

2016

ANNUAL
CONFERENCE



California
Water
Association



“75 Years of Working Together, Achieving Results”

NOVEMBER 3, 2016 | MONTEREY PLAZA HOTEL - MONTEREY, CA

State of the Association

- Strategic Goals and 2016 Action Plan
- Changing the Environment for Customers, Employees and Companies
- Drought Management
- Assisting in Critical Areas
- Notable Accomplishments

Core Strategic Goals

- Support Member Companies in Fulfilling Their Commitment to Provide Safe, Reliable, High-Quality Water and Excellent Customer Service
- Shape, Influence Business and Policy Environment
- Maintain, Strengthen the Association as the Collective Voice of Regulated Water Companies

2016 Action Plan

- Shape Legislation for Benefit of Customers
- Shape Regulation for Benefit of Customers
- Drought Management and Compliance
- Water Quality – SWRCB’s Drinking Water Advisory Group
- Begin Deployment of Smart Meter Technology
- Maintain Progress in Supplier Diversity Program
- Traditional Media, Social Media and Customer Engagement
- Assist Small Companies in SWRCB and CPUC Compliance
- Implement New Alliance For Community Solutions Safety Program

Shaping Legislation: Benefit of Customers

- Continue SGMA Reform - AB 2874 (Gaines)
 - CPUC notice, involvement in GSA fee/policy proposals
- Modify Onerous Bank Transaction Fees - AB 1180 (C. Garcia)
 - Pilot program removes fee from customers' bills
- Extend SRF Loan Forgiveness to Water IOUs - SB 1456 (Galgiani)
 - Converts loans to grants for IOU capital investments in DACs
- Credible advice on CPUC reform bills, Central Basin MWD governance bills, submetering bill, excessive water use bill; killed misguided backflow prevention assembly certification bill

Shaping Regulation

■ California PUC

- Balanced Rates OIR – Sales Forecasting, Rate Design Changes, AMI Deployment
- Technical Expertise on Water-Energy-Communications-Safety Nexus OIR
- Drought Management – Coordination w/CPUC on Resolutions W-5103 and W—5105
- Technical Expertise on Update of Uniform System of Accounts OIR

■ State Water Resources Control Board

- Testimony on Emergency Conservation Regulations
- Detailed Comments on Grant Eligibility and Intended Use Plans for SRF Loans
- Testimony on Drinking Water Fee Regulations
- Extensive Comments on Dredge/Fill Permitting Regulations
- Extensive Comments on Proposed Amendments to Water Quality Enforcement Regulations

Shaping Regulation

- Department of Water Resources
 - SGMA Governance Documents for IOU Inclusion – Facilitator Use
 - SB 555 Implementing Regulations – Validated Water Loss Audit Reports
 - California Water Plan Update 2018 – Advisory Committee
- DWR/SWRCB/CPUC/CEC/CDFG Multi-Agency Collaboration
 - Compliance with Gov. Brown’s Executive Order B-37-16
 - Permanent Prohibition of Wasteful Water Use Practices
 - Reduce Water Supplier Leaks and Water Losses
 - Innovative Technologies for Water Conservation and Energy Efficiency
 - New Water Use Targets for Water Utilities
 - Strengthened Local Drought Resiliency - Modified WSCPs
 - Agricultural Water Management Plans

Drought Management

- Emergency Conservation Regulations in 2016
 - Statewide mandatory reductions continued through May
 - Wasteful prohibitions remain in place
 - Self-certification supply assessment effective June 1
- Water IOUs' Performance
 - Prior to June, water IOUs exceeded the state average by more than 3 percentage points (27.1% vs. 23.9%)
 - Since June, water IOUs have stayed above 20%, while the state average (most recently) is at 17.7%

External Communications

- Media Outreach
 - Interviews
 - News releases
 - Two editorials published in Bay Area News Group (East Bay/South Bay) and Bakersfield Californian
 - Article on conservation performance scheduled for Water World magazine
- Social Media/Web Site Content
 - Maintained Facebook and Twitter posts in 2016
 - Ongoing updates of website news and content

Supplier Diversity

- Water IOUs Exceeded CPUC's General Order 156 Goal in 2015 for 3rd Consecutive Year
- Member of Six Supplier Diversity Organizations – e.g. Women's Business Enterprise Council, Western Region Minority Supplier Diversity Council
- Hosted “Meet the Primes” Event in Long Beach (Oct. 6)
- Hosted California Utilities Diversity Council Meeting (July)
- Full Senior Executive Panel at Annual CPUC En Banc Hearing – 1st Time Ever

Low Income Oversight Board

- Jeff Linam, California American Water, Water IOU Representative
- Customer Data Exchanges with Energy Utilities: Twice a Year
- 235,000 Enrolled in Water Utility LIRA Programs
 - 19% of all residential customers
 - Increase of 100% since data exchanges began in 2012
- \$27 Million in Discounts through 2015
 - Up from \$24M in 2014
 - Average discount of \$9.50 per month
- Implementation of Assembly Bill 401 (Dodd)
 - Report on Feasibility and Sustainability of Funding/Implementing a Statewide Program by 2018
 - CWA participating in SWRCB public meetings throughout the state in Oct./Nov. 2016

Small Company Assistance

- GRCs/Advice Filings for Small Systems
 - Four in 2016
 - Sonora Water, Pure Source Water, Llano Del Rio Water, Susan River Park Water
- Assisting Small Companies with Financial Assistance from SWRCB, DWR
 - Lukins Brothers Water, PureSource Water, Kenwood Village Water
- Assisting Small Companies in Dealings with SWRCB

Notable Accomplishments in 2016

- Three CWA-Sponsored Bills Enacted – First Time Ever
- SGMA Implementation – Produced Legal Template for Facilitators and GSAs to Use With Water IOUs
- Major Contributions to CPUC Decisions on Balanced Rates, USOA, Access to Utility Information, Water-Energy Nexus Rulemakings
- Major Contributions to SWRCB Regulations on Drinking Water Fees, Dredge/Fill Materials Discharge Permits, Amendments to Water Quality Enforcement Policy
- Major Contributions to EO B-37-16 Compliance, SB 555 Implementing Regulations

Financial Highlights

- Use of Reserves to Cover Extraordinary Legislative, Regulatory Expenses in 2016 (CPUC, SWRCB, DWR filings; PUC reform legislation) without Special Assessment or Increase in Dues
- Development of 2017 Budget Based on Implementing Strategic Plan and Covering Regulatory Contingencies
- Renewed J.K. Hawks & Associates, Inc. Contract for Three Years
- Completed Independent Review CWA Financial Statements

Reflecting on 75 Years of Working Together, Achieving Results

- A Passion for Water Underlies Our Success
- Volunteerism Has Been the CWA Touchstone for Decades
 - Member company volunteers have shown the way
- Cost-of Service Regulation Has Underpinned the Industry's Stability
- Emphasis on What's Best for Customers and Employees
- Appropriate Working Relationships with Legislators and Regulators