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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover All Present and Future Costs in Rates.	A.12-04-019 (Filed April 23, 2012)

SETTLING PARTIES' MOTION TO APPROVE SETTLEMENT AGREEMENT ON PLANT SIZE AND OPERATION

[SETTLEMENT AGREEMENT ATTACHED]

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I. INTRODUCTION

Pursuant to Rule 12.1(a) of the Rules of Practice and Procedure of the California Public Utilities Commission, California-American Water Company ("California American Water" or the "Company"), Citizens for Public Water,[1] City of Pacific Grove, Coalition of Peninsula Businesses, Division of Ratepayer Advocates ("DRA"), Monterey Peninsula Regional Water Authority ("MPRWA"), Monterey Peninsula Water Management District ("MPWMD"), Monterey Regional Water Pollution Control Agency ("MRWPCA"), and Planning and Conservation League Foundation (collectively, "the Settling Parties") submit this motion requesting the Commission adopt and approve the accompanying Settlement Agreement on Plant Size and Operation ("Sizing Settlement"), a copy of which is included as "Attachment A."[2]

Most parties to this proceeding support the Sizing Settlement as reasonable, consistent with the law, and in the public interest. The Settling Parties represent a diverse array

[1] Due to a communication difficulty, it was not possible to obtain a signature from George Riley on behalf of Citizens for Public Water. Mr. Riley expressed his willingness to sign the agreement; however, we had not received the signed agreement by the time this motion had to be filed with the Commission.

[2] A separate settlement agreement addressing multiple other issues in this proceeding, and a motion to adopt that settlement agreement, are filed concurrently with this motion to adopt the Sizing Settlement.

of interests, from environmental to business, public to private entities, utilities to ratepayers. Most of the Settling Parties are also represented by experienced counsel. The Sizing Settlement reflects the Settling Parties' agreement on the sizing of the desalination plant component of the Monterey Peninsula Water Supply Project ("MPWSP"). The Settling Parties have agreed on three possible sizing options for the plant, and that there is no need to adjust those options based on Table 13 water rights. Thus, the Settling Parties have resolved nearly all of the contested issues relating to the size of the plant in this proceeding. The Settling Parties have also reached agreement as to the benefits of the City of Pacific Grove Project, which intends to generate recycled water.

The Settling Parties request that the Commission, in ruling on this motion, approve the Sizing Settlement without modification and grant California American Water a certificate of public convenience and necessity ("CPCN").

II. BACKGROUND

On April 23, 2012, California American Water filed an application for a CPCN for the MPWSP and authorization to recover all present and future costs in rates. The purpose of the MPWSP is to replace a significant portion of the existing water supply from the Carmel River, as directed by the State Water Resources Control Board ("SWRCB"). Acquisition of an alternative water supply is necessary for California American Water to comply with SWRCB Order No. WR 95-10 ("Order 95-10"), which directed California American Water to develop and implement a plan to replace what the SWRCB determined to be unlawful diversions from the Carmel River. On October 20, 2009, the SWRCB issued a Cease and Desist Order ("CDO") (Order No. WR 2009-0060), which requires California American Water to undertake additional measures to reduce its unpermitted diversions from the Carmel River and to terminate all diversions in excess of 3,376 acre feet per year.

The MPWSP will consist of the following: (1) a desalination plant and related facilities, and (2) what are commonly referred to as the CAW-Only Facilities. The desalination element will be comprised of slant intake wells, brackish water pipelines, the desalination plant,

product water pipelines, brine disposal facilities, and related appurtenant facilities. The CAW-Only Facilities are those the Commission previously approved in D.10-12-016 and will consist of the Transfer Pipeline, the Seaside Pipeline, the Monterey Pipeline, the Terminal Reservoir, the Aquifer Storage and Recovery ("ASR") Pipeline, the ASR Recirculation and Backflush Pipelines, the ASR Pump Station and the Valley Greens Pump Station.

California American Water's application initially sought authorization to size the MPWSP's desalination plant at 9.0 million gallons per day ("mgd"), but also requested authorization to reduce the plant size to 5.4 mgd and supplement water supplies with water purchased from the Groundwater Replenishment Project ("GWR Project"), a separate joint project of MRWPCA and MPWMD, if the GWR Project reaches certain milestones by the time California American Water is ready to construct the desalination plant, and the cost of GWR Project water is reasonable. In response to comments from interested parties, California American Water updated the proposed plant sizes to 9.6 mgd without water from the GWR Project and 6.4 mgd with 3,500 acre feet per year ("af/yr") of water from the GWR Project.[3] Through the Sizing Settlement, the Settling Parties agreed to a third sizing option of a potential 6.9 mgd plant to be combined with 3,000 af/yr of water from the GWR Project.

Workshops on project costs, contingencies, and financial modeling were held on December 11-13, 2012. California American Water served supplemental testimony on January 11, 2013. DRA and intervenors served testimony on February 22, 2013. California American Water served rebuttal testimony on March 8, 2013. Evidentiary hearings were held on April 2-11, 2013 and April 30-May 2, 2013.

Notice of an all-party settlement meeting was served by the MPRWA on April 18, 2013. The all-party settlement meeting was held on April 30, 2013 at the Commission. Settlement discussions continued through May, June, and July 2013. A GWR workshop took place at the Commission on June 12, 2013.

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[3] CA-12, *Supplemental Testimony of Richard C. Svindland*, dated January 11, 2013 ("Exhibit CA-12"), p. 5.

III. OVERVIEW OF THE SIZING AGREEMENT

As noted above, the Sizing Settlement resolves nearly all issues relating to the sizing of the desalination plant to be constructed as part of the MPWSP. Issues relating to which of the three sizes agreed to by the Settling Parties should be used are addressed in a separate settlement agreement. The major aspects of the Settlement Agreement are as follows:

A. Desalination Plant Sizing

Through the Sizing Agreement, the Settling Parties agree, based on present and certain forecasted demand, that the water requirements for California American Water's Monterey County District total 15,296 af/yr. They further agree that the desalination plant component of the MPWSP by itself or in combination with the separate GWR Project will need to provide 9,752 af/yr of that total. Based on such needs, the Settling Parties agree that the desalination plant should be sized at either: (1) 9.6 mgd without water from the GWR Project; (2) 6.4 to accommodate 3,500 af/yr from the GWR Project; or (3) 6.9 to accommodate 3,000 af/yr from the GWR Project. The Settling Parties agree these agreed-upon sizes for the desalination plant are for planning purposes only.

Finally, the Settling Parties agree there is no need to adjust the capacity of the desalination plant to address the possible availability of Table 13 water rights. Such water rights include California American Water's potential right to divert up to 1,488 af/yr of water from the Carmel River. Such water may not, however, be available. Thus, the Settling Parties agree it should not be considered in the sizing of the desalination plant, but that if it is available, then California American will lower the operating level of the plant or use those rights first in the year to allow other existing rights to be used later in the year for emergencies.

B. City of Pacific Grove Project

Through this Sizing Agreement, the Settling parties agree that the City of Pacific Grove Project, when integrated with the MPWSP, GWR Project, and ASR, is a valuable part of a comprehensive solution to water issues in California American Water's Monterey County District. The City of Pacific Grove Project will consist of three interconnected components that

use recycled water, storm water and dry weather flow to provide a new non-potable water supply for irrigation as well as residential and commercial uses.

IV. THE SIZING SETTLEMENT IS REASONABLE IN LIGHT OF THE WHOLE RECORD, CONSISTENT WITH LAW, AND IN THE PUBLIC INTEREST

Pursuant to Rule 12.1(d), the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest. The Commission has a well-established policy of settling disputes if they are fair and reasonable in light of the whole record.[4] This policy reduces the expense of litigation, conserves scarce Commission resources, and allows parties to "reduce the risk that litigation will produce unacceptable results."[5] In the *Southern California Gas Co.* decision, the Commission held that the Parties' evaluation should carry material weight in the Commission's review of a settlement.[6]

The Sizing Settlement in this proceeding should be approved by the Commission because it is reasonable in light of the entire record, is consistent with the law, and is in the Public Interest. The very extensive record in this proceeding confirms that the terms of the Sizing Settlement reached by the Settling Parties in this proceeding are just and reasonable. The record includes substantial written testimony and voluminous documentation submitted by the parties to the proceeding, as well as testimony from weeks of evidentiary hearings that fills 12 volumes and covers more than 2000 transcript pages.

With their written and oral testimony submitted, the Parties commenced settlement negotiations. Those discussions spanned several months and warranted multiple extensions from the Commission. They involved in-person meetings in Monterey and San Francisco, as well as the extensive use of conference calls. They included workshops at the

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[4] *Application of Golden State Water Company on Behalf of its Bear Valley Electric Service Division (U913E), for Approval of RPS Contract with BioEnergy Solutions, LLC, and for Authority to Recover the Costs of the Contract in Rates*, Decision 11-06-023, 2011 Cal. PUC LEXIS 330, **17-18.

[5] *Id.*

[6] *Order Instituting Investigation into the operations and practices of the Southern California Gas Company, concerning the accuracy of information supplied to the Commission in connection with its Montebello Gas Storage Facility*, D.00-09-034, 2000 Cal. PUC LEXIS 694, **29, 31.

Commission. And they recognized the importance – indeed necessity – of securing as swiftly as possible an alternative source of water for California American Water's Monterey County District because of the pending restrictions on diversions from the Carmel River posed by the CDO. Through those lengthy and comprehensive negotiations, the Settling Parties, representing a broad spectrum of interests and views and most of whom are represented by counsel, addressed a number of complex and difficult issues concerning the sizing of the desalination plant. The result is a compromise and settlement on the sizing of the desalination plant portion of the MPWSP.

This Settlement Agreement was accomplished through the tireless work, contribution, and compromise of the Settling Parties. Thus, as is discussed in greater detail below, the Sizing Settlement is supported by the record and consistent with the law. Furthermore, it is critical to addressing and providing for the public's water needs in Monterey, where harsh restrictions on diversions from the Carmel River have been ordered, and are scheduled to be implemented in just a few years. Thus, it is in the public interest.

A. On Issues Concerning the Desalination Plant Size, the Sizing Settlement Is Reasonable, Consistent With the Law, and in the Public Interest

The Sizing Agreement contains a compromise between the parties as to the sizing of the desalination plant component of the MPWSP. The Settling Parties have agreed to three possible sizes of the plant for planning purposes: (1) 9.6 mgd without GWR Project water; (2) 6.4 with 3,500 af/yr of GWR Project water; or (3) 6.9 with 3,000 af/yr of GWR Project water. The Settling Parties also agreed that Table 13 water rights will not be considered in sizing the plant because the availability of water pursuant to those potential rights is not reliable, i.e., in a dry year there may be no water available under those rights.

In light of the very extensive record in this proceeding, the Sizing Settlement is reasonable with respect to the sizing of the desalination plant component of the MPWSP. Issues concerning sizing were the subject of extensive testimony, both written and oral, in this

proceeding.[7] The sizing of the plant is consistent with the law, and it is in the public interest. The sizing of the plant reflects substantial compromise and consideration of the interest of a diverse set of stakeholders. After input from stakeholders, the plant's size was slightly increased. Likewise, the sizing options have been designed specifically with the possibility of reducing plant size and making use of water from the separate GWR Project, which will be run by public entities. Finally, settlement on plant sizing is important to resolving issues in the proceeding so a CPCN can be issued. Significant limitations on the primary source of supply for California American Water's Monterey District are on the horizon because of the CDO. It is necessary to swiftly implement the MPWSP to ensure the availability of new sources of supply.

B. As to the City of Pacific Grove Project, the Sizing Settlement Is Reasonable, Consistent With the Law, and in the Public Interest

The Sizing Settlement contains a compromise between the Settling Parties as to the City of Pacific Grove Project. That Project seeks to generate up to 500 af/yr of non-potable water to be used for irrigation as well as residential and commercial uses. It will rely upon recycling, use of storm water, and dry weather flows to accomplish that.

In light of the record in this proceeding, the Settling Parties' agreement that the Pacific Grove Project is a valuable part of a comprehensive solution, when integrated with the MPWSP, the GWR Project, and ASR, is reasonable.[8] Furthermore, it is consistent with the law, and it is in the public interest. The Pacific Grove Project embraces important public policy objectives, such as recycling and avoiding waste. It seeks to provide water to irrigate parks and other areas in a manner that does not waste potable water.

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[7] See, e.g., *Direct Testimony of Richard C. Svindland* (April 23, 2012), at pp. 16-23, 37; *Supplemental Testimony of Richard C. Svindland* (Jan. 11, 2013), at p. 5; *Rebuttal Testimony of Richard C. Svindland* (March 8, 2013), at pp. 13-14.

[8] *Direct Testimony of Thomas Frutchey* (Feb. 22, 2013), at pp. 9-13, 14-15.

V. CONCLUSION

The Parties respectfully request that the Commission adopt and approve the Sizing Settlement and grant California American Water a CPCN authorizing it to construct the MPWSP.

Dated: July 31, 2013

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Attachment A

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SETTLEMENT AGREEMENT ON PLANT SIZE AND LEVEL OF OPERATION, ENTERED BY THE FOLLOWING PARTIES: CALIFORNIA-AMERICAN WATER COMPANY, CITIZENS FOR PUBLIC WATER, CITY OF PACIFIC GROVE, COALITION OF PENINSULA BUSINESSES, DIVISION OF RATEPAYER ADVOCATES, MONTEREY PENINSULA REGIONAL WATER AUTHORITY, MONTEREY PENINSULA WATER MANAGEMENT DISTRICT, MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY, AND PLANNING AND CONSERVATION LEAGUE FOUNDATION

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1. GENERAL

1.1 Pursuant to Article 12 of the California Public Utilities Commission's ("Commission's") Rules of Practice and Procedure, to avoid the expense and uncertainty of litigating matters in dispute between them, the following parties agree on this Settlement Agreement, which will be submitted for review, consideration, and approval by the Commission: California-American Water Company ("California American Water"), Citizens for Public Water, City of Pacific Grove, Coalition of Peninsula Businesses, Division of Ratepayer Advocates ("DRA"), Monterey Peninsula Regional Water Authority ("MPRWA"), Monterey Peninsula Water Management District ("MPWMD"), Monterey Regional Water Pollution Control Agency ("MRWPCA"), and Planning and Conservation League Foundation (collectively, the "Settling Parties").

2. BACKGROUND

2.1 On April 23, 2012, California American Water filed its Application for Approval of the Monterey Peninsula Water Supply Project ("MPWSP") and Authorization to Recover All Present and Future Costs in Rates for the MPWSP ("Application"). State Water Resources Control Board ("SWRCB") Order Nos. WR 95-10 (July 6, 1995) and WR 2009-0060 (Oct. 20, 2009) limit California American Water's ability to use water from the Carmel River to supply its Monterey County District customers. Through the MPWSP, California American Water seeks to comply with the SWRCB's Orders by both reducing its Monterey District's reliance on water taken from the Carmel River and increasing its District's use of water taken from alternative

sources. The MPWSP is comprised of two elements: (1) a desalination plant with associated facilities, and (2) what are commonly referred to as the "CAW-Only Facilities."

2.2 As to the desalination plant component of the MPWSP, California American Water's application sought authorization initially for a 9.0 million gallons per day ("mgd") desalination plant. It also requested authorization to reduce the plant size to 5.4 mgd if a supplemental supply of water purchased from the separate Groundwater Replenishment Project ("GWR Project") could be secured with adequate assurances. Those assurances require (1) the GWR Project reaches certain milestones by the time California American Water is ready to construct the desalination plant, and (2) the cost of water from the GWR Project is reasonable. (Application, pp. 1, 5-6.)

2.3 In response to comments from interested parties, California American Water first modified the sizing of the desalination plant to 9.6 mgd without water from the separate GWR Project and to 6.4 mgd with 3,500 acre feet per year ("af/yr") from the GWR Project. (CA-12, *Supplemental Testimony of Richard C. Svindland*, dated January 11, 2013 ("Svindland Supplemental"), p. 5.) Through this Settlement Agreement, the parties agree to a third sizing option of a potential 6.9 mgd plant to be combined with 3,000 af/yr of GWR water.

2.4 The GWR Project is a joint undertaking between MRWPCA and MPWMD. The GWR Project will create a source of water by taking the treated water from MRWPCA's plant, filtering it through a new advanced water treatment plant, and injecting the highly-treated product water into the Seaside Basin Aquifer, where it would be stored. California American Water entered a Memorandum of Understanding with the MRWPCA and MPWMD to collaborate on developing the GWR Project. The criteria and process for determining whether the GWR Project meets the milestones and cost reasonableness necessary to reduce the size of the desalination plant are addressed in a separate settlement agreement, submitted in A.12-04-019.

2.5 The MPWSP also incorporates facilities that the Commission previously approved in D.10-12-016, which are commonly referred to as the "CAW-Only Facilities" and include the Transfer Pipeline, Seaside Pipeline, Monterey Pipeline, Terminal Reservoir, Aquifer Storage and Recovery ("ASR") Pipeline, ASR Recirculation and Backflush Pipelines, ASR Pump Station, and Valley Greens Pump Station. (Application, p. 5.)

2.6 In a separate process from this proceeding, the local agencies affected by the MPWSP are addressing certain issues related to the allocation of water obtained from the MPWSP.

(a) MPWMD has begun and commits to complete the process of updating its existing Environmental Impact Report to address the environmental impacts pertaining to the allocation of water from the MPWSP.

(b) MPWMD will initiate a process and collaborate with MPRWA, the County of Monterey ("County"), and California American Water to develop proposed amendments to MPWMD's rules and regulations to address the allocation of water obtained from the MPWSP, and thereafter agendize the proposed amendments for consideration by the

MPWMD. An amendment shall be included that specifically addresses intensification of water use from water obtained from the MPWSP.

(c) MPWMD will initiate a process and collaborate with MPRWA, County, and California American Water to develop a process for accurately estimating the added capacity needed to meet General Plan build out projections for communities served by California American Water's Monterey District. The findings from this process shall be reported to the Commission either in a subsequent rate design phase of A.12-04-019 or as part of the general rate case process.

2.7 Workshops on MPWSP costs, contingencies, and financial modeling were held on December 11-13, 2012. California American Water served supplemental testimony on January 11, 2013. DRA and intervenors served testimony on February 22, 2013. California American Water served rebuttal testimony on March 8, 2013. Evidentiary hearings were held on April 2-11, 2013 and April 30-May 2, 2013.

2.8 Notice of an all-party settlement meeting was served by MPRWA on April 18, 2013. The all-party settlement meeting was held on April 30, 2013 at the Commission. Settlement discussions continued through May, June, and July 2013. Such discussions led to this Settlement Agreement and one additional settlement agreement between parties, submitted in A.12-04-019.

3. DESALINATION PLANT SIZING

3.1 The Settling Parties agree, based on present assumptions of calculations for anticipated future demand, as set forth in Section 3.1 below, the desalination plant shall be sized at 9.6 mgd without the GWR Project, or either 6.4 mgd or 6.9 mgd to accommodate certain discrete capacities of 3,500 or 3,000 af/yr of GWR product water, respectively, subject to the conditions herein. The sizing of the desalination plant is agreed to solely for planning and engineering purposes. This Settlement Agreement does not implicate or affect the decision concerning whether California American Water shall enter into a water purchase agreement for GWR Project water, which is addressed in a separate settlement agreement. Calculations:

(a) California American Water's forecast for the total customer demand in its Monterey District is 15,296 acre-feet per year, as calculated below.

COMPONENT	ANNUAL DEMAND (AF)
5-Year Average System Demand	13,291
Pebble Beach	325
Tourism Bounce Back	500
Lots of Record	1,180
TOTAL	15,296

(CAW-12, Svindland Supplemental, Attachment 2, pp. 4-5.)

(b) Based on total forecasted demand of 15,296 acre-feet per year, without the addition of water from the GWR Project, 9,752 acre-feet per year will be required from the desalination plant, as calculated below:

COMPONENT	ANNUAL SUPPLY (AF)
Forecasted Demand	15,296
Supply from Carmel River Wells	- 3,376
Extraction from Seaside Groundwater Basin[1]	- 774
Long-Term Average ASR Capacity	- 1,300
Sand City Plant Firm Yield to CAW	- 94
Total Required from Desalination Plant	9,752

(CA-12, Svindland Supplemental, Attachment 1, p. 5.)

(c) The Settling Parties have agreed to the sizing of the desalination plant as either: (1) a 9.6 mgd plant without the GWR Project; (2) a 6.4 mgd plant to accommodate discrete capacities of 3,500 af/yr from the GWR Project; or (3) a 6.9 plant to accommodate discrete capacities of 3,000 af/yr from the GWR Project. These agreed upon sizes are intended for planning purposes only in order to allow the plant to be planned and engineered appropriately to meet the aforementioned anticipated demand.

(d) California American Water in its general rate case shall report on the annual demand in the Monterey County District and the annual operating level of the desalination plant.

4. CITY OF PACIFIC GROVE PROJECT

4.1 As part of this proceeding, the City of Pacific Grove proposed a local water project to be owned and operated by it, which will provide new non-potable water supplies for irrigation at its municipal golf links and cemetery, City parks, and school ball fields, as well as for commercial and residential uses. California American Water currently services these uses with potable water.

4.2 The Settling Parties agree the Pacific Grove Project, which consists of three interconnected components using recycled water, stormwater, and dry weather flow, is a valuable part of a comprehensive solution, when integrated with the MPWSP, the GWR Project, and ASR.

4.3 Pacific Grove Project intends to generate as much as 500 acre-feet of recycled, non-potable water per year. The City of Pacific Grove shall be the lead agency to perform the environmental review for the Pacific Grove Project.

[1] California American Water and the Seaside Basin Water Master recently reached an agreement on the replenishment of the Seaside Groundwater Basin water level. The agreement requires California American Water to reduce extraction from the Basin by 700 acre-feet of water annually on a 5-year average basis. The reduced annual extraction volume from the Seaside Groundwater Basin would be 774 acre-feet. The reduction in extraction volume is not treated as demand but is instead treated as a reduction in supply.

4.4 California American Water included in its general rate case application, filed July 1, 2013, a proposal on behalf of the City of Pacific Grove that addresses the Pacific Grove Project.

5. TABLE 13 WATER RIGHTS

5.1 California American Water has had pending at the SWRCB since 1993 Application No. 30215A. On January 29, 2013, the SWRCB released for public comment a draft permit that would authorize California American Water to divert from the Carmel River up to 1,488 acre-feet per year between December 1 and May 31 of the subsequent year at the rate of 4.1 cubic feet per second, subject to certain conditions. Those conditions include compliance with flow criteria established by the National Oceanic and Atmospheric Administration Fisheries and implementation of certain aspects of the MPWMD Mitigation Program.

5.2 The Settling Parties agree that there is no need to adjust the capacity of the desalination plant to address the possible availability of Table 13 water rights since it is possible that in a dry year there will not be any Table 13 water available to California American Water.

5.3 California American Water agrees that if Table 13 water is available, California American Water shall be able to lower the operating level of the desalination plant or use those rights first in the year to allow other existing rights to be used later in the year for emergencies.

(CA-21, *Rebuttal Testimony of Richard C. Svindland*, dated March 8, 2013, pp. 13-14; WD-5, *Direct Testimony of David J. Stoldt*, dated February 22, 2013, pp. 9-10.)

6. CONDITIONS

6.1 This Settlement Agreement is without prejudice to any Party's right to take part to the full extent provided by law in any state, local, or federal permitting or other entitlement process related to the MPWSP. Notwithstanding such right, the Parties agree to support or not oppose all provisions included in this Settlement Agreement in any such process, and shall not advocate in any such process a position inconsistent with any provision in this Settlement Agreement. Any Party with the legal authority or obligation to issue any permit or entitlement for the MPWSP shall maintain its full legal authority and discretion to determine whether or not to issue such permit or entitlement.

(a) In the event any Party believes another Party has breached its obligations under this provision, the Party alleging breach shall provide the allegedly breaching party written notice and a 30-day opportunity to cure the alleged breach. The Parties agree that injunctive relief, and injunctive relief alone, is the appropriate means to enforce this provision. No Party shall be subject to any claim for money damages as a result of a breach of this provision.

6.2 Because this Settlement Agreement represents a compromise by them, the Settling 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 Settling Party regarding any fact or matter of law in dispute in this proceeding.

6.3 The Settling Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of this Settlement Agreement. The Settling Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedy pertaining to this Settlement Agreement.

6.4 The Settling 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 Settling Party must consent to the Settlement Agreement as modified, or any Settling Party may withdraw from the Settlement Agreement. Such consent may not be unreasonably withheld. As between the Settling Parties, this Settlement Agreement may be amended or changed only by a written agreement signed by all of the Settling Parties.

6.5 The Settling Parties agree to use their best efforts to obtain Commission approval of the Settlement Agreement. The Settling 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.

6.6 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. Each of the Settling Parties hereto and their respective counsel and advocates have contributed to the preparation of this Settlement Agreement. Accordingly, the Settling Parties agree that no provision of this Settlement Agreement shall be construed against any Settling Party because that Party or its counsel drafted the provision.

6.7 This Settlement Agreement supersedes any prior representations by the Settling Parties regarding each stipulation contained herein.

7. COMMISSION MODIFICATION OF SETTLEMENT AGREEMENT

7.1 If the Commission approves the Settlement Agreement with modifications, the Settling Parties request the Commission provide a reasonable period for the Settling Parties to consider and respond to such modification.

7.2 If the Commission approves the Settlement Agreement with modifications, each Settling Party shall determine no later than two business days before the deadline imposed by the Commission for acceptance of the modification whether the Settling Party will accept the modification and shall notify the other Settling Parties of its determination.

7.3 If any Settling Party declines to accept the Commission's modification, the other Settling Parties may still accept the modification and request the Commission to approve the revised Settlement Agreement in the absence of the agreement of the Settling Party or Parties who decline to accept the Commission's modification; provided, however, that Settling Parties who accept the modification and request approval of a revised Settlement Agreement may not accept the modification and request the Commission to approve the revised Settlement Agreement if the applicant California American Water is among the Settling Parties who decline to accept the Commission's modification. If the Commission's proposed modification of this Settlement Agreement is not consented to by California American Water, the Settlement

Agreement shall be void and the Commission will establish a procedural schedule to address the disputed issues.

July___, 2013 CALIFORNIA-AMERICAN WATER COMPANY

By:_____
Robert MacLean, President

July___, 2013 CITIZENS FOR PUBLIC WATER

By:_____
George T. Riley

July___, 2013 CITY OF PACIFIC GROVE

By:_____
Thomas Frutchey, City Manager

July___, 2013 COALITION OF PENINSULA BUSINESSES

By:_____
Bob McKenzie

July___, 2013 DIVISION OF RATEPAYER ADVOCATES

By:_____
Joe Como, Acting Director

July___, 2013

MONTEREY PENINSULA REGIONAL WATER AUTHORITY

By:_____
Chuck Della Sala- President

July___, 2013

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

By:_____
David J. Stoldt -General Manager

July___, 2013

MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

By:_____
Keith Israel, General Manager

July___, 2013

PLANNING AND CONSERVATIONS LEAGUE

By:_____
Jonas Minton, Water Policy Advisor

Agreement shall be void and the Commission will establish a procedural schedule to address the disputed issues.

July 31, 2013

CALIFORNIA-AMERICAN WATER COMPANY

By: _____
Robert MacLean, President

July ___, 2013

CITIZENS FOR PUBLIC WATER

By: _____
George T. Riley

July 30, 2013

CITY OF PACIFIC GROVE

By: Heidi Quinn for
Thomas Frutchey, City Manager

July 31, 2013

COALITION OF PENINSULA BUSINESSES

By: _____
Bob McKenzie

July 31, 2013

DIVISION OF RATEPAYER ADVOCATES

By: _____
Joe Como, Acting Director

July ___, 2013 CALIFORNIA AMERICAN WATER

By: _____
Robert MacLean, President

July 31, 2013 CITIZENS FOR PUBLIC WATER

By: _____
George T. Riley

July ___, 2013 CITY OF PACIFIC GROVE

By: _____
Thomas Frutchey, City Manager

July ___, 2013 COALITION OF PENINSULA BUSINESSES

By: _____
Bob McKenzie, President

July ___, 2013 DIVISION OF RATEPAYERS ADVOCATE

By: _____
Joe Fonte, Acting Director

July 31, 2013

MONTEREY PENINSULA REGIONAL
WATER AUTHORITY

By: _____
Chuck Della Sala- President

July 30, 2013

MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT

By: _____
David J. Stoldt, General Manager

July 31, 2013

MONTEREY REGIONAL WATER
POLLUTION CONTROL AGENCY

By: _____
Keith Israel, General Manager

July 31, 2013

PLANNING AND CONSERVATIONS
LEAGUE

By: _____
Jonas Minton, Water Policy Advisor