BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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In the Matter of the Application of California- American Water Company (U210W) for an Order Authorizing the Collection and Remittance of the Monterey Peninsula Water Management District User Fee.	Application 10-01-012 (Filed January 5, 2010)

MOTION TO APPROVE SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER ADVOCATES, THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND CALIFORNIA AMERICAN WATER COMPANY

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BEFORE THE PUBLIC UTILITIES COMMISSION
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In the Matter of the Application of California- American Water Company (U210W) for an Order Authorizing the Collection and Remittance of the Monterey Peninsula Water Management District User Fee.	Application 10-01-012 (Filed January 5, 2010)

MOTION TO APPROVE SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER ADVOCATES, THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND CALIFORNIA AMERICAN WATER COMPANY

I. INTRODUCTION

Pursuant to Rule 12.1 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Division of Ratepayer Advocates ("DRA"), the Monterey Peninsula Water Management District ("MPWMD") and California-American Water Company ("California American Water" or "the Company") (collectively "the Parties") submit this motion to approve the *Settlement Agreement Between the Division of Ratepayer Advocates, the Monterey Peninsula Water Management District and California-American Water Company Regarding the Collection and Remittance of the Monterey Peninsula Water Management District User Fee* ("Settlement Agreement"), attached as Appendix A. The Settlement addresses the propriety of California American Water collecting and remitting the MPWMD User Fee, and the appropriate interest rate for California American Water to collect on the MPWMD User Fee Memorandum Account.

The proposed Settlement fulfills the criteria that the Commission requires for approval of such settlements because it is consistent with the applicable law, in the public interest, and reasonable in light of the record. Accordingly, the Parties request the Commission grant this Motion, and adopt the Settlement Agreement. The Parties request that the Commission introduce into evidence all testimony that has been served in this matter, with the following proposed exhibit numbers:

- Direct Testimony of Darby Fuerst, for California American Water as Exhibit 1;
- Direct Testimony of F. Mark Schubert, for California American Water, as Exhibit 2;
- Direct Testimony of David P. Stephenson, for California American Water, as Exhibit 3;
- Direct Testimony of Joseph Oliver, for California American Water, as Exhibit 4;
- Direct Testimony of Rick Dickhaut, for California American Water, as Exhibit 5;

II. PROCEDURAL BACKGROUND

A. On January 30, 2008, California American Water filed Application ("A.") 08-01-027 ("2008 Monterey GRC") requesting an increase in rates for its Monterey district. Included in the Assigned Commissioners and Administrative Law Judge's

Ruling and Scoping Memo dated June 27, 2008 was a requirement to address issues related to the MPWMD funding from California American Water customers for activities other than conservation and rationing, with an emphasis on the "User Fee."[1]

B. In D.09-07-021, the Commission closely examined all of the Company's "costs in the context of . . . the significant financial burdens imposed on residential and business customers by these substantial rate increases."[2] The Commission noted the lack of an evidentiary record to assess the necessity or the cost-effectiveness of the District's expenditures on the Company's behalf and was concerned that the Company's customers may be paying user fees to the District for projects that may not be necessary or cost effective.[3] The Commission ordered California American Water to meet and confer with the MPWMD regarding these programs, and authorized the Company to file an application setting forth the method of collecting funds to support program costs.[4] This Commission also authorized the Company to file an advice letter establishing a memorandum account to record any interim costs.

C. On July 20, 2009, California American Water, as authorized in D.09-07-021, filed advice letter AL-785-A to establish the MPWMD User Fee memorandum account. The Division of Water and Audits approved AL-785-A on August 20, 2009 with an effective date of July 20, 2009.

D. On January 5, 2010, California American Water, as authorized in D.09-07-021 filed the instant application seeking authorization to collect and remit the Monterey

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[1] In A.07-12-010, this Commission examined and approved the collection and expenditure of a surcharge for the MPWMD's conservation and rationing activities.
[2] D.09-07-021 at 96.
[3] *Id.*
[4] D.09-07-021, ordering paragraphs 24 and 25.

Peninsula Water Management District's User Fee at the rate set by the Monterey Peninsula Water Management District's Board of Directors as the program for carrying out the mitigation measures in the Monterey Peninsula Water Management District's Water Allocation Program Mitigation Monitoring and Reporting Program and the Aquifer Storage and Recovery Program. California American Water also request authorization to collect the balance in the User Fee Memorandum Account via a surcharge and to earn on that balance at the Interest During Construction, or IDC rate.

E. On January 18, 2010, DRA protested that application contesting California American Water's request to earn Interest During Construction on the memorandum account balance contending that California American Water did not adequately support that request. In all other respects, DRA supported California American Water's application.

F. On February 18, 2010, the Monterey Peninsula Water Management District filed a Response to California American Water's application, supporting the requested therein.

G. On February 19, 2010, the Hidden Hills Subunit Ratepayers' Association (Hidden Hills) filed a Motion for Party Status seeking to protest California American Water's application. On March 4, 2010, representatives from the Monterey Peninsula Water Management District, California American Water, and the Hidden Hills Subunit Ratepayers' Association met and conferred regarding the Hidden Hills Subunit Ratepayers' Association's protest. On March 5, 2010, the Monterey Peninsula Water Management District sent a letter clarifying that the User Fee is not assessed to

customers within the Hidden Hills area. That letter is attached hereto as Exhibit 1. On March 18, 2010, Hidden Hills filed a motion to withdraw its protest in reliance on the Water Management District's letter.[5]

III. ARGUMENT

A. THIS SETTLEMENT AGREEMENT IS CONSISTENT WITH APPLICABLE LAW AND IS IN THE PUBLIC INTEREST.

The Settlement Agreement is consistent with applicable law and in the public interest.

1. The Settlement Agreement Is Consistent with Commission Precedent Regarding Review of Local Government Fees

As stated in California American Water's application, the Commission typically does not examine the authority of a local government agency to collect a fee or tax. See *In re: Guidelines for the Equitable Treatment of Revenue Producing Mechanisms Imposed By Local Government Entities on Public Utilities*, D.89-05-063, 32 CPUC 2d 60; *and Packard v. Pacific Telephone and Telegraph* 1970 PUC LEXIS 158. In *Packard v. P.T & T. and P.G.& E*, the Commission held that it had no jurisdiction to determine whether the City of Vallejo was authorized to enact a utility users tax under the general laws of the State of California, or whether the City of Vallejo followed the City Charter in enacting an ordinance to impose a utility user's tax.

Following that precedent, the Commission need not examine whether MPWMD, as a local government agency, may impose the User Fee on California American

[5] On March 30, 2010, the docket office rejected Hidden Hills' motion to withdraw because Hidden Hills' motion for party status had not been ruled upon. The docket office nevertheless gave effect to the motion to withdraw by deeming the motion for party status as moot.

Water's Monterey area customers. Accordingly, the Settlement Agreement allowing California American Water to collect and remit the User Fee at the rate set by the MPWMD Board of Directors is consistent with Commission precedent regarding local government fees and taxes.

2. The Mitigation Program Funded By The User Fee Is Consistent with Applicable Law And In the Public Interest Because It Is Required By The California Environmental Quality Act

As stated in California American Water's application and supported by the testimony of Darby Fuerst, the MPWMD's Mitigation Program, which is funded in part by the User Fee, is required by the California Environmental Quality Act. As such, it is consistent with the strong State policy to mitigate the adverse environmental impacts of a project to the extent feasible.

3. The Mitigation Program Funded By The User Fee Is In the Public Interest Because It Mitigates the Effects of California American Water's Pumping On the Environment

The Mitigation Program funded in part by the User Fee is in the public interest because, as stated in the testimony of Darby Fuerst, the Mitigation Program mitigates the effects of California American Water's pumping from the Carmel River on the Carmel River's environs. The State of California has established a strong policy requiring adverse environmental effects to be mitigated to the extent feasible. Accordingly, the Mitigation Program and the User Fee that funds it are in the public interest.

3. The ASR Program Funded By The User Fee Is Consistent with Applicable Law Because It Partially Satisfies State Water Resources Control Board Order 95-10.

The ASR Program that is funded through the User Fee is consistent with the applicable law because obtaining additional legal water rights to Carmel River water is required by the State Water Resources Control Board.

In 1995, the State Water Resources Control Board found that California American Water did not have adequate water rights on the Carmel River to supply the needs of the Monterey Peninsula.[6] In Order 95-10, the State Water Resources Control Board ordered California American Water to find additional legal sources of supply, including water rights to the Carmel River. As a program that provides California American Water with those water rights, the ASR program is consistent with the applicable law.

4. Resolution of the Application By Settlement Is In the Public Interest and Consistent with Commission Precedent

Moreover, the Parties agree that resolving this matter short of evidentiary hearings is in the public interest. The only contested issue in this case is the rate of interest California American Water should collect on the User Fee memorandum account for a period of approximately 18 months. If the proceeding were to continue to full evidentiary hearings on the merits, the Parties would need to invest additional time and resources. The Parties believe the Settlement Agreement will serve the public interest by avoiding the uncertainty inherent in litigation and resolving the issues in this proceeding in a manner acceptable to the Parties. Moreover, this Settlement Agreement further benefits ratepayers because the Parties will be able to save valuable time and

[6] For an extensive discussion relating to the history of Order 95-10 and related Commission activity, see D.09-12-017 certifying an environmental impact report for California American Water's Long Term Water Supply Solution for the Monterey Service Area.

resources that would have been expended (and passed on to customers) to litigate the application.

In addition, Commission approval of the Settlement will provide speedy resolution of contested issues, will save unnecessary litigation expense, and will conserve Commission resources. The Commission has acknowledged that "[t]here is a strong public policy favoring the settlement of disputes to avoid costly and protracted litigation." *In re PG&E,* D.88-12-083, 30 CPUC 2d 189, 221.

B. THIS SETTLEMENT AGREEMENT IS REASONABLE IN LIGHT OF THE ENTIRE RECORD.

This Settlement Agreement is reasonable in light of the entire record. The terms proposed in the Settlement Agreement are just and reasonable. The User Fee collected and remitted by California American Water is set by the MPWMD Board. As stated in the testimony of Rick Dickhaut and Darby Fuerst, the MPWMD Board has followed the applicable law in adopting ordinances to impose the User Fee, and will have to follow numerous legal requirements to implement any future changes in the User Fee. In addition, the Commission has full authority to review California American Water's mitigation and water rights acquisition activities in the future to ensure that there is no duplication of effort or unreasonable or imprudent implementation those efforts. Therefore, the Commission can be assured that the amount of the User Fee is reasonable and not duplicative of programs implemented by California American Water.

As stated in the testimonies of F. Mark Schubert and Joseph Oliver, the activities of California American Water and the MPWMD in implementing the ASR program have been divided between their respective areas of expertise and have not been duplicated.

Finally, as to the rate of interest California American Water will earn on the balancing account pending collection of the accrued balance, the Settlement Agreement acknowledges that the for the 12 month period that the surcharge will be in effect, California American Water should earn an interest rate that reflects a blend of short-term and long-term debt. The parties agree that a five percent rate appropriately reflects that blend.

IV. CONCLUSION

For the reasons discussed above, the Parties request that the Commission approve the proposed Settlement, introduce into evidence as part of the record all testimony that has been served in this matter, and waive the comment period on the Settlement.

Dated: May 18, 2010 Respectfully submitted,

By: _____
Timothy J. Miller

CALIFORNIA-AMERICAN WATER COMPANY

Attorney for Applicant
California-American Water Company

Dated: May 18, 2010 Respectfully submitted,

By: */s/ Allison Brown*
Allison Brown
Division of Ratepayer Advocates
California Public Utilities Commission

Appendix A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U 210 W) for an Order Authorizing the Collection and Remittance of the Monterey Peninsula Water Management District User Fee	Application 10-01-012 (Filed January 5, 2010)

SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER ADVOCATES, THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND CALIFORNIA AMERICAN WATER COMPANY REGARDING THE COLLECTION AND REMITTANCE OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT USER FEE

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SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER ADVOCATES, THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND CALIFORNIA AMERICAN WATER COMPANY

I. RECITALS

A. On January 30, 2008, California American Water filed Application ("A.") 08-01-027 ("2008 Monterey GRC") requesting an increase in rates for its Monterey district. Included in the Assigned Commissioners and Administrative Law Judge's Ruling and Scoping Memo dated June 27, 2008 was a requirement to address issues related to the Monterey Peninsula Water Management District ("Water Management District") funding from California American Water customers for activities other than conservation and rationing, with an emphasis on the "User Fee."[1]

B. In D.09-07-021, the Commission closely examined all of the Company's "costs in the context of . . . the significant financial burdens imposed on residential and business customers by these substantial rate increases."[2] The Commission noted the lack of an evidentiary record to assess the necessity or the cost-effectiveness of the District's expenditures on the Company's behalf and was concerned that the Company's customers may be paying user fees to the District for projects that may not be necessary or cost effective.[3] The Commission ordered California American Water to meet and confer with the Water Management District regarding these programs, and authorized the Company to file an application setting forth the method of collecting funds to support program costs.[4] This Commission also authorized the Company to file an advice letter establishing a memorandum account to record any interim costs.

C. On July 20, 2009, California American Water, as authorized in D.09-07-021, filed advice letter AL-785-A to establish the authorized memorandum account. The Division of Water and Audits approved AL-785-A on August 20, 2009 with an effective date of July 20, 2009.

D. On January 5, 2010, California American Water, as authorized in D.09-07-021 filed application A.10-01-012 seeking authorization to collect and remit the Water Management District's User Fee at the rate set by the Water Management District's Board of Directors as the program for carrying out the mitigation measures in the Water Management District's Water Allocation Program Mitigation Monitoring and Reporting Program (Mitigation Program) and the Aquifer Storage and Recovery Program (ASR). California American Water also requested authorization to collect the balance in the User Fee Memorandum Account via a surcharge and to earn on that balance at the Interest During Construction (IDC) rate.

---

[1] In A.07-12-010, this Commission examined and approved the collection and expenditure of a surcharge for the MPWMD's conservation and rationing activities.
[2] D.09-07-021 at 96.
[3] *Id.*
[4] D.09-07-021, ordering paragraphs 24 and 25.

E. On January 18, 2010, DRA protested that application contesting California American Water's request to earn the Interest During Construction rate on the memorandum account balance contending that California American Water did not adequately support that request. In all other respects, DRA supported California American Water's application.

F. On February 18, 2010, the Water Management District filed a Response to California American Water's application, supporting the requests therein.

G. On February 19, 2010, the Hidden Hills Subunit Ratepayers' Association (Hidden Hills) filed a Motion for Party Status seeking to protest California American Water's application. On March 4, 2010, representatives from the Monterey Peninsula Water Management District, California American Water, and the Hidden Hills Subunit Ratepayers' Association met and conferred regarding the Hidden Hills Subunit Ratepayers' Association's protest. On March 5, 2010, the Monterey Peninsula Water Management District sent a letter clarifying that the User Fee is not assessed to customers within the Hidden Hills area. That letter is attached hereto as Attachment 1. On March 18, 2010, Hidden Hills filed a motion to withdraw its protest in reliance on the Water Management District's letter.[5]

H. On April 14, 2010, California American Water noticed a settlement conference in this proceeding for April 21, 2010. On April 21, 2010, all parties attended the noticed settlement conference. As a result of this settlement conference, the Parties agreed to certain modifications to the draft Settlement Agreement and motion. Those modifications are reflected herein.

II. GENERAL

A. Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Division of Ratepayer Advocates ("DRA"), and California-American Water Company ("California American Water") (collectively, "the Parties"), desiring to avoid the expense, inconvenience and the uncertainty attendant to litigation of the matters in dispute between them, have agreed on the terms of this Settlement Agreement ("Settlement Agreement") which they now submit for approval.

B. Because this Settlement Agreement represents a compromise by them, the Parties have entered into each stipulation contained in the Settlement Agreement on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement Agreement by the Commission not be construed as a precedent or statement of policy

[5] On March 30, 2010, the docket office rejected Hidden Hills' motion to withdraw because Hidden Hills' motion for party status had not been ruled upon. The docket office nevertheless gave effect to the motion to withdraw by deeming the motion for party status as moot.

of any kind for or against any Party in any current or future proceeding. (Rule 12.5, Commission's Rules on Practice and Procedure.)

C. The Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of their agreement. All rights and remedies of the Parties are limited to those available before the Commission.

D. The Parties agree that the Settlement Agreement is an integrated agreement such that if the Commission rejects or modifies any portion of this Settlement Agreement, each party must consent to the Settlement Agreement as modified, or either party may withdraw from the Settlement Agreement.

E. The Parties agree to use their best efforts to obtain Commission approval of the Settlement Agreement. The Parties shall request that the Commission approve the Settlement Agreement without change and find the Settlement Agreement to be reasonable, consistent with the law, and in the public interest.

F. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

III. COLLECTION AND REMITTANCE OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT'S USER FEE

A. The Parties agree that the program for mitigating the impacts of California American Water's water pumping on the Carmel River, which is undertaken by the Water Management District as described in California American Water's application for this proceeding, is reasonable and prudent and is not duplicative of activities undertaken by California American Water.

B. The Parties agree that the Aquifer Storage and Recovery program undertaken jointly by California American Water and the Water Management District to obtain and utilize fully permitted water rights to the Carmel River, as described in California American Water's application for this proceeding, is reasonable and prudent and is not duplicative of activities undertaken by California American Water.

C. The Parties agree that the Commission should authorize California American Water to collect and remit to the Water Management District's User Fee at a prudently set rate determined by the Water Management District Board from time to time.

IV. COLLECTION OF SURCHARGE FOR BALANCE OF THE USER FEE MEMORANDUM ACCOUNT AND INTEREST THEREON

A. The Parties agree that, because the Mitigation Program and ASR Program are reasonable and prudent, as further described in paragraphs III.A and III.B, above,

the costs incurred by California American Water to fund these programs from July 2009 until the effective date of this decision are reasonable and prudent. Accordingly, California American Water should be allowed to collect the balance in the Monterey Peninsula Water Management District User Fee Memorandum Account.

B. The Parties agree that, based on the recovery period that ends on January 1, 2011, California American Water will likely fund that balance with a mix of short-term and long-term debt. The Parties further agree that a five percent interest rate on that balance is a fair and reasonable cost of funds based on the expected mix of short-term and long-term debt. The parties acknowledge that this is a deviation from the Standard Practice U-27 in the application of the 90-day Commercial Paper rate to the memorandum account balance. The parties agree this does not create a Commission precedent for future Commission decisions or DRA's position on future settlements. DRA supports this deviation only because of the artificially low interest rates due to the U.S. Federal Reserve Bank maintaining the Federal Funds rate between zero and 0.25 percent.

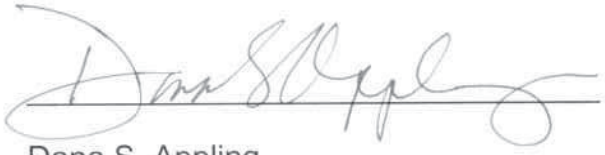
C. The Parties agree on the following procedure for implementing an decision approving this settlement:

1. Within five days of the effective date of decision approving this settlement, California American Water will file an advice letter to modify the applicable tariffs to collect and remit the User Fee, and to collect a surcharge in accordance with Paragraph IV.C.2.

2. On the effective date of a decision approving this settlement, California American Water will transfer the balance in the MPWMD User Fee Memorandum Account to a MPWMD User Fee Balancing Account, which will accrue interest at the rate specified in Paragraph IV.B. California American Water will collect a surcharge that will amortize the balance in the balancing account and the allowed interest between January 1, 2011 and December 31, 2011.

2. The Parties agree that the schedule attached hereto as Exhibit 2 represents a reasonable estimate of the surcharge based on the current balance in the User Fee Memorandum Account, the agreed interest rate, the potential date for a final decision, and the period for collecting the surcharge. The Parties further agree that the actual schedule submitted to the Commission with the advice letter required by paragraph IV.C.1 may vary based on the actual date of a final decision.

THE DIVISION OF RATEPAYER ADVOCATES



5/18, 2010

Dana S. Appling

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Darby W. Fuerst _____ May 13, 2010

Darby W. Fuerst

CALIFORNIA AMERICAN WATER COMPANY

_____ _____, 2010

David P. Stephenson

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Darby W. Fuerst

May 13, 2010

Darby W. Fuerst

CALIFORNIA AMERICAN WATER COMPANY

Robert G. MacLean

May 17, 2010

Robert G. MacLean

Attachment 1

MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 658-5600
FAX (831) 644-9560 • http://www.mpwmd.dst.ca.us

March 5, 2010

Timothy Miller Esq.
California-American Water Company
Suite 200
1045 B Street
Coronado, CA 92116

Glen Stransky
Hidden Hills Subunit Ratepayers Association
92 Saddle Road
Carmel Valley, CA 93924

Subject: Withdrawal of Hidden Hills Subunit Ratepayers Association's Motion to Intervene in California-American Water Company's Application before the California Public Utilities Commission (A.10-01-012)

Gentlemen:

This letter shall confirm the discussions and understanding reached during our telephone meeting held on March 4, 2010, by and among Tim Miller, Glen Stransky, David Laredo, and Darby Fuerst relative to the Hidden Hills Subunit Ratepayers Association's (HHSRA) motion to intervene in California-American Water Company's (Cal-Am) application to the California Public Utility Commission (CPUC) for an order authorizing the collection and remittance of the Monterey Peninsula Water Management District (MPWMD) user fee (A.10-01-012).

The participants agreed that Cal-Am's application does not modify the contract by which Cal-Am purchased the Hidden Hills Subunit from the Carmel Valley Mutual Water Company. The participants are in full agreement that the MPWMD user fee that is the subject of Cal-Am's application does not have any force of effect upon the HHSRA ratepayers.

The participants also agree that the MPWMD Board can only modify the user fee by first complying with the legal requirements set by Proposition 218. This process shall require the development of nexus data to support the assessment of a fee, notice to proposed fee payers, and a public hearing.

In reliance on these principles, HHSRA has agreed to withdraw its motion to intervene as a party to A.10-01-012. HHSRA shall not protest that application

Sincerely,

Darby Fuerst
General Manager

Cc: David Laredo, MPWMD General Counsel

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Attachment 2

CALIFORNIA AMERICAN WATER COMPANY
MONTEREY DISTRICT - MPWMD USER FEE MEMO ACCT RECOVERY
PROPOSED AMORTIZATION SCHEDULE

Proposed Interest Rate effective upon date decision is rendered	5.00%
Proposed Annual Recovery	2,333,397
Current Authorized Annual Revenue (1)	$42,731,888
Proposed % Surcharge	**5.46%**
chk	
2011 Expected Recovery	$2,333,397

[a]	[b]	[c]	[d]	[e]	[f]	[g]
Month	Monthly MPWMD User Fee Entry ($)	Surcharge Collection ($)	Cumulative Surcharge Collection ($) [b] + [c]	Interest Rate	This Month's Interest ($) ([c+b]/2 + [g]) x [e]/12	Cumulative Over/(Under) Collection ($) [b] + [c] + [f] + [g]
Jan-10						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						(2,276,143) (2)
Jan-11		194,450	194,450	5.00%	(9,079)	(2,090,772)
February		194,450	388,900	5.00%	(8,306)	(1,904,629)
March		194,450	583,350	5.00%	(7,531)	(1,717,709)
April		194,450	777,800	5.00%	(6,752)	(1,530,011)
May		194,450	972,250	5.00%	(5,970)	(1,341,531)
June		194,450	1,166,700	5.00%	(5,185)	(1,152,266)
July		194,450	1,361,150	5.00%	(4,396)	(962,212)
August		194,450	1,555,600	5.00%	(3,604)	(771,366)
September		194,450	1,750,050	5.00%	(2,809)	(579,725)
October		194,450	1,944,500	5.00%	(2,010)	(387,285)
November		194,450	2,138,950	5.00%	(1,209)	(194,044)
December		194,447	2,333,397	5.00%	(403)	(0)
TOTAL	0	2,333,397	2,333,397		(57,254)	

(1) To be updated with the most current authorized annual revenue at the time the surcharge is implemented.
(2) To be updated to reflect final actual balance at the time the surcharge is implemented.

PROOF OF SERVICE

I, Monica Trejo, declare as follows:

I am employed in the City and County of San Francisco, California. I am over the age of eighteen years and not a party to this action. My business address is California American Water Company, 333 Hayes St., Suite 202, San Francisco, California 94102.

On May 18, 2010, I served the within:

MOTION TO APPROVE SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER ADVOCATES, THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AND CALIFORNIA AMERICAN WATER COMPANY

On the interested parties in this action addressed as follows:

See attached Service Lists.

☒ **(BY PUC E-MAIL SERVICE)** By transmitting such document electronically from California American Water Company, San Francisco, California, to the electronic mail addresses listed above. I am readily familiar with the practice of California American Water Company for transmitting documents by electronic mail, said practice being that in the ordinary course of business, such electronic mail is transmitted immediately after such document has been tendered for filing. Said practice also complies with Rule 1.10(b) of the Public Utilities Commission of the State of California and all protocols described therein.

☒ **(BY U.S. MAIL)** By placing such document(s) in a sealed envelope, with postage thereon fully prepaid for first class mail, for collection and mailing at California American Water Company, San Francisco, California following the ordinary business practice. I am readily familiar with the practice of California American Water Company for collection and processing of correspondence for mailing with the United States Postal Service, said practice being that in the ordinary course of business, correspondence is deposited in the United States Postal Service the same day as it is placed for collection.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on May 18, 2010, at San Francisco, California.

/S/ Monica Trejo
Monica Trejo

CPUC E-Mail Service List
A1001012 Updated April 28, 2010

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CPUC Mail Service List
A1001012 Updated April 28, 2010

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