

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking on the
Commission's own Motion to
Consider a Comprehensive Policy
Framework for Recycled Water.

R.10-11-014
(Filed November 19, 2010)

**PRE-HEARING CONFERENCE STATEMENT
OF THE DIVISION OF RATEPAYER ADVOCATES**

LINDA BARRERA

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1477
Email: lb3@cpuc.ca.gov

MAX GOMBERG

Project Coordinator for the Division of
Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2002
Email: mzx@cpuc.ca.gov

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I. INTRODUCTION

Pursuant to the Order Instituting Rulemaking to Consider a Comprehensive Policy Framework for Recycled Water ("OIR") issued by the Commission on November 23, 2010, the Division of Ratepayer Advocates ("DRA") submits its Pre-Hearing Conference Statement. DRA's Pre-Hearing Conference Statement ("Statement") includes responses to the questions posed in the OIR. As discussed in this Statement, DRA recommends the Commission adopt policies designed to increase the amount of recycled water delivered by investor-owned water utilities ("IOUs") in a cost-effective manner, and consistent with integrated regional water management planning efforts.

DRA has been a strong advocate for a comprehensive policy framework for the development of recycled water. Recycled water has the potential to ease the strain on costly and environmentally damaging imported water supplies¹ and to reduce the need for other prohibitively expensive supply sources such as seawater desalination. Recycled water infrastructure, however, is expensive and ratepayers deserve to benefit from well

¹ Water diverted from the Sacramento-San Joaquin Delta and diverted to Southern California is one of the causes of the strain on the Delta's ecosystem. See <http://calwater.ca.gov/delta/about/index.html>, accessed January 14, 2011.

planned, cost-effective projects. Recycled water may not be the best option for certain regions, which may be able to meet water supply goals through demand-side measures or alternate supply sources. For this reason, DRA does not recommend a ‘one size fits all’ approach to recycled water development for IOUs. IOUs in Northern and Southern California have different supply challenges, and even within these regions variation may be warranted. Nevertheless, as described further below, DRA contends that IOU-specific recycled water development goals are necessary to ensure that IOUs water supply portfolios are balanced.

Additionally, DRA views this OIR as an opportunity for the Commission and the IOUs to improve coordination and collaboration with municipal water districts and state agencies regarding recycled water and long-term reliable water supplies. DRA’s recommendations include greater Commission involvement in statewide recycled water planning efforts and greater IOU involvement in regional recycled water development and outreach efforts. Successful recycled water development requires assuring public health standards, public acceptance, funding, and interagency collaboration. By setting a policy framework for recycled water, the Commission can promote smart development at a reasonable cost to ratepayers.

II. RESPONSE TO QUESTIONS IN THE OIR

In its decision issuing the OIR, the Commission posed questions for all interested parties to address in comments. The questions relate to planning, cost allocation, rate design, inter-agency coordination, environmental matters, and accountability. DRA’s responses to these questions are provided below.

Question #6: What should be the mandatory and/or voluntary production and delivery goals for recycled water by water and/or sewer utilities? Should these goals be enumerated by type and/or end use of recycled water?

DRA Response to Question #6:

DRA supports mandatory recycled water delivery goals because mandatory goals will incent IOUs to act and are appropriate given the urgency of the need to stabilize the Sacramento-San Joaquin Delta. Furthermore, the establishment of mandatory goals in

this proceeding will allow for a full and open dialogue between IOUs and other parties about planning processes and project viability. One of the purposes of the proposed workshops should be for IOUs and their public agency partners to present potential delivery goals for the next 3, 4, or 5 general rate case (“GRC”) cycles (9, 12, or 15 years) and for all parties to discuss those goals and attempt to reach consensus on what delivery targets the Commission should mandate. An open and informed goal-setting process will ensure that goals are neither unreasonable nor arbitrary.

Criteria for setting delivery goals for recycled water could include: the need to reduce imports; the irrigation demand within a certain distance from existing facilities; the amount of indirect (or direct) potable reuse feasible within a certain time frame (i.e. 15 years); public agency recycled water master plans; and projected costs and financing for projects. Parties could develop criteria during workshops and in comments and the Commission could then select criteria upon which goals would be based.

DRA supports developing separate goals for irrigation, industrial, and potable reuse (direct or indirect). Some IOUs may be able to develop recycled water for irrigation more easily than for other uses and should have a separate irrigation goal. Other IOUs may have circumstances that facilitate the development of potable reuse projects. Therefore, separate goals for end use are prudent. In addition, IOUs could be exempted from potable reuse requirements based on a showing that potable reuse is not feasible in the near-term, or water supply is available and not threatened. For example, if there is not a suitable groundwater basin for storing treated wastewater, indirect potable reuse projects may not be feasible. DRA recommends that the Commission attempt to set goals within the OIR. If goal development requires additional time, then each IOU could present a goal proposal in its next GRC.

Question # 7: Should the Commission require water and/or sewer utilities to submit recycled water plans? If so, when and what should the plans contain?

DRA response to Question #7:

Since recycled water forms part of a larger supply portfolio, its development should take place within a larger integrated framework. Urban Water Management Plans (“UWMP”) and Integrated Regional Water Management Plans (“IRWMP”) exist for this purpose and a separate recycled water plan would require additional resources and could be counterproductive. DRA recommends that all IOUs submit their most recent UWMP and IRWMP as part of their GRC filings. These plans should contain sufficient information about an IOU’s recycled water plans. (Attachment A contains examples of information on recycled water that should be included in a UWMP and IRWMP). In order to track IOU progress toward recycled water development goals, DRA recommends an annual compliance filing that characterizes the opportunities available and the projects completed in summary form. DRA provides more detail on this compliance filing in response to Question #23.

Question #8: Should, and if so, how should the Commission require public education and outreach regarding recycled water?

DRA response to Question #8:

Given the contentious history of some recycled water projects, public education and outreach is essential. Where feasible, IOUs should collaborate with public agencies and industry groups on water recycling outreach programs.² IOUs should also add information about recycled water on their websites if they have not done so already. Specific project-related outreach expenses should be evaluated in a GRC.

² For example, IOUs that operate in Southern California could reach out to the Southern California Water Recycling Regional Partnership to understand what projects and cost sharing mechanisms are being utilized by public agencies. Information about the partnership can be found at: <http://www.usbr.gov/lc/socal/reports/PartnershipWhitePaper.pdf>.

Since recycled water is well understood in certain regions (e.g. Orange County), the Commission should not require IOUs to conduct public education and outreach in these regions. Nonetheless, DRA recommends that the Commission increase its participation in education and outreach in conjunction with other state water agencies. Increased state agency collaboration and outreach will give the public a clear view of the importance, safety, and cost of recycled water.

Question #9: What process should be used for adjudicating service area disputes between Commission-regulated utilities and public/municipal water systems also producing and delivering recycled water?

DRA response to Question #9:

The Commission has limited jurisdiction over service area disputes between Commission-regulated water utilities and public/municipal water systems that are also providing and delivering recycled water. There is well-established precedent that the Commission does not have the power to adjudicate water rights or to take on the functions of regional water or land use planning agencies.³ The Commission can only adjudicate the extension of a regulated water utility's service territory and assure itself that adequate water is available to meet customers demand.⁴

If a regulated water utility is proposing to serve an area which is not contiguous to its previously designated area, the utility must file a formal application with the Commission.⁵ This application requires a formal Commission hearing process and results in a Commission decision. Interested parties, including public or municipal water utilities, could participate and present evidence for the Commission's consideration.⁶

³ [*Application of Valencia Water Company seeking approval of its updated Water Management Program*](#), D.00-10-049, dated October 19, 2000.

⁴ *Ibid.*, at 6.

⁵ Pub. Util. Code § 1001.

⁶ See [*Sierra Club, Angeles Chapter, Complainant, vs. Valencia Water Company, Defendant*](#), D.99-04-061, California Public Utilities Commission, 1999 Cal. PUC LEXIS 199, at 9-10, dated April 22, 1999.

If a regulated water utility is proposing to expand into a contiguous area, the regulated water utility must amend its service territory map on file with the Commission in accordance with General Order 103-A. This is accomplished through filing an Advice Letter. If the Advice Letter is protested by a public or municipal water utility (or any other interested party), the Commission will assign the Advice Letter for hearing and decision much like a formal application.⁷

When a regulated water utility proposes to expand its service area, the utility bears the burden of proving in the application and Advice Letter process that it has adequate supplies for the proposed new customers. If the application or Advice Letter involves a service area dispute, DRA recommends that the utilities initiate mediation. If the dispute is not resolved and the conflict is delaying a Commission decision involving the production and delivery of recycled water, DRA recommends that the utilities initiate binding arbitration.⁸

DRA notes, however, that the relevant statutes regarding service area agreements do not specifically provide for dispute resolution by the Commission.⁹ Therefore, after the Commission approves a recycled water project involving a service area agreement between a regulated and public/municipal water utility, the Commission would not have jurisdiction over future service area disagreements between the water utilities. The Commission has stated that this type of agreement is a contract between utilities, and the California courts have the knowledge and experience to adjudicate contract disputes.¹⁰

In addition, the Commission has very limited jurisdiction over independent municipal or other local water districts and is not able to properly consider a complaint

⁷ See *ibid.*, at 10.

⁸ The arbitration should be conducted in accordance with American Arbitration Association (AAA) Arbitration Rules for Commercial Disputes by a neutral arbitrator who has had at least 10 years of experience in adjudicating service area or water rights disputes.

⁹ See D.03-04-032, at 56.

¹⁰ *Ibid.*

filed against a public/municipal water utility by a regulated water utility.¹¹ Therefore, the Commission is not able to approve a dispute resolution process in which one party, but not the other, could obtain relief through complaint proceedings at the Commission.

Question #10: How should the costs of recycled water infrastructure be allocated among stakeholders, including customers, investor-owned utilities, and public agencies not regulated by the Commission?

DRA response to Question #10:

Developing a just and reasonable cost allocation is a complex proposition because it requires identifying all the beneficiaries, any pre-existing backbone infrastructure, the availability of public funding, the availability of supply, the level of treatment required, the long-term benefits of recycled water supply, the groundwater conditions, the types of customers, the maturity of the market where it is being proposed, and whether or not any water rights change hands as a result of the project, among other factors. Thus, cost allocation can be determined only on a case-by-case basis. Generally, costs should be allocated proportionate to benefits, but intangible and difficult to quantify costs and benefits should be considered. These costs could include environmental and social impacts (both positive and negative), as well as water supply reliability and public health considerations. The complexity of cost allocation is a reason why IOU recycled water projects should be evaluated as part of a GRC when feasible.¹² Analysis of recycled water projects within a GRC allows DRA and the Commission sufficient time to thoroughly review a utility's proposal and understand its relationship to other proposed projects, operational changes, and any resulting rate increases.

¹¹ See *ibid.*, at 56-57.

¹² DRA would consider exceptions for special applications if there were a time-limited funding opportunity that could significantly reduce the cost of the project.

Question #11: Should the Commission require utilities pursuing joint recycled water projects with public agencies to seek public funds to fund project costs prior to the Commission's consideration of project applications? Should the Commission grant interim, partial, or conditional approval pending the outcome of requests for project funding from public funding sources?

DRA response to Question #11:

The Commission should review applications from IOUs pursuing joint recycled water projects with public agencies even if the IOUs have not yet initiated public funding applications. There may be circumstances where it is advantageous to initiate Commission review of a project before public funding opportunities are known. If an IOU submits an application without having applied for public funds, however, the application must explain why the utility has delayed seeking public funds, when it plans to seek public funds and justify why the project would be reasonable even if no public funds are obtained.

If requests for public funding are outstanding when the Commission votes on a project, the Commission should not let this issue stop it from approving an otherwise worthwhile and cost effective project for the full amount (assuming no public funds are received) and require a supplemental application detailing the amount of public funds received, the final project cost moved into rate base (subtracting public funds), and which public funds applications were unsuccessful and why. If the Commission determines that public funds were not obtained due to inadequate utility efforts or imprudent management decisions, the Commission should then apply appropriate penalties.¹³ This process would allow projects to move forward expeditiously while providing appropriate remedies for ratepayers if utilities are at fault for losing out on public funds.

¹³ Penalties could include reducing the AFUDC percentage for project costs, requiring shareholder funding of project upgrades, or fines.

Question #12: What are appropriate rate structures and rate designs for recycled water, such as declining block rates, contracts, and funding of infrastructure by customers expected to receive discounts as a result of the project?

DRA response to Question #12:

Determining the appropriate rate structures and rate designs for recycled water requires an in-depth evaluation of the impacts (both positive and negative) on utility incentives, customer bills, and water conservation. Providing specific recommendations on recycled water rate design structures at this time may be premature. DRA proposes that recycled water rate design structures and associated impacts be evaluated in a separate, stand-alone workshop for the parties to discuss these issues later in this rulemaking. In addition, in this separate workshop the parties could also discuss the available best practices and research on recycled water rate designs.

Nevertheless, the Commission should consider the following factors in determining the appropriate rate design structures and funding of infrastructure for recycled water:

- Increasing block rates as a regulatory tool used in conservation rate design and whether this is the proper tool for the promotion of recycled water use.
- The costs/benefits of alternative rate design structures such as uniform rates and decreasing block rates.
- Outside analysis on the effectiveness of each type of rate design for recycled water and any performance data on the issue to the extent available.
- Costs and benefits of outsourcing the capital aspects of the projects, such as purchasing recycled water from wholesalers or other alternative funding decisions.

Question #13: If recycled water requires lower rates to incentivize its use, and utilities lose revenue, how should they recover lost revenues, e.g., water revenue adjustment mechanisms and/or modified cost balancing accounts?

DRA response to Question #13:

If recycled water requires lower rates to incentivize its use, the Commission should carefully evaluate the performance and results of decoupling pilot programs, including water revenue adjustment mechanisms (“WRAM”), modified cost balancing accounts (“MCBA”) and increasing block rates, currently in existence for some Class A water utilities. These pilot programs are evaluated in utility GRCs, but only 1 ½ years of data has been available in the most recent Class A GRC, which is not enough data to draw conclusions about the effectiveness of the pilot programs. The Commission could explore the transferability of WRAM/MCBA to the recycled water programs. However, the Commission should also explore other mechanisms to eliminate the need for WRAM and MCBA tools, such as encouraging utilities to develop cost-effective strategies and pricing for customers to use recycled water. The impacts on each utility may be different and should be evaluated on a case-by-case basis.

Notwithstanding the above, DRA submits that the premise that water utilities lose revenue if lower rates are used for recycled water may be incorrect. This is because the Commission uses cost-of-service ratemaking; to the extent that water utilities charge lower rates for recycled water currently, this reflects a lower cost of service for providing recycled water, and does not reflect any lost revenues.

In addition, DRA notes that recycled water rates currently appear to be lower than potable water rates in several cases, including in Valencia Water Company’s¹⁴ and San Gabriel Valley Water Company’s¹⁵ recycled water projects. Therefore, in addition to considering policies that would lower recycled water rates to incentivize its use, the

¹⁴ <http://www.valenciawater.com/service/rates.asp>.

¹⁵ <http://www.sgvwater.com/tariffs-and-rates/rate-schedules>.

Commission should evaluate the success of these utilities in keeping recycled water rates the same or lower than potable water rates.

Question #14: What actions should the Commission and/or regulated utilities take to address inter- and intra-regional situations involving utilities where competing beneficial uses exist in adjudicated water basins?

DRA response to Question #14:

As explained in DRA’s response to Question 9, the Commission has a limited role in water supply planning.¹⁶ Furthermore, the Commission does not have statutory authority to resolve situations involving utilities where competing beneficial uses exist in adjudicated water basin.¹⁷ The Commission can only adjudicate the extension of a regulated water utility’s service territory and determine whether adequate water is available to meet demand.¹⁸

DRA recommends, however, that the Commission make available to regulated water utilities its Alternative Dispute Resolution (“ADR”) program should disputes arise about the most beneficial use of wastewater that could be recycled upstream within an adjudicated water basin.¹⁹ By using ADR, the Commission can facilitate dialogue between parties about basin management and potentially avoid costly litigation leading to court-mandated allocations.

¹⁶ See *Sierra Club, Angeles Chapter v. Valencia Water Company*, D.99-04-061, dated April 22, 1999.

¹⁷ See [*Application of Valencia Water Company seeking approval of its updated Water Management Program*](#), D.00-10-049, at 5.

¹⁸ Ibid.

¹⁹ If an upstream water supplier wants to utilize wastewater that would otherwise be treated and discharged into a waterway the amount of water available to downstream users would be decreased.

Question #15: How might the access to public funding for recycled water projects be broadened to expand funding resources available to utilities? What role should agencies such as the California Department of Water Resources, the U.S. Environmental Protection Agency, the California Department of Public Health, and the State Water Resources Control Board play in expanding potential funding recipients to include investor-owned utilities solely, or collaboration with public agencies?

DRA response to Question #15:

DRA supports making IOUs eligible for the same funding opportunities available to municipal water districts. IOU ratepayers should not have to pay for higher cost recycled water projects just because they live within an IOU's service territory. DRA hopes that the participation of state and federal funding agencies in this proceeding will lead to increased understanding of the importance of IOU participation in recycled water projects and increased willingness to make IOUs eligible for grant and low-interest loan programs. If agencies are unable to change their funding rules without changes in statute, parties may want to consider a joint petition to the Legislature. The Commission has adopted accounting and ratemaking practices for investor-owned water utilities designed to preserve the public interest integrity of state grant funds by ensuring that investor-owned water utilities and their shareholders will not be able to profit in any way through the receipt of public funds.²⁰

Question #16: How do water quality requirements for recycled water established by the California Department of Public Health affect Commission recycled water policy development?

DRA response to Question #16:

DRA hopes that the California Department of Public Health ("CDPH") will participate in this OIR in order to share its perspective and help the Commission understand how any policies it sets can ensure water quality standards are met. The

²⁰ See D.06-03-015.

current CDPH regulations governing recycled water should guide Commission goal setting, and new rules can be adopted to correspond if and when CDPH regulations change.²¹ DRA notes that CDPH contributed extensively to the Water Recycling Policy release by the State Water Resources Control Board (“SWRCB”) in May 2009.²² CDPH and the Commission should also be able to coordinate to ensure Commission policy does not impact IOU and local agency plans to meet water quality requirements.

Question #17: Should and, if so, how should the Commission’s recycled water development goals be coordinated with other State agency goals for recycled water development, reduction in imported water, and reductions in greenhouse gas emissions?

DRA response to Question #17:

Two of the goals in the SWRCB’s water recycling policy are:

- Increase the use of recycled water over 2002 levels by at least one million acre-feet per year (“AFY”) by 2020 and by at least two million AFY by 2030.
- Included in these goals is the substitution of as much recycled water for potable water as possible by 2030.²³

If Commission policy results in the development of recycled water projects that would not have been built absent the policy, then the Commission’s goals will be in support of the recycled water development goals promulgated by the SWRCB.

For recycled water projects to result in reductions in imported water demand, increases from population growth must be offset by demand decreases from conservation. Otherwise, if a quantity of imported water becomes available due to increased recycled

²¹ See <http://www.cdph.ca.gov/healthinfo/environhealth/water/Pages/Waterrecycling.aspx>, accessed January 14, 2011.

²² See http://www.waterboards.ca.gov/water_issues/programs/water_recycling_policy/index.shtml, accessed January 12, 2011.

²³ Ibid., p. 1.

water, that quantity could be used for growth and no net reduction in imported water would be achieved. DRA recommends that the Commission's goals focus on recycled water development and not attempt to track net reductions in imported water. If the Legislature or another state agency issues mandatory reduction targets for imported water, the Commission could then amend its policies to reflect those targets.

Reducing greenhouse gas emissions through recycled water development is also dependent on achieving net reductions in imported water. As research by Robert Wilkinson at UC Santa Barbara has shown, replacing imported water with recycled water in Southern California could result in energy savings and decreased greenhouse gas emissions.²⁴ Nevertheless, as the recent draft report from the Embedded Energy in Water Pilot Programs found, more analysis is necessary to quantify energy savings.²⁵ Requiring IOUs to estimate net greenhouse gas reductions for each recycled water project could provide useful data to assess the overall impact of recycled water development on greenhouse gas emissions. It is premature, however, to attempt to generate greenhouse gas emissions reductions targets based upon recycled water development estimates. That coordination may become more fruitful once the California Air Resources Board extends its greenhouse gas emissions reductions regulations (e.g. cap and trade program) to water and wastewater agencies.

²⁴ Wilkinson, Robert. 2000. *Methodology for Analysis of the Energy Intensity of California's Water Systems and An Assessment of Multiple Potential Benefits Through Integrated Water-Energy Efficiency Measures*. Exploratory Research Project supported by Ernest Orlando Lawrence Berkeley Laboratory, California Institute for Energy Efficiency.

²⁵ "The energy implications of replacing potable water with recycled water will vary among water agencies. Throughout California, wastewater agencies are required to treat wastewater to a high standard before discharging it into the environment. The energy requirements for recycled water would then be the additional treatment required to bring this water to recycled water standards plus any additional pumping required to deliver the water to the customer. The energy requirements for recycled water must then be compared with the energy requirements for potable water. Throughout much of California, especially Southern California, the energy requirements for potable water are high. Thus, recycled water is very likely to yield significant energy savings. Detailed analyses, however, are still needed to quantify these savings." (Embedded Energy in Water Pilot Programs, CPUC Draft Report, ECONorthwest, December 9, 2010, p. 136-137).

In general, the more State agencies coordinate, the less likely it is there will be conflicting regulatory mandates. The need for coordination, however, should not be an excuse for delay. The Commission should move forward with goals setting and other rules in this OIR based upon information known currently and with the input of whichever other State agencies choose to participate in the proceeding.

Question #18: How should the Commission’s recycled water policies consider AB 32 greenhouse gas emissions reductions goals and measures?

DRA response to Question #18:

As noted in the response to Question #17 above, DRA recommends that net greenhouse gas emissions be calculated as part of all recycled water project justifications. DRA and the Commission should consider greenhouse gas emissions as part of their evaluation of each recycled water project. The Commission’s recycled water development goals, however, should be based primarily upon water supply considerations. Until energy savings can be quantified, greenhouse gas reductions should be ancillary benefits to recycled water installation and not used as a criterion for how much recycled water should be developed.

Question #19: How should the Commission’s recycled water policies consider the State’s water use efficiency and energy efficiency goals?

DRA response to Question #19:

Increased recycled water use will not necessarily lead to increased water use efficiency. As explained above, substituting recycled water for potable water makes additional potable water available. If that extra potable water is used for growth or consumed by other users²⁶ it may not be used any more efficiently than it was before. For

²⁶ Water demand could increase if the economy begins to recover. Recycled water would then only offset a portion of the increased potable water use.

that reason, recycled water development should not count towards meeting the State's 20% by 2020 conservation goal.²⁷ If there are water conservation gains due to recycled water development they should advance the State above the 20% target. Since recycled water projects may not lead to net reductions in energy use and require additional analysis to determine energy impacts, DRA recommends that recycled water policies not attempt to achieve specific energy use reduction targets.

Question #20: When should the Commission serve as lead agency or a responsible agency under CEQA environmental review of recycled water projects?

DRA response to Question #20:

CEQA Guidelines, Section 15273 (a)(5)(b), require CEQA environmental review when a utility requests a rate increase to fund capital projects for the expansion of a system. In accordance with Section 15273 (a)(5)(b), the Commission should serve as the Lead Agency under CEQA environmental review when a regulated water utility requests a rate increase to fund a water recycling project and no other agency has prepared environmental documents for the same project. If another agency has already complied with CEQA as the Lead Agency, then the Commission should serve as the Responsible Agency.

Question #21: What, if any, incentives should be established for utilities to meet recycled water goals?

DRA response to Question #21:

The Commission should not establish incentives for utilities to meet recycled water goals. Recycled water goals are like Renewable Portfolio Standards ("RPS") for electric IOUs because both recycled water and renewable generation will avoid additional investments in more greenhouse gas-producing infrastructure (e.g. desalination and conventional power plants) and can lead to net reductions in greenhouse gas emissions by

²⁷ California Senate Bill X7 7, November, 2009.

replacing greenhouse gas-producing infrastructure (imported water and conventional power plants). RPS mandates do not provide incentives for compliance and provide penalties for non-compliance. The Commission's recycled water policy should be the same.

Question #22: What, if any, penalties should be established for utilities that fail to meet recycled water goals?

DRA response to Question #22:

The penalty for an RPS procurement deficit is 5 cents per kWh, up to \$25 million per year.²⁸ DRA recommends the Commission adopt a similar penalty structure for recycled water procurement deficits. There could be an exemption for IOUs that demonstrate that non-compliance was due to circumstances outside their control.

Question #23: What should be the reporting requirements regarding recycled water production and sales? Should water recycling plans be included as part of a utility's general rate case proceeding?

DRA response to Question #23:

DRA recommends an annual compliance filing that details IOU progress towards meeting recycled water goals. This compliance filing could include a spreadsheet containing the following data:

- Total deliveries
- Deliveries by end use (irrigation, potable, other),
- Revenues (total, by end use)
- Expenses (total, and by end use),
- Number of customers served
- Net greenhouse gas impact

²⁸ <http://www.cpuc.ca.gov/PUC/energy/Renewables/compliance.htm>, accessed January 13, 2011.

As noted in response to Question #7, DRA does not support the creation of stand-alone water recycling plans. An explanation of progress towards meeting water recycling goals should be included in each GRC filing.

III. CONCLUSION

Increased use of recycled water is an important element in assuring that Californians will be able to survive future droughts without serious social and economic consequences. The Commission can promote smart development of recycled water through setting policies in this rulemaking. DRA requests the Commission consider and adopt its recommendations, and stands ready to engage with other parties to devise goals that are feasible, reasonable, and environmentally sound.

Respectfully submitted,

/s/ LINDA BARRERA

Linda Barrera
Staff Counsel

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: lb3@cpuc.ca.gov
Phone: (415) 703-1477
Fax: (415) 703-2262

January 18, 2011

Attachment A

Examples of information to be included in a UWMP or IRWMP relating to recycled water

- The listing of the wastewater plants in the service territory.
- The volume of potential supply.
- A discussion of seasonal implications of effluent/stormwater supplies.
- A discussion of growers in the territory and the region and the water quality concerns/constraints they have (salt, nitrogen, etc).
- A discussion of potential customers (residential and non-residential) and their proximity to supplies and/or potential pipelines.
- A description of the levels of treatment needed for each potential customer group and the cost associated with that level of treatment.
- A discussion of whether or not sources of reclaimed water might change within 5 years (i.e. changes in business, growth, regulations, seawater intrusion, agricultural land conversions).
- Discussion of any obstacles that are causing the utility to delay in meeting its targeted recycled water delivery goals.
- Discussion of unique opportunities available in the region (i.e. public private partnerships, wastewater expansion plans, innovations for storm water management, infrastructure replacements, endangered species listings, flood management innovations, desalination proposals, emissions trading opportunities, public good charges that might be available²⁹, goals and targets of cities to increase recycled water (i.e. city of Los Angeles³⁰), grants³¹, bonds).

²⁹ http://www.arb.ca.gov/cc/scopingplan/document/adopted_scoping_plan.pdf table 22 and page 66.

³⁰ http://mayor.lacity.org/stellent/groups/ElectedOfficials/@MYR_CH_Contributor/documents/Contributor_Web_Content/LACITY_004714.pdf pages 22-23. Projecting an 80% increase in recycled water sales.

³¹ <http://www.wateronline.com/article.mvc/Local-Agencies-To-Receive-WaterSMART-Grant->

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- Discussion of how recycled water delivery is integral to their urban water management plans and/or integrated water management plans.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **PREHEARING CONFERENCE STATEMENT OF THE DIVISION OF RATEPYAER ADVOCATES** to the official service list in **R. 10-11-014** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on January 18, 2011, at San Francisco, California.

/s/ NANCY SALYER
NANCY SALYER

**Service List
R. 10-11-014**

charak@nclc.org
jlkiddoo@swidlaw.com
owein@nclcdc.org
ataketa@fulbright.com
tkim@rwglaw.com
debershoff@fulbright.com
fyanney@fulbright.com
ed.jackson@parkwater.com
leigh@parkwater.com
msullivan@lacsdc.org
larry@epwater.com
rdiprimio@valencia.com
bkelly@swwc.com
dadelloso@sgvwater.com
mlwhitehead@sgvwater.com
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Byous.Eric@epamail.epa.gov
Blumenthal.Jared@epamail.epa.gov
lweiss@manatt.com
mlane@nossaman.com
sleeper@manatt.com
blake@consumercal.org
pucservice@dralegal.org

pucservice@dralegal.org
mcowin@water.ca.gov
dstephen@amwater.com
pschmiege@schmiegelaw.com
sferraro@calwater.com
lmcghee@calwater.com
broeder@greatoakswater.com
broeder@greatoakswater.com
palle_jensen@sjwater.com
bill@jbsenergy.com
jeff@jbsenergy.com
davidmorse9@gmail.com
dalehf@water.ca.gov
Fweber@waterboards.ca.gov
jgoldstene@arb.ca.gov
mcowin@water.ca.gov

rmills@waterboards.ca.gov
bcook@fruitridgevista.com
rduvall@arb.ca.gov
thoward@waterboards.ca.gov
lwhite@energy.state.ca.us

EDELEON@gswater.com
TRH@cpuc.ca.gov
edeleon@gswater.com
danielle.burt@bingham.com
john.greive@lightyear.net
charles.forst@360.net
doug@parkwater.com
ehartling@lacsdc.org
CJohnson@calleguas.com
Benjamin.Lewis@gswater.com
dadelloso@sgvwater.com

grosendo@gswater.com
jgaron@gswater.com
carrie.gleeson@amwater.com
monica.na@amwater.com
robert.maclean@amwater.com
JLopez@avrwater.com
TobyMoore@gswater.com
luhintz2@verizon.net
jhawks_cwa@comcast.net
bcragg@goodinmacbride.com
ldolqueist@manatt.com
mmattes@nossaman.com
lex@consumercal.org
debbie@ejcw.org
nwales@calwater.com
tsmegal@calwater.com
bloehr@greatoakswater.com
tguster@greatoakswater.com
mvander@pcl.org
chris@cuwcc.org
llk@cpuc.ca.gov
ccg@cpuc.ca.gov
cjt@cpuc.ca.gov
dsb@cpuc.ca.gov
gw2@cpuc.ca.gov
jcp@cpuc.ca.gov
jlg@cpuc.ca.gov
jws@cpuc.ca.gov
kms@cpuc.ca.gov
lfr@cpuc.ca.gov
lwa@cpuc.ca.gov
mzx@cpuc.ca.gov
mcv@cpuc.ca.gov
phh@cpuc.ca.gov