



March 17, 2021

The Honorable Steven Bradford
California State Senate
1021 O Street, Suite 7210
Sacramento, CA 95814

The Honorable Josh Becker
California State Senate
1021 O Street, Suite 7250
Sacramento, CA 95814

Re: Senate Bill 1469 - Support

The California Water Efficiency Partnership is a nonprofit organization whose mission is to maximize urban water efficiency and conservation throughout California by supporting and integrating innovative technologies and practices; encouraging effective public policies; advancing research, training, and public education; and building collaborative approaches and partnerships. We work closely with public and private water suppliers to help them maximize water conservation savings during this period of extended drought in California.

We are writing in support of SB 1469. This bill will create parity in the way the California Public Utilities Commission sets rates for the investor-owned electric and water utilities that it regulates. Currently, only the electric utilities and their customers enjoy the protections provided by Public Utilities Code 739.10, which requires the CPUC to prevent any material over- or under-collection in revenue because of errors in sales projections when rates are set.

There are two good reasons why this bill is needed. The extraordinary water conservation savings now being asked of California water suppliers have revenue implications. Achieving the needed reductions in demand inevitably means the revenue collected is reduced, while water supply system costs remain the same. With this change that the bill proposes, the private investor-owned water suppliers regulated by the CPUC would be able to implement revenue decoupling and, in turn, eliminate the disincentive to pursue aggressive water conservation programs.

Senate Bill 1469 would also provide parity with the regulated energy utilities in California who already have that decoupling mechanism in place. Since private investor-owned water companies are not allowed to have the rate stabilization funds that public water suppliers have, they have no option for immediately reconciling the shortfall in revenue which they will experience before their next rate case. This problem was fixed decades ago for energy utilities when energy demand reductions were critically necessary in California. Senate Bill 1469 would put energy and water rates in California on an equal, progressive footing, and promote the water conservation savings that we all need in this drought.

For these reasons, we are proud to support Senate Bill 1469 and urge its passage.

Sincerely,

A handwritten signature in black ink that reads "Sarah Foley". The signature is fluid and cursive, with the first name "Sarah" being more prominent than the last name "Foley".

Sarah Foley
Executive Director, Operations