

99-78

Writer's Direct Dial:
408-279-7933



CALIFORNIA
WATER
ASSOCIATION

February 22, 1999

Mr. Tom Gohring
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

PRESIDENT

Richard Balocco
San Jose Water Company
374 W Santa Clara Street
San Jose, CA 95196

Fax (408) 279-7934

VICE PRESIDENTS

Ted Jones
California-American Water
656-2411
(619) 656-2406

Michael Quinn
Suburban Water Systems
(626) 966-2090
Fax (626) 331-6363

Stan Ferraro
California Water Service Company
(408) 367-8225
Fax (408) 437-9185

**GENERAL SECRETARY /
TREASURER**

John S. Tootle
Dominquez Water Corp.
P.O. Box 9351
Long Beach, CA 90810
(310) 834-2625 Ext. 330
Fax (310) 834-8471

EXECUTIVE DIRECTOR

Sharon B. Carlson
California Water Association
12510 Fallcreek Lane
Cerritos, CA 90703
(562) 404-1993
Fax (562) 926-0997

Dear Mr. Gohring:

I am writing on behalf of the California Water Association, a group of privately owned water companies serving about 20 percent of the state's population.

First, we'd like to thank you for the time and effort you have put into building consensus and seeking solutions to the problems associated with the Bay-Delta. Your work is critically important to all Californians, and we appreciate the enormity of the task you and your colleagues have undertaken.

Having reviewed the two proposals on Urban Water Use Efficiency Certification, we would like to offer our views on some of the key components.

First and most important, it is our understanding that there has been some debate as to whether private water utilities would have equal access to CALFED funding for the implementation of Best Management Practices (BMPs). If the private water industry is expected to comply with the CALFED certification program or face penalties, we must have equal access to funding. A level playing field is essential for us to meet the overall goals of the program; whether a utility is public or private is immaterial.

Moreover, we strongly urge CALFED to establish a communication link with the California Public Utilities Commission (CPUC). By doing so, CALFED can assist private water utility companies in meeting CALFED BMP goals and achieving certification.

As to the specifics of the two proposals, and specifically their differences, we take the following positions:

We agree with the Kern County Water Agency/Bear Valley CSD (KCWA/BVCSD) that certification should not be denied due to values assigned to environmental costs/benefits in cost/benefit analysis exemptions. Until we are provided with definitive values for environmental costs and benefits, we should not be denied certification on the basis of our good faith efforts to estimate such values.

G - 0 0 8 0 4 5

G-008045

Mr. Tom Gohring
February 22, 1999
Page 2 of 2

We also take the KCWA/BVCSD position that variances on BMP implementation resulting from the "at least as effective as" standard should be communicated in writing to the California Urban Water Conservation Council (CUWCC) prior to implementation. We do not agree with the California Urban Water Agencies/Environmental Water Caucus (CUWA/EWC) position that approval of the CUWCC should be required prior to implementation.

On the issue of conditional and suspended compliance, we prefer the CUWA/EWC model, which sets specific time frames for each phase. Having a well-defined process clarifies expectations and leaves less to the discretion of the CUWCC.

As for the formation of a review team responsible for making certification decisions, we favor KCWA/BVCSD's second option, which calls for the creation of a nine-member certification committee made up of three Group 1 and three Group 2 representatives elected by the CUWCC Plenary, and three members-at-large elected by the six team members from Group 1 and Group 2. Certification would require a simple majority vote. We believe that having the review team appointed by the State, as the CUWA/EWC proposal describes, could politicize the process unnecessarily and be detrimental to its success.

In the case of requirements of first-tier wholesalers, we cannot completely favor either proposal. It would seem that an option somewhere between the two would be preferable. However, in the likelihood that water-based sanctions would be imposed on direct users of Bay-Delta water, which includes first-tier wholesalers, it would be in the best interests of these agencies to reach an agreement with retailers to secure participation necessary to ensure regional compliance. This agreement should be left to the retailers and wholesalers, with the options in the CUWA/EWC proposal available as guidelines.

Lastly, we agree very strongly with the KCWA/BVCSD that only water suppliers subject to a non-compliance finding should have the right to appeal a certification decision. Any party will have the opportunity to provide input on a given water supplier's application for certification, since the process is a public one. But if a water supplier takes on the considerable effort of meeting requirements for certification, and receives that certification from a balanced review team like that described above, it would be unnecessary to have that certification questioned by a third party.

Thank you for your consideration of our input. We have always taken an active role in promoting water conservation, and we understand the importance of conservation in the overall effort to solve the problems of the Bay-Delta.

Sincerely,



Richard Balocco, President