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RETAIL UTILITY DROUGHT RESPONSE – WHAT WORKS AND PLANS FOR 2015

Presented by

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Article X, § 2



The general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the ***waste or unreasonable use or unreasonable method of use*** of water be prevented

Water Code § 10632

- UWMP's shall include an urban water shortage contingency analysis that includes:
 - “stages” of action to be undertaken, and an outline of specific water supply conditions that are applicable to each stage
 - actions to be undertaken to prepare for, and implement during, a catastrophic interruption

Water Code § 10632

- additional, mandatory prohibitions against specific water use practices during water shortages
- consumption reduction methods in the most restrictive stages
- penalties or charges for excessive use
- a draft water shortage contingency resolution or ordinance

Water Code § 350 *et seq.*

- Water shortage emergency
- May establish priorities in the use of water, and regulations and restrictions on the delivery and consumption of water
- May deny applications for new or additional service connections
- May include provision for enforcement by discontinuing service to consumers violating the regulations and restrictions

Water Code § 375

- Agencies may adopt and enforce a water conservation program
- Water conservation ordinance or resolution may encourage conservation through rate structure design



Water Code § 375.5



- An agency may undertake water conservation and public education programs
- An agency may take into account any programs undertaken in a rate structure design

Goals

- Develop a new mindset of permanent water conservation/environmental stewardship
- Establish rules and regulations that will go into effect based on water shortage conditions to reduce demand



Proposition 218

- California Constitution, article XIII D, section 6(b) substantive limitations:
 - Fees shall not exceed the ***reasonable cost*** of providing the service
 - Fees shall not exceed the ***proportional cost*** of providing the service attributable to the parcel on which it is imposed

Proposition 26

- Amended Article XIII C, § 1(e) by adding a new definition of the term “tax”
- A fee is a tax ***unless*** it qualifies as one of seven exceptions:
 - (3) A charge imposed for the ***reasonable regulatory costs*** to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof
 - (5) A ***fine, penalty***, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law

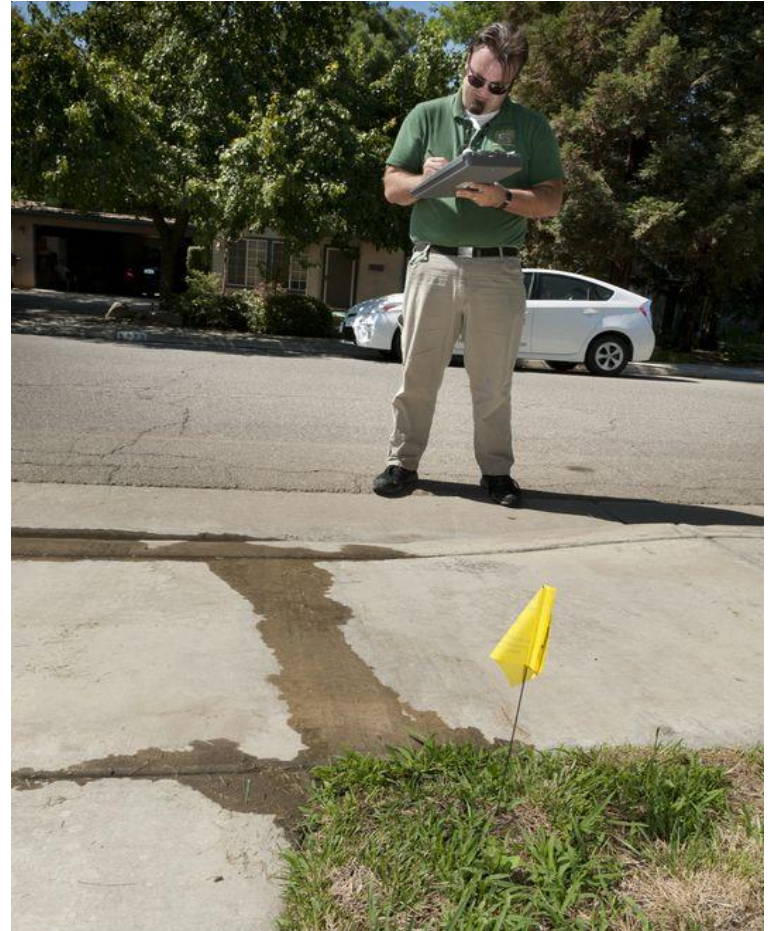
Water Shortage Surcharges & Rates

- Water shortage surcharges
- Water shortage rates
- Elimination of tiers
- Goal is revenue recovery



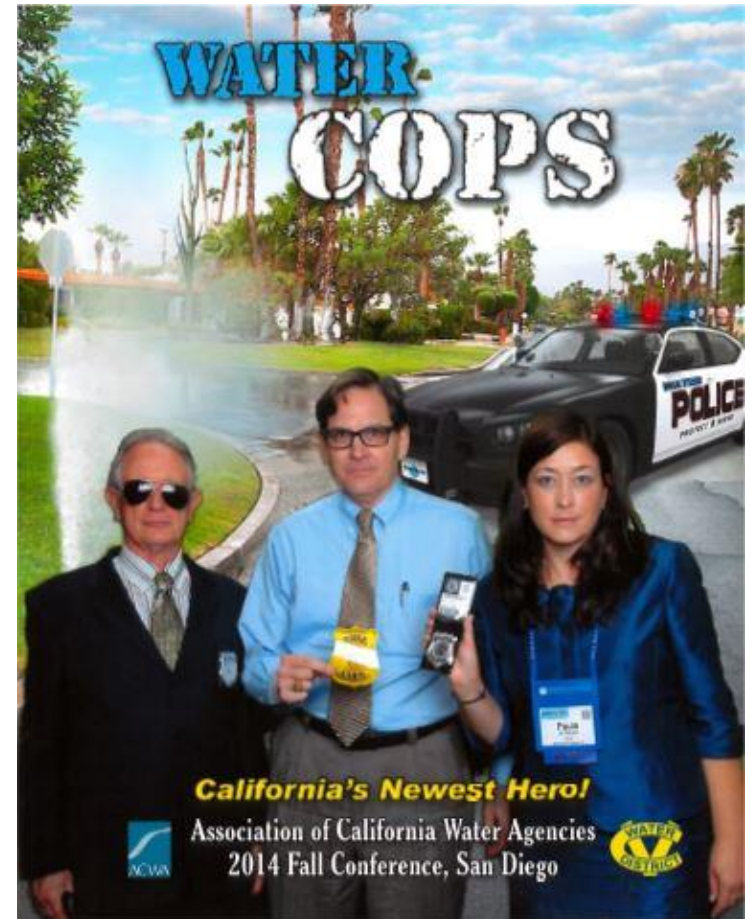
Regulations and Regulatory Fees

- Rules and Regulations – goal is compliance, enforcement, changing behavior
- Regulatory Fees – goal is recovery of costs of regulation and enforcement



Fines and Penalties

- Fines and Penalties – goal is compliance, punishment, changing behavior
- Misdemeanor violation – Water Code § 377
 - imprisonment for up to 30 days, or
 - a fine not to exceed \$1,000, or
 - both
- Administrative fine or penalty – Government Code § 53069.4



Conclusion

- Consider updating your water shortage contingency plan
- Consider alternative rate methodologies to achieve conservation and manage your water resources
- Consider including advance approval for water shortage surcharges or rates
- Consider adopting water allocations and administrative fines and penalties

Thank you for attending!

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