This presentation premiered at WaterSmart Innovations

watersmartinnovations.com
The Drought: An IOU's Approach to Achieving Mandatory Conservation

March 31, 2015

March 28, 2017

San Jose Water Company
San Jose Water Company At-A-Glance

- Established in 1866, serves approximately one million people in the San Jose area
- Largest investor-owned water utility in California with a contiguous service area
- Service area
  - 138 square miles
  - 2,400 miles of mains
  - 220,000 customer accounts
San Jose Water Company
Water Sources
Uses of Water by Customer Sector

- Residential: 50%
- Commercial: 23%
- Agriculture: 9%
- Industrial: 9%
- Other: 9%
The Recent California Drought Timeline

• **2011 to 2013** – Three consecutive years of below average precipitation

• **February 25, 2014** – Santa Clara Valley Water District (SCVWD) changes conservation target to 20% from 10%

• **March 30, 2014** – SJWC institutes Rule 14.1 mandating conservation measures in an effort to reach 20% reduction goal

• **March 25, 2015** – SCVWD calls for 30% conservation

• **April 1, 2015** – Governor’s Executive Order requires 25% mandatory statewide reduction

• **April 9, 2015** – CPUC orders water companies to implement water allocation plan

• **June 15, 2015** – SJWC institutes Schedule 14.1 conservation rates, allocations, and surcharges
All water use rules enforced through our Water Waste program.

Noted water use rules:

- Leaks must be repaired within 72 hours of notice
- Irrigation restricted to 2 day per week
- No washing vehicles at home
- No filling new swimming pools
- No irrigation runoff from the property
The Public Has Its Say

- Public Utilities Commission required SJWC to host public hearing on May 28, 2015.
• Same allocation for all single family residential customers regardless of property size and not based on previous use.

• Customized allocation for dedicated landscape customers.

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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<tbody>
<tr>
<td>2013 Average</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>11</td>
<td>14</td>
<td>16</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>17</td>
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<td>14</td>
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<tr>
<td>Target (units)</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>12</td>
<td>13</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>14</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Target (gallons)</td>
<td>6,732</td>
<td>6,732</td>
<td>6,732</td>
<td>6,732</td>
<td>8,976</td>
<td>9,724</td>
<td>11,968</td>
<td>11,968</td>
<td>10,472</td>
<td>10,472</td>
<td>8,976</td>
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<table>
<thead>
<tr>
<th>Consumption</th>
<th>Rates</th>
<th>Total</th>
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<tbody>
<tr>
<td>50 units @ current rates</td>
<td>6 units @ $4.06</td>
<td>$24.36</td>
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<tr>
<td></td>
<td>30 units @ $4.51</td>
<td>$135.30</td>
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<tr>
<td></td>
<td>14 units @ $4.96</td>
<td>$69.44</td>
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<tr>
<td>DS1</td>
<td>6 units @ $3.56</td>
<td>21.36</td>
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<tr>
<td>DS2</td>
<td>12 units @ $7.13</td>
<td>85.56</td>
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<tr>
<td>Total Consumption Charge</td>
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<td><strong>$336.02</strong></td>
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</table>
Customer Service Impact
Total Abandoned Calls
Water Conservation Audit: Program Participation

Total Audits

2013: 2,207
2014: 3,109
2015: 7,516
2016: 3,157
Water Audit in Action
Santa Clara Valley Water District: Landscape Rebate Program (Turf Removed)

San Jose Water Company Customers
Residential Customer Water Use
Commercial Customer Water Use Reduction
Total Production

[Graph showing Total Production from January to December for different years, including 2013, 2014, 2015, 2016, 2017, and 18 Year Avg.]
What Was Learned

• Residential customers with the largest irrigated landscapes saw the largest increase in water bills and therefore had the greatest incentive to conserve.

• Customers are continuing to be efficient with their water use as total water use has yet to rebound to pre-drought levels.

• No matter how the drought surcharge framework is established, not everyone will be satisfied.
Thank You

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