



IRVINE RANCH WATER DISTRICT

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January 6, 2016

Ms. Kathy Frevent
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Subject: Comments on Proposed Regulatory Framework

Dear Ms. Frevent:

Irvine Ranch Water District (IRWD) appreciates the opportunity to provide input to the State Water Resources Control Board (“State Board”) on the proposed regulatory framework for an extension to the Emergency Conservation Regulation (“Emergency Regulation”). IRWD understands the importance of preserving and maximizing water supplies, especially in times of drought, and is committed to helping the State sustainably manage water resources. We appreciate the State Board’s outreach to stakeholders as it developed the proposed adjustments to improve the equity of the Emergency Regulation in an extension for 2016. Based on our review of the proposed regulatory framework we offer the following comments:

Growth Adjustment

IRWD serves one of the fastest growing areas in California which has led the state’s economic recovery. It is home to over 15,000 businesses and is a business center for the life sciences, advanced manufacturing, aerospace and information technology industries. As a result of the population and economic growth taking place within our service area, IRWD added approximately 5,000 new service connections in 2015 as compared with the number of service connections during the baseline year of 2013. This equates to a growth since 2013 of 4%.

Because the existing Emergency Regulations do not take growth into account, IRWD must reduce water demand by 16% to meet its mandated conservation standard, plus an additional 4% to account for the new demands associated with growth that has occurred since 2013. As a result, IRWD’s conservation standard is effectively raised to 20%. This places an unfair burden on IRWD’s customers to conserve more water as a result of our community having led the state’s economic recovery. We appreciate that the proposed regulatory framework does incorporate a mechanism to adjust urban water supplier conservation standards to account for water efficient growth since 2013. However, as currently structured, the proposed calculation method is complex and does not provide an effective equity improvement for the following reasons:

- The assumption for new estimated residential outdoor demand between 2013 and 2015 is based upon a standard that was only adopted in 2015. The development that occurred between 2013 and 2015 was not subject to this standard. Development from 2013 to 2015 was constructed based on compliance with the 70% of ET State standard in effect at that time; not the revised 55% ET standard adopted by the State in 2015.
- Residential irrigated area is not data that most water suppliers generally have available, and therefore poses a barrier to suppliers calculating the proposed adjustment.
- The use of service connections to calculate residential demands can be problematic. The process does not account for multiple multi-family dwelling units which can be served from one connection. Additionally, some suppliers categorize multi-family units as commercial customers while others do not.
- The number of people per dwelling unit varies in different areas of the state based on population and housing density. Each area will have a different value from the basic assumption of 3 people provided for in the State Board proposal. For example, in IRWD's service area, census data shows an average of 3.4 people per dwelling unit.
- Multiplying the growth percentage by the conservation standard results in an adjustment that is only a fraction of the additional demand from reasonable, water efficient growth. For example, in the case of IRWD, the proposed framework would provide an adjustment of 0.54% which does not provide an effective equity improvement, given IRWD's 4% economic growth. The proposed framework would only provide an adjustment of 257 acre-feet to IRWD. The additional unadjusted demand from growth in IRWD's service area since the 2013 baseline would be 1,793 acre-feet.
- As proposed, the growth adjustment uses growth from 2013 through 2015. However, water suppliers may continue to experience growth into and through 2016, which would not be accounted for, thereby exacerbating the problem. IRWD anticipates adding an estimated 2,500 new service connections in 2016.
- The units used for the adjustment calculation in the proposed regulation are gallons. We propose the units be changed to acre-feet to better reflect the size and scope of a water utility.

Proposed Refinements to the Growth Adjustment

IRWD recommends that the State Board's proposed adjustment be modified as follows to further achieve the goals of equity, transparency, provide a reasonable level of statewide water savings and feasible to implement:

- Calculate the additional reasonable, efficient demand from all economic growth based on demand associated with the increase in service connections from the baseline year, using the same method proposed for commercial and industrial connections. Data associated with the number of service connections is readily available to water suppliers.
- The growth percentage can be calculated in the framework by dividing the new reasonable and water efficient demand attributed to growth by the total 2013 baseline potable water demand (February to October).
- The water supplier’s conservation standard should be reduced by the calculated growth percentage to provide a more effective equity adjustment.

Provided below are two tables. The first table provides an example of how IRWD’s proposed refinements to the growth adjustment would be calculated using IRWD’s data. The second table shows the impact of the method on actual water savings, and the effective conservation standard.

Example Calculation of IRWD Proposed Growth Adjustment

	Quantity	Units
New connections since 2013 (based on October 2015)	5,062	
Average monthly use per connection	0.045	AF
Total new monthly volume from growth	227.8	AF
Total volume from new connections (Feb – Oct) = monthly volume x 9	2,043	AF
Baseline 2013 volume (Feb – Oct)	47,282	AF
Growth percentage (new volume divided by baseline volume)	4%	
Current conservation standard	16%	
Proposed adjusted standard (current minus growth percentage)*	12%	

*Capped at 4%

Water Savings with IRWD Proposed Growth Adjustment Applied

IRWD's required reduction from baseline with 16% conservation standard (47,285 AF x 16%). Assumes no growth.	7,565	AF
IRWD's <u>actual</u> required reduction from current 16% baseline (7,565 AF) with increased production from growth (2,043 AF). Requires additional savings reduction to account for growth.	9,608	AF
New required reduction using IRWD's proposed adjusted 12% conservation standard (47,285 AF x 12%) plus increased production from growth (2,043 AF)	7,717	AF
Effective conservation standard using IRWD approach = $7,723 \text{ AF} / (47,285 + 2,043) \text{ AF}$	16%	

As shown in the example above, this approach incorporates the new growth, and requires an increase in the actual volume of water savings, but retains the water supplier's effective conservation standard. This modified method of adjusting the conservation standards for actual growth and economic activity is simple, reasonable, equitable and effective. Using this performance standard approach would still achieve a high level of conservation but would eliminate the unequitable burden placed on growing economies and communities.

The state's average growth from 2013 to 2015 is estimated at 1.8% based on population data from the Department of Finance. Allowing for full adjustments for growth is not expected to significantly reduce overall statewide water savings. These adjustments will provide equity to those suppliers and to their customers who without the adjustment would be burdened with disproportionate water savings requirements.

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We thank you for your consideration of our recommendation and we look forward to working with you to develop a more equitable Emergency Regulation as it is extended for 2016.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul A. Cook".

Paul A. Cook, P.E.
General Manager