district water utilities
- Normalize volatility of smaller district revenues and rates
- Two-fold objective;
 - Balance utility investment
 - Keep rates affordable





Recycled Water

- In November 2010 the CPUC began to develop a comprehensive policy framework for recycled water for our Class A and B water utilities.
- With technology advances, recycled water is becoming a competitive and compelling alternate to potable water when uses allow.
- The CPUC will address state policy and legislation governing the state's goals for the production, delivery, and use of recycled water, as well as interagency coordination to facilitate recycled water production and delivery.

