



**FILED**  
5-27-16  
04:59 PM

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of California-American Water  
Company (U210W) for Authorization to  
Modify Conservation and Rationing Rules,  
Rate Design, and Other Related Issues for  
the Monterey District.

A.15-07-019  
(Filed July 14, 2015)

**OPENING BRIEF OF THE MONTEREY PENINSULA  
WATER MANAGEMENT DISTRICT**

David C. Laredo, CSBN 66532  
Heidi A. Quinn, CSBN 180880  
De LAY & LAREDO  
606 Forest Avenue  
Pacific Grove, CA 93950-4221  
Telephone: (831) 646-1502  
Facsimile: (831) 646-0377  
Email: [dave@laredolaw.net](mailto:dave@laredolaw.net)  
[heidi@laredolaw.net](mailto:heidi@laredolaw.net)

Frances M. Farina, CSBN 185035  
De LAY & LAREDO  
389 Princeton Avenue  
Santa Barbara, CA 93111  
Telephone: (805) 681-8822  
Mobile: (831) 809-4209  
Email: [fran@laredolaw.net](mailto:fran@laredolaw.net)

Date: May 27, 2016

Attorneys for **MONTEREY PENINSULA  
WATER MANAGEMENT DISTRICT**

## TABLE OF CONTENTS

	<b>Page</b>
I. INTRODUCTION AND SUMMARY .....	1
II. WATER REVENUE ADJUSTMENT MECHANISM RECOVERY .....	2
A. AMORTIZATION.....	3
B. INTEREST RATE.....	4
C. AMOUNT.....	5
III. ANNUAL CONSUMPTION TRUE-UP PILOT PROGRAM.....	6
IV. RATE DESIGN.....	8
1. Eliminate Customized Residential Allotment Based Billing.....	8
2. Allow Greater Recovery of Fixed Costs in Service Charge.....	9
3. Reduce Subsidy on Water Consumed in Tier 1.....	10
4. Reduce Ratio of Rate Difference between Tiers .....	10
5. Revise Monterey Authorized Rate Case Level of Consumption.....	10
6. Authorize All Future WRAM Surcharges on a Uniform Basis to All Units of Water.....	12
V. REVISIONS TO RULE AND SCHEDULE 14.1.1.....	12
VI. SAFETY CONSIDERATIONS.....	13
VII. CONCLUSION.....	14

## TABLE OF AUTHORITIES

Page

### **STATUTES**

California Public Utilities Code §451.....	13
--	----

### **CALIFORNIA PUBLIC UTILITIES COMMISSION DECISIONS**

D.13-07-041, <i>Decision Adopting the Settlement Agreement between California-American Water Company, the Division of Ratepayer Advocates, the Monterey Peninsula Water Management District, the City of Pacific Grove, the Coalition of Peninsula Businesses, the Monterey County Hospitality Association, the Independent Reclaimed Water Users Group, and the Pebble Beach Company on A. 10-07-007 Phase 2 Issues at 6 (August 5, 2013)</i> .....	14
--	----

### **CALIFORNIA PUBLIC UTILITIES COMMISSION RULES**

Rule 13.11.....	1
-----------------	---

### **OTHER AUTHORITIES**

California Public Utilities Commission Standard Practice U-7-W – Rate Design for Water and Sewer System Utilities Including Master Metered Facilities.....	9, 10
R. 11-11-008, Balanced Rates Rulemaking.....	7
MPWMD Regulation XV.....	2
MPWMD Rule 143.....	13
MPWMD Rule 164.....	13

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of California-American Water Company (U210W) for Authorization to Modify Conservation and Rationing Rules, Rate Design, and Other Related Issues for the Monterey District.

---

A.15-07-019  
(Filed July 14, 2015)

**OPENING BRIEF OF THE MONTEREY PENINSULA  
WATER MANAGEMENT DISTRICT**

**I. INTRODUCTION AND SUMMARY**

In accordance with Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission” or “CPUC”), Monterey Peninsula Water Management District (“MPWMD”) hereby submits its Opening Brief in the above-captioned application of California-American Water Company (“California American Water” or “Cal-Am”). By this application, California American Water seeks Commission approval to modify its residential rate design, conservation and rationing Rule 14.1.1, recover its water revenue adjustment mechanism (“WRAM”) and modified cost balancing account (“MCBA”) under-collections, and implement an annual consumption true-up pilot program.

MPWMD concurs that the residential rate design requires modification and supports elimination of the individualized allotments with a standardized inclining block rate design, compressing the tiered rate differentials for residential rates, differentiating between multi-

Opening Brief of MPWMD  
A.15-07-019  
Page 1 of 15

family residential rates and single-family residential rates with decreased block-widths and base rates for multi-family residential customers, increasing the service charge from 15% to 30%, using 2015 actual consumption and consumption by tier as the basis for the proposed residential rate design and WRAM/MCBA balance recovery, and adjusting the Low Income Credit Program.

MPWMD has worked with California American Water to update its proposed Rule No. 14.1.1 with minor modifications needed for compliance with MPWMD's current Regulation XV, Rules 160 through 167.

MPWMD has no position regarding the amount of the outstanding WRAM balance other than it include the 2015 under-collection as part of the recovery, but supports the shortest recovery period, preferably 3 to 4 years, at no more than the 90-day commercial paper rate.

Finally, MPWMD fully supports implementing an annual consumption true-up pilot program to avoid future revenue under-collections and provide stability to the revenue stream needed for financing the community's water supply projects.

## **II. WATER REVENUE ADJUSTMENT MECHANISM RECOVERY**

By the end of 2015, California American Water reported a revenue under-collection exceeding \$50 million. This amount approaches an entire year's revenue requirement and shows no sign of abating without action by the Commission to remedy the problem. Part of the solution includes changes to the rate design addressed in Section IV below. This section

addresses the issues of what amortization period should be approved, what interest rate, if any, should be allowed, and what amount or balance should be collected.

### A. AMORTIZATION

In its Application 15-07-019, California American Water recommends “a single 20-year, fixed meter size ratio surcharge on customer water bills to address recovery of the remaining historical WRAM/MCBA balance as of the date of the final decision.”<sup>1</sup> MPWMD strongly disagrees with such a lengthy recovery period for several reasons.

In his Supplemental Testimony,<sup>2</sup> MPWMD’s General Manager, David Stoldt, responds to the proposed 20-year recovery period for the WRAM Balance:

We believe strongly that current ratepayers should pay the current cost of service. When that doesn’t occur, the recovery should be as quickly as possible. We disagree that future residents who move to the Monterey Peninsula should be burdened with costs incurred by, but not collected from, ratepayers from prior years. The Commission should consider as short a period as possible, and perhaps prior to the Monterey Peninsula Water Supply Project costs<sup>3</sup> coming into the revenue requirement. While we recognize that there could be rate shock concerns, the more equitable approach is that current ratepayers pay current costs.

//  
//  
//  
//

---

<sup>1</sup> Application (“A.”) 15-07-019, Application of California-American Water Company (U-210W) for Authorization to Modify the Conservation and Rationing Plan, Rate Design, and Other Related Issues for the Monterey District (“Application 15-07-019” or the “Application”) at 6.

<sup>2</sup> Exhibit 203, Supplemental Testimony of David Stoldt (“Stoldt Supplemental”) at 6.

<sup>3</sup> A.15-07-019 at 4 referencing the “need to pre-fund a \$71.5 million surcharge for construction of the MPWSP.”

The Office of Ratepayer Advocates (“ORA”) Report recommends a five-year amortization period<sup>4</sup> and illustrates the impacts from a 20-year recovery period which doubles the amount to be repaid.<sup>5</sup>

Going forward with amortization of any future WRAM/MCBA balances for residential customers, MPWMD agrees with California American Water that a uniform surcharge to all units of water consumed should be approved to replace the current amortization protocol that excludes usage in the first tier.<sup>6</sup>

## **B. INTEREST RATE**

Mr. Linam of California American Water acknowledges that the “current rate applied to balancing accounts is the 90-day non-financial commercial paper rate.”<sup>7</sup> Yet the interest proposed for the current WRAM balances is 8.41%.<sup>8</sup> He justifies this rate tied to the 20-year recovery period because of the “conservation investment” that California American Water made.<sup>9</sup> On cross-examination, Mr. Linam was asked to describe the conservation investment, but the examples he used such as “needing to reduce consumption in Monterey”<sup>10</sup> and “reduced

//

//

---

<sup>4</sup> Exhibit 104, Office of Ratepayer Advocates Report and Recommendations on Application 15-07-019 Phase 2 (“ORA Phase 2 Report”) (February 16, 2016) at 2-12 – 2-13.

<sup>5</sup> Id. at 2-13.

<sup>6</sup> Exhibit 9, Direct Testimony of Jeffrey T. Linam (“Linam Direct”) at 15-16.

<sup>7</sup> Id. at 20.

<sup>8</sup> Id.

<sup>9</sup> Id. at 21.

<sup>10</sup> Reporter’s Transcript (“RT”) 438:15-16 (Linam/Cal-Am).

demand efforts”<sup>11</sup> were expenses recovered through various applications including General Rate Cases.

MPWMD General Manager Stoldt disagrees with Cal-Am’s interest request asserting that “balances should be carried at a short-term commercial paper rate or revolving line of credit rate.”<sup>12</sup> Mr. Stoldt also argues, “Allowing recovery at the blended long-term cost of capital in effect treats the unrecovered amounts as a long-term “asset”, which is not the case.”<sup>13</sup>

Similarly, the Office of Ratepayer Advocates (“ORA”) argues against the 8.41% interest rate and goes so far as to suggest that no interest should be recovered.<sup>14</sup>

### C. AMOUNT

California American Water seeks “recovery of the remaining historical WRAM/MCBA balance *as of the date of the final decision.*”<sup>15</sup> [Emphasis added.] Mr. Linam indicates that the “cumulative net under-collected balance as of December 31, 2014 was \$40.6 million.”<sup>16</sup> If the Commission follows the initial request to recover the outstanding WRAM/MCBA balance “as of the date of the final decision,” then the additional revenue under-collection balance through December 31, 2015 should be included.

//

---

<sup>11</sup> RT 439: 8 (Linam/Cal-Am).

<sup>12</sup> Exhibit 203, Stoldt Supplemental at 6.

<sup>13</sup> Id.

<sup>14</sup> Exhibit 104, ORA Phase 2 Report at 2-13 to 2-15.

<sup>15</sup> Application 15-07-019 at 6.

<sup>16</sup> Exhibit 9, Linam Direct at 9.

In later testimony, Mr. Linam states the under-collection balance as of December 31, 2015 is “over \$51 million.”<sup>17</sup> Cross examination of Mr. Linam and Ms. Chew also confirms that actual consumption and consumption by tier for 2015 are currently available.<sup>18</sup>

Data for 2015 applies to multiple issues in this proceeding in addition to the amount of WRAM/MCBA recovery authorized. See discussion in Section IV as it relates to the proposed rate design based on actual (current) consumption by tier, and Section III on the annual consumption true-up pilot program.

MPWMD takes no position on either ORA’s proposed disallowance of some of the WRAM/MCBA balance or using applications instead of advice letters for subsequent WRAM/MCBA recoveries.

### **III. ANNUAL CONSUMPTION TRUE-UP PILOT PROGRAM**

California American Water includes a request for an “annual residential consumption true-up pilot program”<sup>19</sup> as an additional mechanism to avoid revenue under-collections caused by water consumption volatility. MPWMD supports this request.<sup>20</sup> The need for this proposed true-up mechanism is amplified if base rates are set on 2014 consumption information which did not include the State mandatory conservation reductions.<sup>21</sup>

//

---

<sup>17</sup> Exhibit 11, Rebuttal Testimony of Jeffrey T. Linam (“Linam Rebuttal”) at 5.

<sup>18</sup> RT 434: 3-5 (Linam/Cal-Am) and RT: 673: 24 – 674:12 (Chew/Cal-Am).

<sup>19</sup> A.15-07-019 at 7. The annual true-up would actually apply to all customers.

<sup>20</sup> Exhibit 204, Direct Testimony of David Stoldt (“Stoldt Direct”) at 10 – 12.

<sup>21</sup> Exhibit 202, Supplemental Direct Testimony of Stephanie Locke (“Locke Supplemental”) at 3.

ORA objects to the request for several reasons including reliance on R. 11-11-008, a multi-utility rulemaking proceeding that is evaluating rate design issues.<sup>22</sup> If a decision were imminent, MPWMD might agree with ORA, but there is no indication when a decision will be issued and time is of the essence in the Monterey District to establish the appropriate mechanisms for timely authorized revenue collection.

It should also be noted that the California American Water annual true-up mechanism is less complex than the one approved by the Commission for California Water Service Company (“Cal Water”). Mr. Linam describes it as “resetting the rates based upon the actual consumption at the prior 12 months ended September 30 of the prior [sic] month.”<sup>23</sup>

MPWMD illustrates the volatility in water production between 2011 and 2015 decreasing over 2100 acre-feet during that period.<sup>24</sup> Mr. Stoldt summarizes his support for the annual true-up approach by stating, “...[I]t seems like a simple and straightforward way of adjusting rates prospectively based on the most current consumption information.”<sup>25</sup>

The annual true-up allows both consumption and tier adjustments and constitutes a necessary tool in the effort to stabilize revenue recovery. When coupled with revisions proposed for the Monterey rate design, customers will see the true cost of water provided by California American Water.

//

---

<sup>22</sup> ORA Phase 2 Report at 3-10.

<sup>23</sup> RT 456: 12-14 (Linam/Cal-Am). The rate resetting period is actually the prior 12 months ended September 30 of the prior year, not the prior month.

<sup>24</sup> Exhibit 203, Stoldt Supplemental at 4-6.

<sup>25</sup> Id. at 5.

#### IV. RATE DESIGN

MPWMD addresses each rate design component separately so as to establish with clarity its position and justification for the proposed changes. As summarized by MPWMD's General Manager, "[I]ncreasing the basic monthly service fee, reducing the rate differentials between the tiers, eliminating allotments and reducing the percentage of usage in tier one for residential customers would all create a more reliable base of revenue."<sup>26</sup>

##### 1. Eliminate Customized Residential Allotment Based Billing

The customized residential allotment system for Monterey District Main System customers is one cause of California American Water's revenue under-collections. The complexity of allocating water based on an unverified survey containing an alleged number of permanent and part-time residents in a household, the size of their property, and the presence of large animals and other considerations is no longer a workable approach.

Some modifications were made in earlier proceedings<sup>27</sup> but design change implementation did not occur until October 2013.<sup>28</sup> A related problem is that multi-residential complexes were provided too much water in each tier.

ORA correctly notes that, "While Cal Am's proposal will affect different household sizes differently, the change ensures that residential customers (in each dwelling-unit type and regardless of lot size ownership) pay the same amount for the same amount of consumption."<sup>29</sup>

---

<sup>26</sup> Exhibit 204, Stoldt Direct at 9-10.

<sup>27</sup> Exhibit 2, Direct Testimony of Sherrene P. Chew ("Chew Direct") at 7. See also A.10-07-007 and A.13-07-002.

<sup>28</sup> Id.

<sup>29</sup> Exhibit 104, ORA Phase 2 Report at 1-16.

The proposed solution assumes each single family household has an average of 2.67 people and uses that assumption for the first and second tier break. It is believed that this provides a better conservation signal as well as more equity in water per tier per customer.<sup>30</sup>

MPWMD agrees with elimination of the per capita allotment system.<sup>31</sup>

For its Low Income Customers, California American Water proposes to increase the current 20% discount on the service charge and the first two tiers with a flat 30% discount for the monthly service charge and the first four tiers of water.<sup>32</sup> MPWMD supports this proposal.

## 2. Allow Greater Recovery of Fixed Costs in Service Charge

Under the current residential rate design, only 15% of the residential revenue requirement is recovered in the monthly service fee. Cal-Am asserts that “over 95% of the Monterey revenue requirement is unvarying fixed costs.”<sup>33</sup> In contrast, non-residential customers have a 30% recovery of fixed costs. Increasing the fixed cost recovery to 30% in residential meter charges is a substantial step toward improving revenue recovery and should be approved.

While MPWMD agrees with increasing the residential service charge from 15% to 30%,<sup>34</sup> it disagrees with Cal-Am’s deviation from CPUC Standard Practice (“SP”) U-7-W for the meter ratio. MPWMD agrees with ORA<sup>35</sup> that the Commission should adopt standard meter charge ratios as prescribed under SP U-7-W. MPWMD further supports following SP U-7-W

---

<sup>30</sup> Exhibit 2, Chew Direct at 28.

<sup>31</sup> Exhibit 202, Locke Supplemental at 2.

<sup>32</sup> Exhibit 2, Chew Direct at 29.

<sup>33</sup> Id. at 13.

<sup>34</sup> Exhibit 202, Locke Supplemental at 2.

<sup>35</sup> Exhibit 104, ORA Phase 2 Report at 1-17 - 1-18.

calculations where a larger size meter is required “because the dwelling has a sprinkler system.”<sup>36</sup>

### 3. Reduce Subsidy on Water Consumed in Tier 1

Under the current rate design, too much consumption falls into the Tier 1 rate which is highly subsidized.<sup>37</sup> MPWMD agrees with this statement and supports a more standard tier break point design where every residential customer gets the same amount of water in each tier or block. As proposed, the Tier 1 break point would be set at 4.0 Ccf for residential classifications and 2.5 Ccf for multi-residential classifications.<sup>38</sup>

### 4. Reduce Ratio of Rate Difference between Tiers

In the move from a per capita allotment rate design, California American Water proposes a more standard inclining rate structure.<sup>39</sup> Cal-Am and ORA agree on Tiers 1, 2, and 3 proposed differentials and only disagree on Tiers 4 and 5.<sup>40</sup> MPWMD has no position on the appropriate differentials but notes that if ORA’s percentages are accepted or approved, Cal-Am will have to do additional calculations.

### 5. Revise Monterey Authorized Rate Case Level of Consumption

A critical request made by California American Water in this proceeding to provide a more stable revenue stream is to revise the “Monterey authorized rate case level of consumption

---

<sup>36</sup> CPUC Standard Practice U-7-W at 4-6 and attached Appendix B for the calculation method when a larger meter is required for fire protection. See also Exhibit 202, Locke Supplemental at 3.

<sup>37</sup> Exhibit 2, Chew Direct at 12.

<sup>38</sup> Id. at 16 – 17.

<sup>39</sup> Exhibit 2, Chew Direct at 34.

<sup>40</sup> Exhibit 104, ORA Phase 2 Report at 1-33, Attachment Table 1B-6.

to adopt the 2014 *actual* consumption by tier for all Monterey Main System customers.”<sup>41</sup>

[Emphasis added.] This is a significant but necessary change from the “authorized” consumption estimates used to develop rates. Mr. Stoldt summarized<sup>42</sup> why this change is necessary:

The rationale for using current actual usage is that over the past number of years, due to aggressive conservation activities and tiered pricing, there has been continual decline in usage and usage per customer on the Monterey Peninsula. To set rates that more closely reflect the actual cost of water and actual consumption, it is reasonable to use the latest consumption numbers at all times in Monterey because the usage is unpredictable. Longer-term historical data has proven to be an ineffective predictor of future use, hence a single recent year is the best way to establish a baseline.

MPWMD goes a step further than Cal-Am or ORA advocating for the use of 2015 data as the base year for rate design<sup>43</sup> because it provides the most current consumption available.

Cross-examination of Mr. Linam and Ms. Chew confirms this assertion.<sup>44</sup>

Financing for the Monterey Peninsula Water Supply Project (“MPWSP”) requires consistency in recovering the annual revenue requirement in order to secure the lowest cost financing.<sup>45</sup> Mr. Stoldt identifies three financing sources for the MPWSP that would be adversely affected if authorized revenue collection is not timely<sup>46</sup> resulting in increased cost to Cal-Am customers.

//

//

---

<sup>41</sup> A. 15-07-019 at 6.

<sup>42</sup> Exhibit 204, Stoldt Direct at 10.

<sup>43</sup> Exhibit 202, Locke Supplemental at 3; Exhibit 203, Stoldt Supplemental at 4 – 5.

<sup>44</sup> RT 434: 3-5 (Linam/Cal-Am) and RT: 673: 24 – 674:12 (Chew/Cal-Am).

<sup>45</sup> Exhibit 204, Stoldt Direct at 5.

<sup>46</sup> Id. at 5 – 6. For additional discussion on the three financing sources Mr. Stoldt references, see pp. 6 – 8.

A separate justification for using 2015 figures is that there was no mandatory conservation in 2014 so 2015 data is more accurate in capturing all restrictions on Monterey's water supplies.<sup>47</sup>

The benefit of using the current actual total consumption as well as the current usage by tier as the base rate design metrics is removal of the unpredictable nature of customer consumption.<sup>48</sup> The Commission should adopt the 2015 figures and combine them with annual consumption true-ups. This would result in reduction of any future WRAM/MCBA balances, guarantee Cal-Am's authorized annual revenues, secure the lowest cost financing for the MPWSP, and reflect the true cost of water to customers.

6. Authorize All Future WRAM Surcharges on a Uniform Basis to All Units of Water

In this application, California American Water requests authorization "to apply all future WRAM surcharges on a uniform basis to all units of water sold, including residential tier 1 usage."<sup>49</sup> MPWMD supports this request so long as the standard meter charge ratios are used.

## **V. REVISIONS TO RULE AND SCHEDULE 14.1.1**

California American Water's Monterey District Rule 14.1.1 for its conservation and rationing plan requires simplification to make it more manageable as well as understandable to its

---

<sup>47</sup> Exhibit 202, Locke Supplemental at 3.

<sup>48</sup> Exhibit 204, Stoldt Direct at 5.

<sup>49</sup> Id. at 7.

customers. MPWMD agrees with Cal-Am requests to eliminate the residential survey, landscape budgets and water banking, reduce the number of plan stages from seven to four, and eliminate the allotment-based rationing with an average usage-per-household at each tier<sup>50</sup> so long as they are consistent with MPWMD's 2016 Monterey Peninsula Water Conservation and Rationing Plan.<sup>51</sup> MPWMD also supports implementation of Conservation Rates at Stage 3.<sup>52</sup>

MPWMD notes that California American Water's Rate Best Management Practices ("BMPs") adopted in 2013 are not current with indoor efficiency requirements mandated by the State of California and by the MPWMD.<sup>53</sup> The BMPs are also out of compliance with MPWMD Rule 143.<sup>54</sup> This issue should be resolved by the Commission directing Cal-Am to update its indoor water efficiency requirements in a manner consistent with MPWMD rules.

## **VI. SAFETY CONSIDERATIONS**

Public Utilities Code Section 451 obligates public utilities to "furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

//

---

<sup>50</sup> Exhibit 1, Direct Testimony of Eric J. Sabolsice ("Sabolsice Direct") at 22 – 24.

<sup>51</sup> Exhibit 202, Locke Supplemental at 8 – 9.

<sup>52</sup> Id. at 24. Mr. Sabolsice refers to Conservation Rates as "emergency rates"; MPWMD's terminology in its Rule 164 is Conservation Rates, a defined terminology in MPWMD Rule 167. See Exhibit 202, Attachment 1 to Locke Supplemental.

<sup>53</sup> Exhibit 202, Locke Supplemental at 4.

<sup>54</sup> Exhibit 205, Memo from Stephanie Locke to California American Water dated May 13, 2016 regarding Update to California American Water's Rate BMPs.

The Commission has previously determined that rate design proceedings “inherently have no safety implication because they only allocate costs to customers that were previously authorized as just and reasonable for safe and reliable service.”<sup>55</sup> Similarly, the Commission has decided that a rate design “does not change or affect Cal-Am’s obligations to continue to provide safe and reliable potable water to consumers as well as water suitable for non-consumption purposes.”<sup>56</sup>

Therefore, the proposals contained in this application have no adverse impact on Cal-Am’s ability to provide safe and reliable potable water.

## **VII. CONCLUSION**

The purpose of this proceeding is to reflect the true cost of water in the Monterey District by revising systems that cause continuous revenue under-collections and require collection in future periods creating intergenerational inequity. The urgency in solving this problem is amplified by the need to prepare for recovery of major water supply project funding.

The Commission has a unique opportunity to right the revenue ship in Cal-Am’s Monterey District. The problems have been pushed aside for too long with efforts to avoid customer rate shock while under-collections have grown even larger. Failure to implement the

---

<sup>55</sup> D. 13-07-041, *Decision Adopting the Settlement Agreement between California-American Water Company, the Division of Ratepayer Advocates, the Monterey Peninsula Water Management District, the City of Pacific Grove, the Coalition of Peninsula Businesses, the Monterey County Hospitality Association, the Independent Reclaimed Water Users Group, and the Pebble Beach Company on A. 10-07-007 Phase 2 Issues* at 6 (August 5, 2013).

<sup>56</sup> *Id.* at 2.

solutions put forth in this application will jeopardize the lowest cost financing available for the primary replacement water supply project.

Dated: May 27, 2016

Respectfully submitted,

/s/David C. Laredo  
David C. Laredo  
De LAY & LAREDO  
Attorneys for Monterey Peninsula  
Water Management District