

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: April 7, 2009

To: The Commission
(Meeting of April 16, 2009)

From: Pamela Loomis, Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 49 (Feuer) – Water Conservation: Urban Water Use.**

LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: SUPPORT

SUMMARY OF BILL:

This bill would amend the Water Code to require that the state achieve a 20% reduction in urban per capita water use in California by December 31, 2020.

SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:

This bill would bolster the California Public Utilities Commission's (CPUC) 2005 Water Action Plan, which promotes metered water service to encourage water conservation, and subsequent water conservation programs by promoting the integration of statewide conservation efforts. Water conservation is critical to well planned and well functioning communities statewide, and would help ensure that all Californians have access to safe, clean, and reliable water supplies.

SUMMARY OF SUGGESTED AMENDMENTS:

- None. However, representatives of the 20x2020 Interagency Technical Committee are continuously working with Assemblymembers Feuer and Huffman, as well as with other stakeholders, to develop further water policy options that may be incorporated into this measure. This bill is a work in progress and is expected to be amended through the legislative process.

DIVISION ANALYSIS (Water Division):

- Faced with one of the worst droughts in its recorded history, the cumulative and growing effects of climate change, and ever-increasing per capita demands on the state's water supplies, California is poised to suffer severe and persistent water shortages in the coming months, years, and perhaps even decades. Therefore, per the Governor's Executive Order S-06-08, a plan is being drafted to outline water resource management measures which would ensure a 20 percent reduction in urban per capita water consumption by 2020. This bill will codify the 20 percent by 2020 goal, which the CPUC strongly supports.
- Charged with regulatory authority over the state's investor-owned water utilities which supply almost 20 percent of the water to customers statewide, the CPUC is actively collaborating with all of the state's water resource management agencies to explore technical approaches, new technologies, and policy innovations to achieve the 20 percent reduction by 2020, while also reducing greenhouse gas (GHG) emissions and energy associated with the broader water and wastewater industries.
- As one of the principal agency actors on the 20x2020 Interagency Technical Committee, the CPUC has particularly shared "lessons learned" from its own water conservation rate making practices including the decoupling of revenue generation from the volume of water sold by investor-owned utilities, thereby demonstrating mechanisms for promoting water conservation while removing revenue disincentives from water conservation.
- By offering successful components of the CPUC water conservation program to our state agency water resource management partners in the development of the conservation measures associated with this bill, the CPUC is working to integrate water conservation rate and pricing practices across both the public and private water markets. This will help facilitate true regional water resource planning, as well as the full integration of water consumption and water conservation data garnered from CPUC regulated water utilities into the state's formation of a central water data repository, which is expected to be included in this legislative effort. The opportunity to integrate the work of state resource management agencies charged with regulating both public and investor-owned utilities lays the foundation for what might become one of the nation's most extensive water conservation and water resource management initiatives in its history.

PROGRAM BACKGROUND:

- Members of the CPUC's Division of Water and Audits (DWA), as well as the Policy and Planning Division (PPD), participate in inter-agency meetings that address the development of water conservation programs for California.
- In its Phase 1A decision in the Water Conservation Order Instituting Investigation (OII), the CPUC has adopted an interim water conservation target for Class A water

utilities of 3%-6% reduction per customer or service connection every three years. This target will help achieve significant water use reductions and is in alignment with Governor Schwarzenegger's proposed water conservation plan to achieve a 20% reduction in per capita water use statewide by 2020.

- Since the CPUC is already incorporating the Governor's goals into all water conservation actions it has initiated, the CPUC anticipates minimal change to its programs, practices, or policies.

LEGISLATIVE HISTORY:

As a key participant in the State's 20x2020 Technical Committee, the CPUC supported the conservation goals reflected in the water conservation bills of the last session such as AB 2175 (Laird and Feuer), which failed in the Senate.

STATUS:

AB 49 is scheduled to be heard before the Assembly Water, Parks and Wildlife Committee on April 14, 2009.

SUPPORT/OPPOSITION:

None on file.

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providing an essential water management tool to meet the need for water for urban, agricultural, and environmental uses.

(f) The Governor has called for a 20 percent per capita reduction in urban water use statewide by 2020.

CHAPTER 2. URBAN WATER USE

10608.4. The state shall achieve a 20-percent reduction in urban per capita water use in California on or before December 31, 2020.