January 18, 2019

Mr. Francisco Guzman  
California Water Plan Update 2018  
Strategic Water Planning Branch  
Statewide Integrated Water Management  
California Department of Water Resources  
P.O. Box 942836 Sacramento, CA 94236-0001

Dear Mr. Guzman:

Subject: Comments to the California Water Plan Update 2018 – Public Review Draft December 2018

The Los Angeles Department of Water and Power (LADWP) recognizes the importance of stakeholder input on critical State planning documents, and we would like to thank the Department of Water Resources (DWR) for the opportunity to comment on the Public Review Draft (PRD) of the California Water Plan Update 2018 (Update 2018). We appreciate DWR’s efforts to create a comprehensive, holistic draft Update 2018 to address future water sustainability issues statewide. We also realize that the latest draft version released, along with the referenced PRD supporting documents, are still a work in progress. Therefore we submit for your consideration the following comments to the PRD and several of the associated supporting documents released on December 20, 2018 to help improve completeness and organization of information and clarification of primary messages.

Public Review Draft Comments

- **Include Future Supply and Demand Scenarios**
  In Chapter 2, section “Changing Demands for Water”, a brief mention was made on future water scenarios from Update 2013 showing increases in urban water demand ranging from 1 million acre feet (maf) to 7 maf per year by the year 2050. The PRD refers the reader to go to webpages and other supporting documents webpage if they want more information about California’s water use and water supply, including regional water balances for additional years. To better assist the reader’s understanding and help to support the recommended goals and actions, we suggest a summary of future supply and demand balance scenarios are provided to help set
context baseline of water agencies current planning efforts and the estimated outcomes of Update 2018 actions.

- **Update 2013 Data and Provide New Data**
  The PRD still refers to Update 2013 scenarios/data, which should be updated to reflect data available since Update 2013. For example, the Changing Demands for Water critical challenge on page 2-4 of the PRD still quotes future water scenarios published in Update 2013.

- **Accelerate Direct Potable Reuse Projects**
  In Chapter 3, section "Under Recommended Actions to Accomplish Update 2018" Goal 2 — Strengthen Resiliency and Operational Flexibility of Existing and Future Infrastructure, include updated information on recycled water efforts statewide. In particular, the draft report to the State Legislature on the Feasibility of Developing Uniform Water Recycling Criteria for Direct Potable Reuse was issued several years ago for public comment. LADWP was pleased that the Report concluded that Direct Potable Reuse (DPR) is technically feasible, allowing a path forward for DPR projects in California.

  DPR has great potential to provide a new local source of water supply, and will assist the City of Los Angeles in meeting its long term sustainability goals. LADWP plans to make investments in DPR as a part of its future water supply portfolio. LADWP supports the conclusions in the Report, and recommends that the State allow DPR projects to move forward concurrently with the research and development of the DPR regulations, on a case-by-case basis, and suggests that the State establish a timeline for the research as the projects and the development of the regulations move forward. Allowing DPR projects to move forward on a case-by-case basis will increase knowledge and data acquisition from actual projects that will expand the understanding of the DPR process and provide valuable confirmation of the effectiveness and reliability of DPR.

- **Include Timelines, Milestones, and Cost Estimates to Support Stated Goals**
  Additional information and details are needed under the implementation of Recommended Actions identified in the PRD. We suggest providing an implementation timeline, milestones, cost estimate, and associated analysis to support the Update 2018 outcome to achieve goals.

- **Provide Proper Citation and Release Missing Supporting Documents for Review**
  In order to verify information, please provide proper citation of data and content. The references listed in Chapter 5, should be properly cited throughout the PRD, in addition to references to specific data sources. For example, it is not clear where the
data in Chapter 1 for water use and water supply info/charts originated from. Furthermore, only 5 of the 14 referenced supporting documents that were utilized in the development of the PRD are available for public review.

**Sustainability Outlook Indicator Descriptions and Methodology Document Comments**

- **Clarify Indicator Importance and Weight**
  Please clarify how the indicators will be weighted. LADWP's mission as a water supplier is to provide reliable, high-quality, and competitively priced water services to our customers in a safe and publically and environmentally responsible manner. While we include as many additional community benefits to our projects as we can, such as aesthetic improvements and recreational opportunities, providing safe and reliable water is our top priority. We recommend that Update 2018 include weighting factors that reflect these core functions and top priorities of providing safe and reliable water to all California residents.

- **Confirm Consistency of Indicators with Established and Pending State Goals**
  Please confirm consistency of Sustainability Outlook Indicators with established and/or pending State goals. For example, the target indicator for "HE3 - Distribution System Leaks and Losses" is zero. This target, and the methodology for assessing water loss at a watershed level, is inconsistent with the methodology to be set by the State Water Resources Control Board (SWRCB) under Senate Bill 555. Furthermore, this is not a realistic target as no water system will have zero losses.

- **Use Robust and Accurate Data Sources**
  Please use the most robust and accurate sources of data available. For example, the data used for the "HE3 - Distribution System Leaks and Losses" indicator description, are from the 2015 UWMPs. However, this dataset has not been validated and studies have shown that over half of the dataset is unreliable. DWR has already collected two years of validated water loss audits for 2017 and 2018 and this is the data that should be utilized. Furthermore, comparisons of total water loss volumes between regions can be misleading; specifically, data used for water loss metrics (Table 4-11) needs to be normalized to account for varying sizes of utilities.

- **Clarify Contradicting Data Type and Status**
  Please clarify some of the combinations of data type and status on Table 4-1 that are contradictory. For example, PHS4 is type III (data are snapshot in time, piecemeal, no ongoing monitoring/collection, and useful in revealing gaps) with green status (data were collected/mapped and could be used to analyze the indicator). Another example: EV1 is Type I (adequate data were readily available to support development of the indicator and were generated by ongoing/systematic
monitoring/collection) with yellow status (some data were found and initial analysis was attempted, but additional effort will be required).

**Historical Expenditures and Current and Future Funding Needs Document Comments**

- **Reconsider Water Management Costs**
  Chapter 4 of the PRD and this draft supporting document estimate the total local, State, and federal funding gap required to achieve the Update 2018 goals to be more than $350 billion over the next 50 years. LADWP is concerned that this figure severely underestimates the actual costs associated with water management actions, particularly those paid by local agencies. This supporting document explicitly states that one of the limitations of the estimate is the exclusion of local agency operation and maintenance needs from the estimate. In addition, the upward trajectory of local agencies costs appears to be underestimated in the determination of the total future funding required.

- **Consider Funding Impact to Local Utilities and Ratepayers**
  LADWP supports the goals of Update 2018 and commends DWR for the consideration of novel funding mechanisms to support sustainable water management actions. However, with a potentially substantial cost could be associated with the Water Plan and approximately 80 percent of costs associated with water management actions would come from local agencies, LADWP is concerned that some of the novel funding mechanisms proposed in the Plan could negatively affect the affordability of water, and impede the ability of ratepayers to support local needs and initiatives. Should the economics of ratepayers’ ability of pay be ignored in the analysis of novel funding mechanisms, the ratepayer may only be able to fund statewide initiatives at the expense of local needs. Stability and sufficiency of funding is important at the same time, sustainability of the funding source should also be considered. Focusing costs onto a shrinking group of ratepayers will not be a sustainable plan moving forward.

- **Consider the Nexus between the Proposed Funding Mechanisms and the Beneficiary**
  The Funding Scenario Findings note the challenges of exclusively utilizing General Obligation Bonds and the State General Fund to fund the State’s contributions to Update 2018’s recommended actions. However, the progressive nature of the funding mechanisms for General Obligation Bonds and the State General Fund may limit the impact of the recommended actions to the affordability of water to ratepayers. The utilization of General Obligation Bonds and the State General Fund in conjunction with supplemental funding from novel funding mechanisms with a high
nexus between the fee and the beneficiary, such as the watershed assessment and the risk reduction insurance mechanisms, should be further explored by the State.

In closing, we support DWR’s long term approach to managing water resources systems for sustainability which requires changing the status quo, addressing challenges, and strategically planning for long-term resiliency. State government, along with other governmental agencies and key stakeholders, must lead the efforts and work collaboratively together to address challenges related to aging infrastructure, ecosystem decline, decision-making, and public funding. Finally, LADWP appreciates the opportunity to provide comments to the December 2018 draft PRD and looks forward to other opportunities to review updated drafts, and participate in DWR’s engagement with stakeholders towards finalizing the PRD. Should you have any questions regarding this letter, please contact Mr. Delon Kwan at 213-367-2166.

Sincerely,

David R. Pettijohn, P.E.
Director of Water Resources

AN:lb
c: Richard F. Harasick
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