

November 22, 2005

California Public Utilities Commission
Division of Strategic Planning
505 Van Ness Avenue
San Francisco, CA 94102-3298
Attention: Edward Howard

Subject: Water Action Plan

INTRODUCTION

The Santa Clara Valley Water District (District) obtained a copy of the California Public Utilities Commission's (Commission) Water Action Plan, dated November 9, 2005, and appreciates the opportunity to file comments. We applaud this effort that the Commission is undertaking in developing such a plan and encourage you to seek additional public participation and input.

In reviewing the Water Action Plan and speaking with others in the water community, it is apparent that the Water Action Plan was not widely distributed or made readily accessible to those who may want to file comments or participate. Therefore, the District will file brief comments at this time in hopes that the Commission will request a more formal Order Instituting Investigation (OII), or Order Instituting Rulemaking (OIR), to allow for more public participation regarding this very important study of the water industry.

Because the District is a special district created by the state Legislature and granted statutory authority for the management of groundwater, wholesale water supply, flood protection and overall water management in Santa Clara County, and more than one half the water use is through retail utilities regulated by the Commission, we are extremely interested in the Water Action Plan and eager to further participate with the Commission in its development.

BACKGROUND

The District was created in 1929 in response to the problem of severe groundwater overdraft and the resulting saltwater intrusion and land subsidence that was occurring in the Santa Clara Valley. Since that time, through a comprehensive water management program and long term planning, the District in cooperation with retail water providers has halted the groundwater overdraft, reversed the saltwater intrusion, arrested the devastating land subsidence, and restored groundwater storage levels. The District operates three water treatment plants and recharges the groundwater basins with source water from its local surface water reservoirs and imported water from its contracts with the State Water Project (SWP) and the federal Central Valley Project (CVP). We also have an extensive water use efficiency program that implements demand side management through water conservation and water recycling programs and partnerships.

The District conducts long term water supply planning for Santa Clara County through our Integrated Water Resources Planning (IWRP) stakeholder process and through periodic five year updates of Urban Water Management Plans (UWMP) as required by the state Urban Water

Management Planning Act. A primary purpose of this long term planning is to ensure that future water supply is reliable in the county in accordance with our Board of Directors policies.

The District, as water wholesaler for the region, works with the water retailers to ensure that planning assumptions and demographic and water demand projections in UWMPs and the IWRP are consistent with cities' and Association of Bay Area Government's (ABAG) future growth projections in the water retailer service areas. This close coordination is essential to ensure water supply reliability in all parts of the County. Because the sources of water for the County including the ten local reservoirs, three groundwater subbasins and imported water are all interconnected through a complex system of pipelines, streams and groundwater subbasin hydrogeology, **decisions made by any individual water retailer regarding future water supply have a direct impact on many other parts of the County.** This fact is demonstrated in the Coyote Valley Specific Plan Water Supply Availability Analysis (CVSP WSAA) prepared by the District to provide the foundation for future water supply decisions in Coyote Valley

There are about a dozen retail water providers within Santa Clara County, including three who are regulated by the Commission: San Jose Water Company, California Water Service Company, and Great Oaks Water Company. These three water retailers together account for more than one half the water use within Santa Clara County and the District has historically enjoyed a close and effective working relationship with them.

ANALYSIS

In general, this plan seems to focus on narrow objectives related to very broad principles. It seems that the key water principles outlined (quality, reliability, efficiency, economics) would support other objectives not included in this document but which are of importance. Such objectives might include integration and coordination of water supply planning and development. It would be valuable to have the opportunity for additional discussion and exploration of such ideas. One area that might be appropriate for a review in the broader context of sound water management is Public Utility Code Section 1001. Following are our specific comments.

Water Conservation

- On page 2, under Objective #2, it states "water conservation is critical in California to extend limited resources as far as possible to allow for future growth." This could perhaps be rephrased to more broadly acknowledge the value of conservation. Conservation is an important tool for reducing demands in order to meet projected supplies based on an ever increasing population, however, conservation has other significant benefits as well (increased reliability, drought response, energy savings, environmental, etc.).
- On page 6, under #2 (education), it proposes a "Summit" with the Department of Health Services (DHS) and other interested state agencies and knowledgeable water conservation experts. Instead of a summit with DHS, this summit should probably be with the state Department of Water Resources (DWR) and/or the California Urban Water Conservation Council (CUWCC).

Mr. Edward Howard
Page 3
November 22, 2005

- On page 6, under #3, it proposes encouraging smaller IOUs to implement best practices that make sense for them to implement and will seek assistance of the larger water providers and the California Water Association in disseminating these conservation tools to the smaller water companies. Instead of meeting with larger IOU's, in many instances it may be more appropriate and useful for the smaller IOU's should meet with their water wholesaler.
- On page 8, under # 6, it briefly talks about incentives/disincentives. This, along with rates, is going to be very important if IOUs are going to entertain serious conservation efforts. There have been good discussions and recommendations regarding incentives/disincentives by the CALFED Water Use Efficiency group. The CPUC should investigate this matter and get the information and feedback from CALFED.
- Appendix A seems to be a little misleading when it refers to benefit-cost analysis (under #2 and #3). It also refers to how the State Board and Department of Health consider the BMPs important, but nothing about DWR (UWMP) and USBR (Water Management Plan).
- Appendix A refers to Metropolitan Water District of Southern California (MWD) and what they've accomplished in water conservation, but no explanation as to why it is provided. Also, because of the size of the MWD area served, it would be more useful to normalize the data on a population basis rather than just cite total expenditures.

Other Comments

- On page 3, item 3. Promote water infrastructure investment: Financial incentives and direction should be provided to encourage investment in infrastructure to improve supply reliability as well as to improve water quality.
- On page 4, item 2. Strengthen the CPUC's role in water quality regulations and monitoring procedures: states that the CPUC develop water quality regulations and monitoring procedures. California Department of Health Services and US EPA are already performing this role. Adding another oversight agency may make compliance with an already complicated set of rules more difficult. Perhaps CPUC should devote time to reviewing and commenting on rule proposals within the existing rule making process.
- On page 4, item 3. Require water utilities to provide water quality reporting to the CPUC in their General Rate Case Filings. California water utilities are already required to file several different water quality reports to CA DHS and to their customers (retailer's Consumer Confidence Reports)

Sincerely,



Keith Whitman
Deputy Operating Officer
Water Supply Management Division