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Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Comment Letter: Conservation Pricing

Ecolab is the global leader in water, hygiene and energy technologies and services. We serve more than one million customer locations in more than 170 countries across more than 40 industries, helping them operate more efficiently and achieve business goals. We have a significant presence in California, serving customers across the Commercial, Institutional and Industrial sectors. Additionally, we operate our own manufacturing facilities in Carson and City of Industry.

As you assess water pricing strategies for California, we wanted to make you aware of a resource we developed that we believe provides a unique perspective on water valuation. The Water Risk Monetizer (www.waterriskmonetizer.com) is a publicly available tool that provides valuable directional data that could help the State, water suppliers and water users better understand the full value of water at local levels. It presents a different way of looking at the value of water to businesses that can inform actions to reduce water use.

As a company with significant insight into the water-related challenges facing customers and with deep expertise in water management, we are keenly aware of the fact that the disconnect between today's market prices for water and local water scarcity levels in many regions makes it challenging for businesses to make the business case for investment in water-saving strategies.

Water is integral to many of our customers' key processes including cleaning and sanitizing, food processing, boiler and cooling water treatment, influent and wastewater treatment, and oil and gas extraction and processing.

To help our customers address increasing water-related challenges, Ecolab employs innovative technologies, real-time data and monitoring, water management software tools, services and chemistries to help customers use less water, re-use and recycle water, manage water to increase operational efficiency and reduce cost of operation, treat water to meet environmental discharge standards, treat for health and safety and protect and extend asset life.

Beyond our solutions, we are committed to helping all water users better understand the value of water in order to drive more informed and effective business decisions related to water use. To support this commitment, in November 2014, Ecolab, in partnership with Trucost, introduced the Water Risk Monetizer, a publicly available online tool that provides actionable information to help businesses understand the impact of water scarcity to their operations and quantify those risks in financial terms.

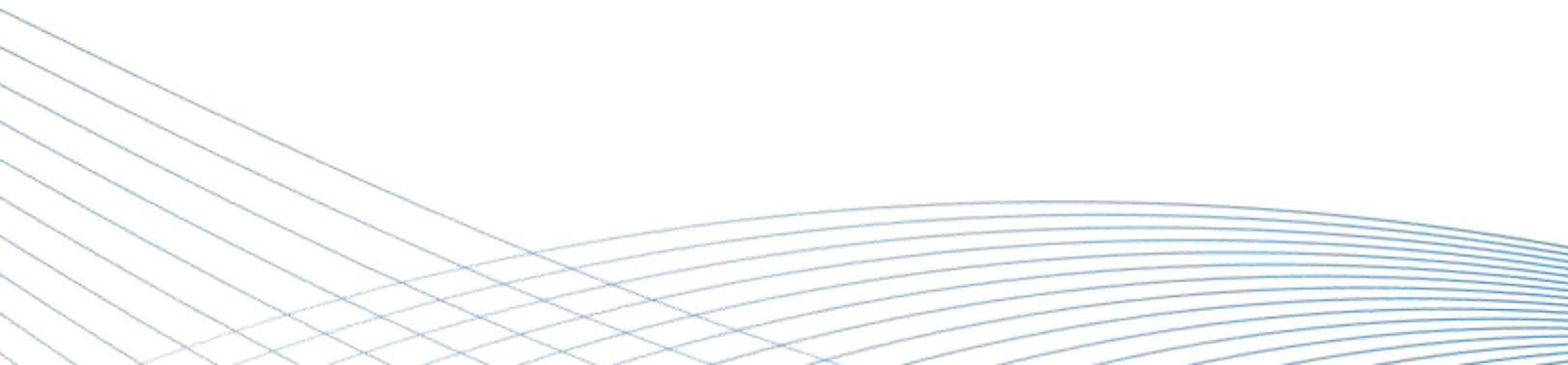
The Water Risk Monetizer helps bridge the gap between market price and risk (based on scarcity) by calculating a risk-adjusted water cost comprised of forecasted future water costs, plus a risk-based premium that represents the full value of water. The premium makes it easier to factor the potential cost or impact of water risks into business decisions in the same way other risks are considered in planning and capital allocation.

The tool uses a scientific model developed by Trucost, the global leader in valuing natural capital, to quantify the potential impact of water scarcity on a facility in monetary terms. The model correlates local water scarcity to considerations that contribute to the full value of incoming water, based on scarcity, for a specific facility, including:

- Current and projected water use
- Current and projected local water scarcity
- Economic variance and purchasing power
- Population and GDP forecast

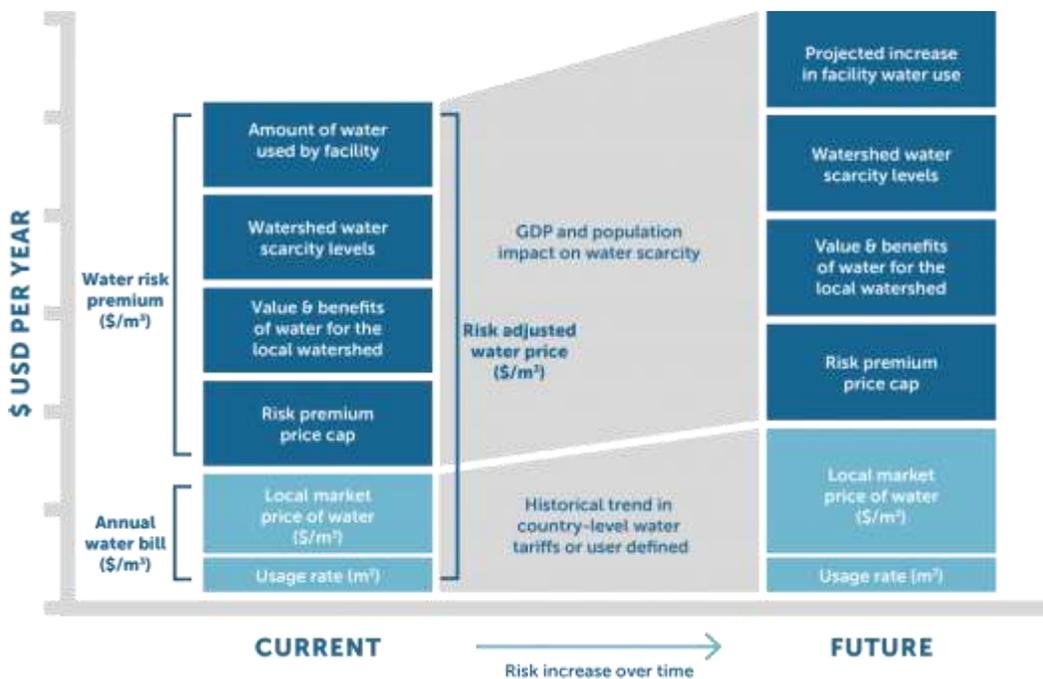
Using algorithms derived from published scientific studies on water scarcity and in-stream water values, such as groundwater recharge, waste assimilation, wildlife habitat and recreational activities, the tool correlates a water user's water use to these local scarcity considerations to calculate a "water risk premium."

The water risk premium, when added to the local price a water user pays for water, quantifies the value the user should place on water based on real and future water scarcity risks. The model aligns scarcity data with current market conditions to cap the water risk premium at the highest price paid for water globally today.



The result is a financial assessment of water risks, calculated in current and three-, five- and ten-year projections, including:

- Forecasted water bills based on the historical relationship between country level GDP and water price
- Water risk premiums based on scarcity calculated by Trucost’s scientific model
- Total value (risk adjusted water price) that should be placed on water based on real and future risk related to water scarcity



The information provided by the Water Risk Monetizer can be used by water users in California to better understand water risks and the potential cost implications of water scarcity. The data provides valuable information to help drive better water management strategies and investment and provides a catalyst for collaboration and stewardship.

The Water Risk Monetizer is not intended to influence market pricing strategies nor is Ecolab advocating for specific pricing increases. By sharing this information with State Water Resources Control Board, our objective is to inform the Board of the tool as a potential valuation resource for water suppliers and water users in California.

For more information visit www.WaterRiskMonetizer.com or contact Emilio Tenuta, Ecolab vice president of corporate sustainability at etenuta@nalco.com or 651-250-4175.