

C. WATER CONSERVATION PROGRAMS: 2006 – 2010

California American Water plans to implement additional conservation programs in several Best Management Practices (BMP) areas over the next three to five years. On-going and planned programs are described in the following sections, including program cost estimates (not including Wholesale agency program participation). New programs will be implemented in a phased approach, and are designed to complement and maximize the effectiveness of the current and future conservation programs conducted by the three wholesale water agencies covering the Los Angeles District service areas. California American Water is requesting in its October, 2005 rate case filing to the California Public Utilities Commission (CPUC), a Memorandum Account to track conservation program expenses for future cost recovery in water rates. Future program implementation will be dependent on approval by the CPUC of program expenditures in future water rates proceedings.

1. DMM 1: INTERIOR AND EXTERIOR WATER AUDITS (BMP 1)

BMP 1: Implementation shall consist of at least the following actions:

Develop and implement a strategy targeting and marketing water use surveys to single-family and multi-family residential customers.

Directly contact not less than 20% of single-family and 20% of multi-family residential customers each reporting period.

Surveys shall include indoor and outdoor components.

Customers shall be provided with results.

Track survey offers, completions, results and costs.

In accordance with Company policy, California American Water currently offers residential interior and exterior water audits to customers requesting them. A small number of requests are honored every year.

In addition to the auditing programs undertaken by the Division, the Company's operations personnel operate an informal "Alert, Check and Control" auditing program for all customers. This program has been internally developed in conjunction with the standard meter reading and billing process. The District's billing computers have been programmed to compare the current meter reading data as it is processed with past usage data. Any major anomalies in the data are noted (the Alert) and the appropriate customer service representatives are informed.

Water Management Plan Programs

They visit the site, verify the meter reading and look for obvious leaks or problems (the Check). The customer is then notified that he/she should expect a higher bill and is offered assistance in identifying and correcting any problems (the Control). In the past, a number of malfunctioning toilets, faucets and irrigation devices have been discovered and repaired in this way.

2006-2010 IMPLEMENTATION: California American Water will continue to offer residential water audits to customers requesting them, free of charge. The Company's "Alert, Check and Control" program will continue as a part of the District's regular operating procedures.

In addition, the Company plans to implement a Residential 3-year pilot level program to evaluate the performance of weather-based ET irrigation controllers. A total of 75 residential homes in the LA District will have ET controllers installed upon completion of an onsite audit. All participating residents will receive a water use survey/audit of their home (indoor and outdoor). In addition, in keeping with BMP 2 (below), all applicable low-flow devices, will be installed during the onsite audit. When applicable, Pilot Study participants will also be given rebate applications for ULFT toilets and high efficiency clothes washers (BMPs 6 and 14), educational materials on low water use landscape design and irrigation. Working with regional wholesalers, such as Upper San Gabriel Valley Municipal Water District, free workshops will be provided to educate customers on water use efficiency. Lastly, each participating residents (those with dedicated irrigation meters) will be provided a rebate for the installation of an ET-based irrigation controller.

Estimated Program Cost – 2006: \$23,000, 2007: \$26,000, 2008: \$12,000

2. DMM 2: RESIDENTIAL PLUMBING RETROFIT (BMP 2)

BMP 2: Implementation shall consist of at least the following actions:

Develop a targeting and marketing strategy to distribute or directly install low-flow showerheads, toilet displacement devices, toilet flappers and faucet aerators to single-and multi-family residences constructed prior to 1992.

Maintain distribution and/or direct installation programs so that devices are distributed to not less than 10% of single-family connections and multi-family units each reporting period or require through an enforceable ordinance the replacement of high-flow showerheads and other water using fixtures with their low-flow counterparts, until it can be demonstrated that 75% are retrofitted.

Water Management Plan Programs

In 2004, the Los Angeles District offered residential plumbing retrofit devices and leak detection/conservation kits to all customers through a billing insert promotion. Customers who responded received kits containing a positive shut off hose nozzle, a water conserving showerhead, a soil moisture meter, a lawn-watering gauge to measure irrigation system output, and dye tables to detect toilet tank leaks.

2006-2010 IMPLEMENTATION: California American Water will make the water conserving kits available to any customer requesting them, and will offer them to all new customers. At least once or twice a year during the 5-year term of this Plan, the Company will again promote the availability of the retrofit kits through bill inserts or other similar means. The kits will also be offered at community events and by company personnel investigating complaints about high water bills.

In addition, as part of the pilot residential audit program described above, residential customers that receive audits will be provided appropriate low-flow devices such as shower heads, toilet displacement bags, and faucet aerators. Costs for this program are included under DMM 1 above.

3. DMM 3: DISTRIBUTION SYSTEM AUDITS AND LEAK DETECTION AND REPAIR (BMP 3)

BMP 3: Implementation shall consist of at least the following actions:

Annually complete a prescreening system audit to determine the need for a fullscale system audit.

When indicated, complete a distribution system audit using methodology consistent with the American Water Works Association's "Manual of Water Supply Practices, Water Audits and Leak Detection.

Advise customers whenever it appears possible that leaks exist on the customer's side of the meter; perform system leak detection when warranted and repair leaks when found.

California American Water has an established *Water Loss and Leak Detection Policy*⁵ which is followed by California American Water personnel when conducting routine field work. Leaks

⁵ California-American Water Company, *Distribution Policy 7, Water Loss Control and Leak Detection*, adopted by the Board of Directors, May 9, 1988.

Water Management Plan Programs

found are prioritized and scheduled for repair as quickly as possible. Larger leaks are given higher priority, while the largest leaks are considered emergencies and are repaired as quickly as the personnel and equipment can be mobilized.

The level of unaccounted-for water in the Los Angeles District has historically been below 10%, the industry standard for acceptable distribution system efficiency. It is also the threshold level for a system audit under this BMP.

Among the three Service Areas, the Duarte Service Area has historically had the most leaks in the distribution system and the highest level of unaccounted-for water. The District's recent main replacement programs have given high priority to lines with the largest number of leaks.

2006-2010 IMPLEMENTATION: Because of the low level of unaccounted for water in the Division, the level of additional action required is moderate. California American plans to conduct one pilot leak detection study in one of the three service areas each year utilizing an outside consultant. Areas will be selected based on on-going analysis of unaccounted-for water trends and the frequency of detected leaks. In addition, the Division expects to continue making major capital investments in its ongoing pipeline replacement programs, as it believes these programs have had a major role in improving the efficiency of the respective distribution systems and in reducing water losses. The Division staff will continue to remain alert to possible leaks on the customer's side of the meters and to advise customers whenever major anomalies appear in the customer's rate of consumption.

Estimated Program Cost - \$5,000 Per Year

4. DMM 4: METERING WITH COMMODITY RATES FOR ALL NEW CONNECTIONS AND RETROFIT OF EXISTING CONNECTIONS (BMP 4)

BMP 4: Implementation shall consist of at least the following actions:

Requiring meters for all new connections and billing by volume of use.

Identifying a program for retrofitting existing unmetered connections and billing by volume of use.

Water Management Plan Programs

Identifying intra- and inter-agency disincentives or barriers to retrofitting mixed use commercial accounts with dedicated landscape meters, and conducting a feasibility study to assess the merits of a program to provide incentives to switch mixed use accounts to dedicated landscape meters.

California American Water's Los Angeles District is fully metered and all customers are billed on the basis of a set service charge per meter plus a volume of use charge. The volume charges vary by Service Area, as major components of the water supply cost vary for each Service Area. The volume of use charge currently in effect is \$1.7632 per ccf unit (1 ccf unit = 748 gallons) for the Baldwin Hills Service Area, \$1.2042 for the Duarte Service Area and \$1.2093 for the San Marino Service Area.

The (non-potable) irrigation water supplied to customers in the Duarte Service Area is also sold by volume of use plus a fixed service charge that varies by the meter size. The volume of use charge is lower for customers with gravity service than for customers with pressure service. Both the service charges and the volume of use charges for irrigation water are substantially lower than the potable water charges for the Duarte Service Area.

2006-2010 IMPLEMENTATION: This BMP is being implemented. It should be noted that no changes in rates or in the rate structure can be implemented unless they are authorized in advance by the California Public Utilities Commission. The feasibility of conversion of customers having mixed use commercial meters to dedicated landscape irrigation meters will be evaluated as part of the BMP 5 program described below.

5. DMM 5: LARGE LANDSCAPE CONSERVATION PROGRAMS AND INCENTIVES (BMP 5)

BMP 5: Implementation shall consist of at least the following actions:

Provide non-residential customers with support and incentives to improve their landscape water use efficiency. This support shall include the following:

Identify accounts with dedicated irrigation meters and assign Eto-based water use budgets. Provide notices each billing cycle to accounts with water use budgets showing the relationship between budget and actual consumption.

Water Management Plan Programs

Develop and implement a strategy targeting and marketing large landscape water use surveys to CII accounts with mixed-use meters. Each reporting period, directly contact via letter or telephone not less than 20% of such accounts and offer water use services.

Provide information on climate-appropriate landscape design, efficient irrigation equipment/management to new customers and change of service customer accounts.

Recommended actions:

Install climate appropriate water efficient landscaping at water agency facilities.

Provide customer notices prior to the start of the irrigation season alerting them to check their irrigation systems and make repairs as necessary. Provide notices at the end of the irrigation season advising them to adjust their irrigation system timers and irrigation schedules.

The largest landscape irrigators in the Los Angeles District include public parks, school playing yards, a golf course, a cemetery and the City of Hope medical center. California American Water believes that the cost of water, which is based on volume of use, provides a very strong customer incentive for the careful application of water to large landscaped areas.

The Division has benefited from, and will continue to benefit from, courses in landscaping water conservation for residents and professional landscaping contractors/workers given by the Upper San Gabriel Valley Water Management District. A number of professionals working within the San Marino and Duarte Service Areas have attended these courses, as have an unknown number of California American Water^{LF} residential customers.

2006-2010 IMPLEMENTATION: The largest water use customers in the Los Angeles District are the Large Landscape (LL), Commercial, Institutional, and Industrial (CII) customers. These customers also have the largest conservation potential. Upgrading such facilities with water efficient devices and technologies can require a substantial investment that many CII and LL customers will not consider without some financial incentive.

Through MWD's TAP and other financial assistance programs potentially funded by the Company, California American Water, plans to initiate a Pilot Program that would offer grants of up to \$10,000 per site to large landscape and commercial customers to install water

Water Management Plan Programs

conserving devices. The program will be implemented by conducting in-depth audits of selected facilities that result in specific recommendations for installation of devices and technology, water management changes, and the development of an annual water budget for each participating facility. The program will prioritize the largest water users in each service area. Implementation of the pilot program will be phased-in over the 2006-2008 period. It is anticipated that the projected California American Water program expenditures listed below would be approximately matched by expenditures by the wholesale water agencies that provide water to the District's service areas. To assess the magnitude of water savings, California American Water will evaluate water sales data for the participating customers before and after the audits. This data will be used in determining whether the program should be expanded to include more landscape customers in the future. The District's Conservation Coordinator will develop and implement a program to identify the largest CII accounts with mixed-use meters to identify candidates for the installation of separate irrigation meters. Once identified, water use surveys and the installation of separate irrigation meters will be offered to these customers, with appropriate follow-up as suggested in BMP 5.

Estimated Program Cost - 2006: \$55,000, 2007: \$60,500, 2008: \$86,000

6. DMM 6: HIGH-EFFICIENCY CLOTHES WASHING MACHINE FINANCIAL INCENTIVE PROGRAMS (BMP 6)

BMP 6: Implementation shall consist of at least the following actions:

Until January 1, 2007, the water agency shall offer financial incentive, if cost effective, for the purchase of high-efficiency clothes washing machines (HEWS) meeting a water factor of 9.5 or less.

Any financial incentive offered shall be not less than the marginal benefits of the water savings, reduced by the necessary expense of administering the incentive program. A program is not required if the agency determines that the maximum cost-effective incentive is less than \$50.

California American Water has an on-going program of rebates for high efficiency washing machines available to customers of the Los Angeles District. Rebates of \$50.00 are provided for qualifying high efficiency washing machines. The rebates can be supplemental to rebates that are available to some customers from the Metropolitan Water District and USGVMWD, which

Water Management Plan Programs

currently go as high as \$275. For Baldwin Hills customers, rebates from the West Basin MWD, which are currently \$100. Participation in the California American Water Program has been relatively limited to date.

2006-2010 IMPLEMENTATION: California American Water plans to implement a multimedia campaign to promote both the HEWS rebate program through 2006, in accordance with BMP 6. In 2007, both the HEWS and ULFT rebate programs will be evaluated to determine if the marketing efforts were successful in increasing participation and whether additional matching rebates should be offered by California American Water in 2007 and beyond. The Company will consider matching rebates offered by the USGVMWD in the San Marino Service Area for customers in the City of San Marino or adjacent unincorporated areas that are not within the USGVMWD boundaries and are not eligible for the USGVMWD washing machine rebates.

Estimated Program Cost – 2006: \$30,000; 2007: \$60,000; 2008: \$90,000 (includes ULFT rebate program)

7. DMM 7: PUBLIC INFORMATION (BMP 7)

BMP 7: Implementation shall consist of at least the following actions:

Implement a public information program to promote water conservation and conservation related benefits.

Program should include providing speakers to community groups and the media; using paid and public service advertising, using bill inserts; providing information on customers bills showing use in gallons per day for the last billing period compared to the same period the year before; providing public information to promote other water conservation practices; and coordinating with other governmental agencies, interest groups and public interest groups.

California American Water and its regional partners, including the MWD, the USGVWMD and the West Basin MWD cooperate in on-going public information and education efforts to encourage water conservation and water use efficiency. California American Water's independent efforts include printing water conserving tips on bill inserts or text messages on the water bills approximately 2-4 times yearly and printing comparisons of current period water use with use during the same period in the previous year on each water bill. The Company also

Water Management Plan Programs

makes speakers available for informational presentations at neighborhood meetings, service clubs, and other community events. California American Water supports USGVMWD in its yearly Water Fest, which is held to promote and educate families about water conservation, water quality, and Southern California's water, needs and challenges. Finally, California American Water benefits from the extensive conservation-related public information activities of MWD's External Affairs Group, which has a large Speakers Bureau, and active media, community and governmental relations programs.

2006-2010 IMPLEMENTATION: California American Water will continue regular dissemination of water conserving messages via bill inserts and bill text messages --- at least 2 – 4 times per year. In addition, the Company will participate in a minimum of 4 community events and programs per year to promote water conservation and water resources issues. Participation will include sponsorship, a table/booth at the event, handouts of conservation literature, and promotion of other California American and wholesale agencies' BMP programs. In the event of a drought or any other water shortage emergency a much more aggressive public information program will be initiated. The Company will also support its partners including the MWD and the USGVWMD in developing and implementing their public information programs over the coming 5 years, and will work to ensure that the respective programs reinforce each other.

Estimated Program Cost – 2006: \$25,000; 2007: \$37,500; 2008: \$37,500
(includes staffing and program costs to promote DMM 8 efforts below)

8. DMM 8: SCHOOL EDUCATION PROGRAMS (BMP 8)

BMP 8: Implementation shall consist of at least the following actions:

Implement a school education program to promote water conservation and conservation related benefits.

Programs shall include working with the school districts and private schools in the water supplier's service area to provide instructional assistance, educational materials and classroom presentations that identify urban, agricultural, and environmental issues and conditions in the local watershed. Education materials shall meet the state education framework requirements, and grade appropriate materials shall be distributed to grade levels K-3, 4-6, 7-8 and high school.

Water Management Plan Programs

The Los Angeles District of California American Water is within the service area of the Metropolitan Water District of Southern California (MWD) and either serves or obtains portions of its supply from, MWD members including the City of Los Angeles, the City of San Marino, USGVWMD, and the West Basin WMD. The MWD operates an extensive region-wide water education program that offers age/grade appropriate materials to schools within the MWD service area. Its educational program includes working with school districts and private schools within its boundaries to provide instructional assistance, educational materials and classroom presentations that identify urban, agricultural and environmental issues and conditions in the local watershed. The materials supplied meet state education framework requirements and grade appropriate materials are offered to all grade levels from K through 12th. In addition to the MWD program, the USGVMWD sponsors Water Awareness Contests for children including poster and T-Shirt art contests for the K-3 and 4-6 grade levels.

USGVMD also maintains a water education library with materials that are available for loan to supplement and expand the range of materials supplied by the MWD in its educational programs. The USGVMD programs are available to all customers of the Duarte Service Area and some customers of the San Marino Service Area.

The Central and West Basin MWDs sponsor Planet Protector Water Explorations, an award winning youth education program that has been implemented at over 160 schools and involved 16,000 students. The program is designed to educate 3rd through 12th graders about water and the importance of conservation. It also addresses wise water use and alternatives such as recycled water and desalination. An unknown number of students from California American Water's Baldwin Hills Service Area have benefited from this program.

2006-2010 IMPLEMENTATION: Throughout the term of this UWMP, the Los Angeles District will continue to support, and benefit from, the regional water education programs sponsored by its wholesalers including the MWD, USGVMWD and the West Basin MWD. The primary objective of California American Water's efforts related to BMP 8 will be to ensure that the schools in the Los Angeles District service areas are adequately represented and participating in the MWD, USGVMWD, and West Basin programs. Toward that end, California American will provide a list of schools and contacts to MWD; Coordinate and attend meetings with MWD and schools to promote the program; Communicate/correspond with Program Coordinators to keep updated on the programs; Regularly send correspondence to schools and participating teachers

to maintain interest in the programs; Complete annual school surveys (by students, staff, and faculty) on the program effectiveness.

Estimated Program Cost – 2006: \$5,000; 2007: \$5,000; 2008: \$5,000

9. DMM 9: CONSERVATION PROGRAMS FOR COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL (CII) ACCOUNTS (BMP 9)

BMP 9: Implementation shall consist of both (a) and (b) and either (c) or (d):

- (a) Identify and rank CII accounts according to water use;*
- (b) Implement a program to accelerate replacement of high-water using toilets with ULFTs in CII accounts;*
- (c) Implement a CII Water-use Survey and Customer Incentives Program such that 10% of the CII accounts are surveyed within 10 years of the date of implementation;*
- (d) Achieve a water use reduction in CII sectors equaling or exceeding 10% of the baseline (1997) use over a 10-year period.*

In 1999, MWD developed a pilot program for a regional effort to market, manage and pay rebates to Commercial, Industrial and Institutional water users to implement effective water conservation devices. Based on the pilot program, a vendor-administrated regional program began in 2004. Rebate incentives available under this program are shown in Table 16.

Many customers of California American Water can benefit from the *SAVE WATER, SAVE A BUCK* program for CII customers sponsored by the USGVMWD, and the West Basin MWD. This program is promoted by the sponsoring agencies and builds upon the MWD program by substantially increasing the value of the rebates. For example the rebates for ULFTs go up to \$180, and the rebates for HECWs that are coin- or card-operated go up to \$450. Pre-rinse spray valve rebates are \$80.

TABLE 16
CII REBATE INCENTIVES

Device Type	MWD Rebate Amount	USGVMWD and West Basin MWD Augmented Rebates (Maximum Amounts)
ULFT	\$60	Up to \$180
Dual-Flush Valve	\$80	-
Upgrade from ULFT to Dual-Flush	\$20	-
Urinal	\$60	Up to \$100
Pre-Rinse Spray Valve	\$50	Up to \$80
High Efficiency Clothes Washer	\$100	Up to \$450 (coin op)
Water Broom	\$100	Up to \$150
Cooling Tower Controller	\$500	Up to \$700
X-Ray Film Processor Recirculation System	\$2,000	Up to \$3,000

2006-2010 IMPLEMENTATION: California American Water will develop a program to market the available MWD rebates for CII customers through promotional mailings and bill inserts or bill messages targeted to its commercial, industrial and institutional accounts. The Company will also consider a program of supplemental rebates, based on the *SAVE WATER, SAVE A BUCK* program, such that the benefits of this program will be extended to California American Water customers in the San Marino Service Area that are not covered by either of the current *SAVE WATER, SAVE A BUCK* programs sponsored by the USGVMWD or the West Basin MWD.

As described under DMM 5 above, California American Water will develop a pilot CII and Large Landscape Audit and grant program for the largest CII customers within its service areas (refer to DMM % above for program description and estimated costs).

10. DMM 10: WHOLESALE AGENCY ASSISTANCE PROGRAMS (BMP 10)

BMP 10: Implementation shall consist of at least the following actions:

Wholesale water suppliers shall provide financial incentives, or equivalent resources, as appropriate, beneficial and mutually agreeable to their retail water agency customers to advance water conservation efforts and effectiveness.

The Los Angeles District is not a wholesale supplier of water, although there is one resale customer. Due to the fact that California American Water is essentially a retail water provider, BMP 10 is not applicable.

11. DMM 11: CONSERVATION PRICING (BMP 11)

BMP 11: Implementation shall consist of at least the following actions:

Implementation methods shall be at least as effective as eliminating non-conserving pricing and adopting conserving pricing. For signatories supplying both water and sewer service, this BMP applies to pricing of both water and sewer service. Signatories that supply water but not sewer service shall make good faith efforts to work with sewer agencies so that those sewer agencies adopt conservation pricing for sewer service.

The Los Angeles District is fully metered, and all customers are charged by volume of use. California American Water does not provide sewer service, and has no ability to establish the rate structures of the various wastewater treatment providers that serve its customers.

2006-2010 IMPLEMENTATION: California American Water will continue to maintain volume of use pricing. In its October, 2005 rate case filing, with the CPUC, California American Water is proposing rate structure changes that will further encourage water conservation through increased emphasis on volume of use pricing. It is important to emphasize that no changes in rates or the rate structure can be implemented unless they are authorized in advance by the California Public Utilities Commission.

The Company has no jurisdiction over sewage treatment rates, but will encourage more aggressive conservation pricing when the opportunities arise.

12. DMM 12: CONSERVATION COORDINATOR (BMP 12)

BMP 12: Implementation shall consist of at least the following actions:

- a) Designation of a water conservation coordinator and support staff (if necessary), whose duties shall include the coordination and oversight of conservation programs and BMP implementation, preparation and submittal of Council BMP Implementation Reports, and communication and promotion of water conservation issues to agency senior management, coordination of agency conservation programs with operations and planning staff; preparation of annual conservation budget; participation in the California Urban Water Conservation Council; and preparation of the conservation elements of the agency's Urban Water Management Plans.*
- b) Agencies jointly operating regional conservation programs are not expected to staff duplicative and redundant conservation coordinator positions.*

In 2005, the Company created and staffed a position of Conservation Coordinator for its California operations. This employee has overall responsibilities for managing the water conservation activities in all of the California American Water's California service areas, preparing and tracking water conservation budgets, overseeing the data collection and BMP fulfillment reporting, and communication with senior management regarding water conservation issues and related water conservation activities. The Water Conservation Coordinator will be assisted in the implementation of water conservation programs at multiple levels of the Company's operations. For example, the Company's centralized billing operations will participate in customer communications involving water use information, bill inserts, bill messages and special mailings. The central call center staff will be the primary responders for distributing water conservation devices and processing rebate applications. Operations personnel at the respective Districts will be responsible for gathering production and sales data, water loss reduction efforts, participating in local events, coordinating with staff from cooperating agencies, etc.

2006-2010 IMPLEMENTATION: During the term of this Plan, the Company will expand the role of the Conservation Coordinator to better integrate conservation activities into the overall operations of the Los Angeles District and its California operations, as a whole. The Company will consider adding an additional conservation staff position in the Los Angeles District to implement the conservation programs as the need arises.

Estimated Program Cost - Staffing costs are imbedded in programs costs listed for the other DMM areas.

13. DMM 13: WATER WASTE PROHIBITION (BMP 13)

BMP 13: Implementation methods shall be enacting and enforcing measures prohibiting gutter flooding, sales of automatic (self regenerating) water softeners, single pass cooling systems in new connections, nonrecirculating systems in all new conveyer car washes and commercial laundry systems and non-recycling decorative water fountains.

The California Public Utilities Commission, through General Order 103, has authorized regulated water purveyors to discontinue service to any customers who are flagrantly wasting water. This authority is also explicitly granted to the Company in Rule 11 B, (3) of the Company's tariffs. Rule 11 B, (3) permits the Company to terminate service "where negligent or wasteful use of water exists" as long as the practices have not been remedied within 5 days of giving the customer written notice to such effect.⁶ Typically, Company staff would personally document at least three violations before turning off a customer's water supply.

2006- 2010 IMPLEMENTATION: California American Water will continue to enforce Rule 11 and will enforce any future water waste prohibitions that are implemented pursuant to any voluntary or mandatory water rationing plans.

14. DMM 14: RESIDENTIAL ULFT REPLACEMENT PROGRAMS (BMP 14)

BMP 14: Implementation shall consist of at least the following actions:

Implementation of programs for replacing existing high-water- using toilets with ultra-low-flush toilets (1.6 gallons or less) in single family and multi-family residences.

Programs shall be at least as effective as requiring the replacement at the time of resale .

California American Water Los Angeles District customers are eligible for ULFT rebates through MWD, USGVMWD, West Basin MWD. Currently MWD offers \$60 for ULFT and \$80 for Dual

⁶ California-American Water Company, Rule 11, § B, (3), effective July 6, 1993.

Water Management Plan Programs

Flush Toilets. West Basin MWD offers \$50 per rebate. In 2003, California American Water worked with USGVMWD to implement a ULFT distribution program for customers in the Duarte service area. In addition, customers in the Baldwin Hills Service Areas, and portions of the San Marino Service Area, are eligible for ULFT toilet exchange programs sponsored by the USGVMWD or the West Basin MWD when they take place. These programs provide free ULFTs, provided a customer returns the old toilets within 30 days.

2006-2010 IMPLEMENTATION: The Company plans to implement a multi-media campaign to promote and market the ULFT rebate programs available to Los Angeles District customers through the regional wholesale agencies. In addition, the Company will evaluate customer participation levels in 2006 to determine if additional rebates will be offered to customers by the Company in 2007 and 2008 to increase program participation.

Estimated Program Cost - 2006: \$30,00; 2007: \$60,00; 2008: \$90,000

15. WASTEWATER RECLAMATION

California American Water does not collect or treat wastewater in any of Los Angeles Districts, and does not operate any wastewater reclamation facilities. Accordingly, the Company will not be treating or distributing recycled water at any point in the foreseeable future.

However, the West Basin Municipal Water District, one of California American Water's suppliers, operates a wastewater reclamation facility and the Upper San Gabriel Valley Municipal Water District has a recycled water project under construction.

Wastewater generated by California American Water's Baldwin Hills customers is transported to the wastewater treatment plant in the City of El Segundo that supplies the West Basin Recycling Facility. El Segundo is about 6 miles south of the Baldwin Hills service area. The West Basin facility is one of the largest and most advanced recycled water plants in the United States. In the past 2 years this plant has supplied 8 – 9 mgd (9,000 to 10,000 AFY) of recycled water for irrigation, industrial process water, street sweeping, toilet flushing, groundwater injection to prevent seawater intrusion and other uses. The West Basin Water Recycling Facility provides five different qualities of "designer" recycled water: Tertiary treated water for many