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ATTACHMENT 4

PROPOSED RULE 14.1.1.

A. GENERAL INFORMATION

This Water Shortage Contingency Plan, filed in response to the adoption by the Monterey Peninsula Water Management District's ("MPWMD") Regulation XV, a Water Conservation and Rationing Plan¹, and as amended to comply with Regulatory Orders as required by the Commission through Resolution W-5041 and referenced predecessors, is intended to help insure that all responsible measures are instituted to enable the Company's Monterey District to comply with the limitations on productions found in SWRCB Order No. WR 95-10 and the Seaside Basin Decision, as well as other State mandated restrictions and requirements.

The Commission shall authorize Tariff Schedule MO-14.1.1, which sets forth charges for the removal of flow restrictors, fines for violation of water use restrictions, and emergency conservation rates to indicate the need to further reduce water use. The Company will continue to make water conservation devices available to its Customers as required by its Rule 21 and to remind Customers of the availability of conservation devices and all rebate programs.

¹ As amended by MPWMD through Ordinance No. 169, adopted on February 17, 2016. A full copy of the Regulation is appended to this Rule as Attachment 1.

B. DEFINITIONS

1. "Bishop" shall mean the Company's Bishop Water Distribution subsystem as described in the purchase agreement between Bishop Water Company and the Company dated September 1, 1996;
2. "Carmel River System" means the surface water in the Carmel River and its tributaries, and groundwater in the underlying Alluvial Aquifer;
3. "CCF" or "ccf" means one hundred cubic feet, which equals 748 gallons or one unit;
4. "Commission" or "CPUC" means the California Public Utilities Commission;
5. "Company" means California-American Water Company;
6. "Customer" means any person who uses water supplied by the Company in its Monterey District;
7. "Dedicated Irrigation Meter" means a water meter exclusively used to measure outdoor water consumption;
8. "Final Production Orders" means any Cease and Desist Order, final order by the SWRCB or Seaside Watermaster or any other final court decision issued after December 10, 2008 that explicitly requires the Company, on a certain date, to reduce its production of water. For the purposes of this Rule, the effective date of any such order shall be the same date that the water production reduction limit is imposed;
9. "Flow Restrictor" means a device placed into the water distribution system by the Company that restricts the volume of flow to the Customer by 50%;
10. "Hidden Hills" means the Company's Hidden Hills subsystem as described in the purchase agreement between Carmel Valley Mutual Water Company and the Company recorded July 8, 1994, Document #49389, Reel 3125, Page 696;
11. "Household" means all the people who occupy a housing unit. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room occupied (or if vacant, intended for occupancy) as separate living quarters. Separate living quarters are those in which the occupants live separately from any other people in the building and that have direct access from the outside of the building or through a common hall;
12. "Main System" means the Company's largest distribution system in its Monterey District that serves Customers in the Cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Sand City, Seaside, and Pacific Grove, and portions of unincorporated Monterey County in the Carmel Valley, Del Monte Forest, and Carmel Highland areas. The Main System derives its source of supply from the Carmel River System and Coastal Subareas of the Seaside Basin;
17. "Measurable Precipitation" means rainfall of 0.1 inch or more;
18. "Mobile Water Distribution System" means any potable or sub-potable water delivery that originates at a location apart from the site of use and that is delivered via a truck or other movable container. This definition shall not apply to deliveries of water by commercial companies in volumes less than or equal to 55 gallons per container;
19. "MPWMD" means the Monterey Peninsula Water Management District and its designated representatives acting on its behalf;
20. "MPWMD Board" or "Board" means the Board of Directors of the Monterey Peninsula Water Management District;

21. "Monterey Peninsula Water Resource System" or "MPWRS" means the surface water in the Carmel River and its tributaries, groundwater in the Carmel Valley Alluvial Aquifer which underlies the Carmel River, and groundwater in the Seaside Groundwater Basin;
22. "Non-Residential" means all Customers not falling within the definition of Residential, including commercial, industrial, public authority, golf course, and non-revenue metered Customers;
23. "Plan" means this Water Shortage Contingency Plan;
24. "Regulation XV" means MPWMD Regulation XV, The 2016 Monterey Peninsula Water Conservation and Rationing Plan;
25. "Regulatory Order" means an order by the California State Water Resources Control Board, the Commission, or other governmental or regulatory agency;
26. "Residential" means single-family residential or multi-family residential Customers;
27. "Rule" means this Rule 14.1.1;
28. "Ryan Ranch" means the Company's Ryan Ranch Water Distribution subsystem as described in the purchase agreement between Neuville Co. N.V. (a Delaware Corporation) and the Company dated April 30, 1990;
29. "Seaside Basin" means the water in Seaside Groundwater Basin as described in the Seaside Basin Decision;
30. "Seaside Basin Decision" means the California American Water v. City of Seaside, et. al, Case No.M66343, California Superior Court, Monterey County;
31. "Seaside Watermaster" means either (a) the court appointed Seaside Basin Watermaster Board pursuant to Section 111-L of the Decision rendered for Monterey County Superior Court Case No. M66343 (California American Water vs. City of Seaside, et. al,) dated March 22, 2006, as it may be amended from time to time or (b) the Superior Court, when issuing any order in California American Water vs. City of Seaside, et al.;
32. "SWRCB" means the California State Water Resources Control Board;
33. "SWRCB Order" means Order No. WR 95-10 issued by the SWRCB;
34. "System Production Limit" means the Company's maximum annual production from the Carmel River System and the Seaside Basin as summarized in Table XV-1 of MPWMD Rule 160;
35. "Water" means water supplied by the Company;
36. "Water Ration" means a specific amount of water available to each Customer during water rationing Stage 4. The Water Rations will be determined on a Household basis for Residential Customers and by percentage reductions by user category based on a prior year as necessary to achieve the required reductions to the allotments of all Non-Residential Customers. Variances for verifiable medical needs are available. In no circumstance shall the Residential Water Ration be lower than 90 gallons per Household per day;
37. "Water Year" means the period from October 1 of any year to September 30 of the following year;
38. "Water Year Allocation" means the annual regulatory production limit from the Carmel River System and Seaside Basin.

C. APPLICABILITY

This Rule applies to water Customers of the Monterey County District's Main System and Customers of the Ryan Ranch, Bishop and Hidden Hills systems all of which are served under rate schedule MO-1, MO-1MU, and MO-1C authorized by the Commission. This Rule applies to Customers supplied by water from the Carmel River System and Seaside Basin (including the Ryan Ranch, Hidden Hills and Bishop systems). It does not apply to Customers in Toro, Ambler Park, Ralph Lane, Garrapata and Chualar systems.

D. TERRITORY

The territory includes the incorporated Cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, and unincorporated areas in the County of Monterey served by the Company, except for Toro, Ambler Park, Ralph Lane, Garrapata and Chualar.

E. WATER CONSERVATION INITIATION

This Plan shall commence immediately upon approval of the Commission. Trigger criteria for the various Stages are found in this Rule and MPWMD Regulation XV.

F. CUSTOMER NOTIFICATION

1. When a utility requests authorization of Schedule 14.1.1 – Water Shortage Contingency Plan tariff, via a Tier 2 advice letter, it shall provide notice of the Tier 2 advice letter and associated public meeting provided to Customers, per Resolution W-4976, and shall comply with all requirements of Sections 350-358 of the California Water Code (CWC), including but not limited to the following:
 - a. In order to be in compliance with both the General Order (GO) and CWC, the utility shall provide notice via both newspaper and bill message/direct mailing.
 - b. Utility shall file one notice for each advice letter filed, that includes both notice of the filing of the Tier 2 advice letter as well as the details of the public meeting (date, time, place, etc.).
 - c. The public meeting shall be held after the utility files the Tier 2 advice letter, and before the Commission authorizes implementation of the tariff.
 - d. Utility shall consult with DWA staff prior to filing advice letter, in order to determine details of public meeting.
2. In the event that the Company's Schedule 14.1.1- Water Shortage Contingency Plan is triggered, and the utility requests activation of an increased Stage, or an increased level of Emergency Conservation Rates in Stage 3, of the Water Shortage Contingency Plan through the filing of a Tier 2 advice letter, the utility shall notify its Customers and provide each Customer with a summary of Rule 14.1.1 and Schedule 14.1.1 Stage changes by means of bill message or direct mailing. Notification shall take place prior to imposing any fines or conservation rates associated with this Plan.
3. The Company shall notify Customers via press release, messages on the Company website, and email where an email address is provided on a Customer's account before the effective date of any change in Stages either moving up Stages, e.g. from Stage 2 to Stage 3, or moving down Stages, e.g. from Stage 3 to Stage 1; or when moving up or down in the Stage 3 level of Emergency Conservation Rates. Notification will occur at least one week before any fines are levied or emergency conservation rates are enacted. In addition, the Company shall maintain communication with Customers regarding the ongoing water supply situation, and related conservation requirements. During the period that a stage of the Company's Schedule 14.1.1 is activated, the utility shall provide Customers with periodic updates regarding its water supply status and the

results of Customers' conservation efforts.

4. After Schedule 14.1.1 has been activated and it is determined that water supplies are again sufficient to meet demands, and staged reduction measures are no longer necessary, the utility shall seek Commission authority via a Tier 1 advice letter to deactivate the particular stage of reduction that was previously authorized.

G. WATER CONSERVATION

1. Company Responsibilities

- a. Communicate conservation messages to Customers. At all times during Stages 2 through 4 the Company shall send monthly conservation reminders.
- b. Include conservation message on water bills.
- c. Participate in a joint rebate program with the MPWMD.
- d. Promote water conservation and undertake conservation programs in coordination with MPWMD.
- e. Cooperate with the MPWMD to establish and maintain a water conservation website that responds to local concerns.
- f. Provide conservation bill inserts.
- g. Amend its Urban Water Management Plan and its Rule 14.1.1, Water Shortage Contingency Plan--Monterey District, to conform to MPWMD Regulation XV. A copy of Rule 14.1.1 shall be filed with the CPUC and the MPWMD within thirty (30) days of the effective date of any amendment to this Regulation.
- h. Provide Residential and Non-Residential water audits upon request.
- i. Make water-saving conservation devices available to all Customers and provide notices of availability.
- j. Provide MPWMD with all Customer data required by Regulation XV as authorized by Commission Decision 09-02-006 and in accordance with the terms and conditions of a nondisclosure agreement.
- k. Shall not provide portable water meters unless an MPWMD permit has been issued and in compliance with any tariff moratorium provisions.

2. Customers' Responsibilities

- a. All Customers shall comply with Rule 14.1.1 and MPWMD Regulation XV (The 2016 Monterey Peninsula Water Conservation and Rationing Plan).
- b. All Customers shall prioritize the conservation of water at all times.
- c. All Customers are responsible for notifying the Company whenever there is a change of use from Residential to Non-Residential, or Non-Residential to Residential.

3. "Water Waste" shall mean the indiscriminate, unreasonable, or excessive running or dissipation of water. Water Waste shall include, but not be limited to, the following:

- a. Waste caused by correctable leaks, breaks or malfunctions. All leaks, breaks, or other malfunctions in a Customer's plumbing or distribution system must be repaired within 72 hours of notification that a leak exists. This loss of potable water

may be cited for water waste after the time period established in Schedule 14.1.1 in which a leak or malfunction was to have been corrected. Exceptions may be granted by the General Manager for corrections, which are not feasible or practical.

- b. Indiscriminate or excessive water use which allows excess to run to waste.
- c. Washing driveways, patios, parking lots, tennis courts, or other hard surfaced areas with potable water, except in cases where health or safety are at risk and the surface is cleaned with a water broom or other water efficient device or method. Water should be used only when traditional brooms are not able to clean the surface in a satisfactory manner.
- d. Power or pressure washing buildings and structures with potable water, except when preparing surfaces for paint or other necessary treatments or when abating a health or safety hazard.
- e. Hand watering by a hose, during permitted hours, without a quick acting positive action shut-off nozzle.
- f. Irrigation between 9 a.m. and 5 p.m. on any day, and irrigation on any day other than Saturdays and Wednesdays, except for irrigation overseen by a professional gardener or landscaper who is available on site and that is not exceeding a maximum two watering days per week. This prohibition applies to hand watering with a hose, and irrigation systems whether spray, drip or managed by a smart controller. Limited hand watering of plants or bushes with a small container or bucket is permitted on any day at any time. Subsurface greywater irrigation systems may also be operated at any time. An exemption may be given to a Non-Residential establishment whose business requires water in the course of its business practice (e.g., golf courses, nurseries, recreational space, among others) with notification by the business owner to the MPWMD, and subject to the approval of the MPWMD General Manager.
- g. Irrigating during rainfall and for 48 hours after Measurable Precipitation of at least 0.10 inches.
- h. Use of water for irrigation or outdoor purposes in a manner inconsistent with California Code of Regulations, Title 23, Water, Division 2, Department of Water Resources, Chapter 2.7, Model Water Efficient Landscape Ordinance, where applicable, or in a manner inconsistent with local regulations.
- i. Operation of fountains, ponds, lakes or other ornamental use of potable water without recycling, and except to the extent needed to sustain aquatic life, provided such animals are of significant value and have been actively managed.
- j. Individual private washing of cars with a hose except with the use of a Positive Action Shut-Off Nozzle.
- k. Washing commercial aircraft, cars, buses, boats, trailers or other commercial vehicles with potable water, except at water efficient commercial or fleet vehicle or boat washing facilities where equipment is properly maintained to avoid wasteful use.
- l. In-bay or conveyor car washes permitted and constructed prior to January 1, 2014, that do not recycle and reuse at least 50 percent of the wash and rinse water. In-bay or conveyor car washes that were permitted and constructed after January 1, 2014, that do not either (1) use and maintain a water recycling system that recycles and reuses at least 60 percent of the wash and rinse water; or (2) use recycled

water provided by a water supplier for at least 60 percent of its wash and rinse water.

- m. Charity car washes.
 - n. Use of potable water for street cleaning.
 - o. Failure to meet MPWMD Regulation XIV water efficiency standards for an existing Non-Residential use after having been given a reasonable amount of time to comply.
 - p. Serving drinking water to any Customer unless expressly requested, by a restaurant, hotel, café, cafeteria or other public place where food is sold, served or offered for sale.
 - q. Visitor-Serving Facilities that fail to adopt and promote towel and linen reuse programs and provide written notice in the rooms, whereby towels and linens are changed every three days or as requested by action of the guest.
 - r. Washing of livestock with a hose except with the use of a Positive Action Shut-Off Nozzle.
 - s. Transportation of water from the Monterey Peninsula Water Resource System without prior written authorization from the MPWMD.
 - t. Delivery, receipt, and/or use of water from an unpermitted Mobile Water Distribution System.
 - u. Unreasonable or excessive use of potable water for dust control or earth compaction without prior written approval of the MPWMD General Manager where non-potable water or other alternatives are available or satisfactory.
 - v. Use of unmetered fire hydrant water by individuals other than for fire suppression or utility system maintenance purposes, except upon prior approval of the MPWMD General Manager.
 - w. Water use in excess of a Water Ration.
 - x. Non-compliance with MPWMD Regulations XIV and XV.
4. Non-Essential Water Use shall mean the uses of water that are acceptable during times of normal water availability, as long as proper procedures to maximize efficiency are followed. However, when water is in short supply, Non-Essential Water Uses must be curtailed to preserve limited water resources for essential uses. Non-Essential Water Uses do not have health and safety impacts, are not required by regulation, and are not required to meet the core functions of Non-Residential use.
5. Prohibitions against Water Waste and Non-Essential Water Use shall be enforced by the MPWMD and its designated agents, unless indicated otherwise.
- a. If the MPWMD does not enforce Water Waste and Non-Essential Water Use when Stage 2 or higher of this Rule is activated, then that responsibility will lie with either another governmental agency, or the Company.
6. Each occurrence of Water Waste or Non-Essential Water Use that continues after the Customer has had reasonable notice to cease and desist that type of water use shall constitute a Flagrant Violation, as defined in MPWMD's Rule 167.
7. Repeated occurrences of Water Waste or Non-Essential Water Use, which continue

or occur after the Customer has had a reasonable notice to cease and desist that type of water use, or which continues or occurs after the Customer has had a reasonable opportunity to cure any defect causing that type of water use, shall provide cause for MPWMD to request the placement of a Flow Restrictor with a maximum flow rate of six (6) ccf/month within the water line or water meter. The Flow Restrictor installation and removal shall be made by the Company in accordance with Schedule No. MO-14.1.1.

H. STAGE 1 WATER CONSERVATION: Prohibition on Water Waste

Stage 1 Water Conservation is the first stage of water conservation measures as defined in this Rule and MPWMD Regulation XV.

1. Stage 1 shall be in effect at all times as long as this Rule is active.
2. Schedule MO-14.1.1 shall not be activated during this Stage.
3. The Company shall maintain its Water Year production from the Carmel River System below amounts specified in the CDO, as amended, and shall comply with the production limits imposed by the Seaside Watermaster.
4. Each Customer shall comply with the Water Waste and Non-Essential Water Use prohibitions as stated in this Rule.

I. STAGE 2 WATER CONSERVATION – Voluntary Reduction Use or Commission Ordered Compliance

Stage 2 Water Conservation is the second stage of water conservation as defined in this Rule and MPWMD Regulation XV. In addition to the requirements of Stage 1, the following shall apply in Stage 2 Water Conservation.

1. Triggers

- a. Physical Shortage Trigger: Stage 2 shall take effect on June 1, or such earlier date as may be determined by MPWMD, if the Total Storage Available in Table XV-4 in MPWMD's Rule 160 is below the Total Storage Required, but at least 95% of the Total Storage Required. The amount of voluntary reduction shall equal the percentage shortfall in Total Storage Required.
- b. Regulatory Trigger – Production Targets: Stage 2 shall take effect when the most recent 12 month Company production from the MPWRS is greater than the then-current annual production target as determined in Table XV-1 of MPWMD Rule 160 but no greater than 105% of the annual production target. The amount of voluntary reduction shall equal the percentage overage of the annual production.
- c. Regulatory Trigger – Regulatory Order: Stage 2 shall take effect when that system is directed to reduce use by a governmental or regulatory agency. The amount of voluntary reduction shall equal the percentage directed by that governmental or regulatory agency relative to a base year determined by the governmental or regulatory agency.
- d. Emergency Trigger: Stage 2 shall take effect when the MPWMD or Company finds that a water supply emergency exists. Stage 2 shall take effect upon adoption of a Resolution of the MPWMD Board of Directors, or a declaration of a Water Supply

Emergency by the Company or a State or County entity, due to a catastrophic event. In that Resolution or declaration, there shall be a finding of an immediate need to reduce production. The amount of voluntary reduction shall be determined by MPWMD, the Company, or the State or County entity.

2. The Company shall notice Customers in compliance with the noticing requirements in Section F above and state the reduction necessary to comply with the need in the activation event.
3. Schedule 14.1.1 shall be activated at Stage 2 and remain in effect until Stage 2 sunsets.
4. The requirements of Stage 1 shall remain in effect.
5. Sunset.
 - a. Without further action, Stage 2, when implemented pursuant to Rule I-1-a, shall sunset and water use restrictions shall revert to Stage 1 when Total Storage Available computed consistent with Table XV-4 of MPWMD Rule 160 is greater than Total Storage Required for two (2) consecutive months.
 - b. Without further action, Stage 2, when implemented pursuant to Rule I-1-b, shall sunset and water use restrictions shall revert to Stage 1 when the Company's 12 month total production has been less than or equal to its then-current annual production target for two (2) consecutive months.
 - c. Without further action, Stage 2, when implemented pursuant to Rule I-1-c, shall sunset and water use restrictions shall revert to Stage 1 when the governmental or regulatory agency rescinds the request or MPWMD determines that the voluntary reduction has been met, and conditions I-5-a and I-5-b above have been met.
 - d. Stage 2, when implemented pursuant to Rule I-1-d, shall sunset and water use restrictions shall revert to Stage 1 when the MPWMD Board finds that a water supply emergency no longer exists or other government agency declares the catastrophic event is over and service is no longer impaired.

J. STAGE 3 WATER CONSERVATION: Conservation Rates

Stage 3 is the third stage of water conservation as defined in this Rule and MPWMD Regulation XV. The requirements of Stage 1 and 2 Water Conservation shall remain in effect in Stage 3 Water Conservation. In addition, the following shall apply in Stage 3 Water Conservation:

1. Trigger

- a. Stage 2 Deemed Unsuccessful: Stage 3 shall take effect if Stage 2 has been implemented and has failed to sunset after a period of 6 months, except in the case of a government required targeted percentage implementation that has been met and continues to be met.
 - b. Physical Shortage Trigger: Stage 3 shall take effect when production or production offsets from the Carmel River System or the Seaside Coastal Subareas, on June 1 or such earlier date as may be set by the MPWMD Board following MPWMD's May Board meeting if Total Storage Available in Table XV-4 of MPWMD's Rule 160 is below 95% of Total Storage Required.
 - c. Regulatory Trigger – Production Targets: Stage 3 shall take effect when the most recent 12 month Company production from the MPWRS is greater than 105% of the then-current annual production target as determined in Table XV-1 of Rule 160 and Stage 2 has not been implemented
 - d. Regulatory Trigger – Regulatory Order: Stage 3 shall take effect when requested by a governmental or regulatory agency to implement Stage 3, when Stage 2 has been deemed unsuccessful in meeting the governmental or other regulatory agency targets, or a governmental or other regulatory agency has increased the requested reduction to a level greater than that achieved in Stage 2.
 - e. Emergency Trigger: Stage 3 shall take effect when the MPWMD Board or Company finds that a water supply emergency exists and upon adoption of a Resolution of the MPWMD Board or declaration of a catastrophic event by a governing body. In that Resolution or declaration of a catastrophic event, there shall be a finding of an immediate need to reduce production through the imposition of Stage 3 Conservation Rates.
2. The requirements of Stage 1 and 2 shall be in effect.
 3. The Company shall notice Customers in compliance with the noticing requirements in Section F above and state the necessary reduction.
 4. Schedule 14.1.1 shall be effective in Stage 3 and remain in effect as long as in Stage 3. Customers will have at least 30 days prior notice as to the implementation of the required Level 1 Conservation Rates, or a change from Level 1 to Level 2 Conservation Rates prior to implementation.
 - a. Level 1 Conservation Rates comprised of a 25 percent surcharge shall be implemented on the then existing rates for a minimum of 3 months. The surcharge shall not apply to Tier 1 Residential Customers.

- b. Level 2 Conservation Rates comprised of a 40 percent surcharge shall be implemented on the then existing rate (without the 25 percent Level 1 surcharge) if after the imposition of Level 1 Conservation Rates for 3 months the monthly production in the Company's system exceeds the monthly production target for the previous two (2) consecutive months. The surcharge shall not apply to Tier 1 Residential Customers.

5. Sunset

- a. Without further action, Stage 3, when implemented pursuant to Rule J-1-a or J-1-b, shall sunset and water use restrictions shall revert to Stage 1 when Total Storage Available computed consistent with Table XV-4 is greater than Total Storage Required for two (2) consecutive months.
- b. Without further action, Stage 3, when implemented pursuant to Rule J-1-a or J-1-c, shall sunset and water use restrictions shall revert to Stage 1 when 12 month total production has been less than or equal to the then-current annual production target for two (2) consecutive months.
- c. Without further action, Stage 3, when implemented pursuant to Rule J-1-d, shall sunset and water use restrictions shall revert to Stage 1 when the governmental or regulatory agency rescinds the request, and Rules J-1-b and J-1-c do not apply.
- d. Stage 3, when implemented pursuant to Rule J-1-e, shall sunset and water use restrictions shall revert to Stage 1 when the MPWMD Board finds that a water supply emergency no longer exists or other government agency declares the catastrophic event is over and service is no longer impaired, and Rules J-1-b and J-1-c do not apply.

K. STAGE 4 WATER RATIONING

1. Trigger

- a. Stage 3 Deemed Unsuccessful: Stage 4 shall take effect if Stage 3 has been implemented and has failed to sunset after a period of 8 months.
- b. Regulatory Trigger: Stage 4 shall take effect when requested by a governmental or regulatory agency to implement Stage 4, when Stage 3 has been deemed unsuccessful in meeting the governmental or other regulatory agency targets, or a governmental or other regulatory agency has increased the requested reduction to a level greater than that which can be achieved in Stage 3.
- c. Emergency Trigger: Stage 4 shall take effect when the MPWMD Board finds that a water supply emergency exists and upon adoption of a Resolution of the MPWMD Board, or a declaration of a water supply emergency by the Company, or a State or County entity, due to a catastrophic event. In that Resolution or

declaration of a catastrophic event, there shall be a finding of an immediate need to reduce production through the imposition of Stage 4 Water Rationing.

- d. Stage 4 shall not be triggered if it is determined upon credible evidence that the production targets associated with Final Production Orders are likely to be met by adhering to the requirements of a lesser Stage.
 - e. Delay of Stage Implementation. A delay in implementation of Stage 4 Water Rationing to ensure adequate operation of the program shall not exceed sixty (60) days.
2. Amount of Reduction.
- a. The amount of mandatory reduction shall equal the shortfall in Total Storage Available as compared to the Total Storage Required; or
 - b. The amount of mandatory reduction shall equal the overage of the last 12 months actual production as compared to the then-current annual production target; or
 - c. The amount of mandatory reduction shall equal some other amount as reflected in a governmental or regulatory order.
3. Stages 1, 2, and 3 (if applicable) shall remain in effect.
4. Additional Prohibitions.
- a. Consideration should be given to prohibiting all or specific Non-Essential Water Uses. MPWMD or Commission may enact such prohibitions by Resolution.
 - b. Moratorium. Upon implementation of Stage 4, the MPWMD Board shall declare a moratorium on all Water Permit applications other than those applications that rely upon a water credit, water use credit, or water use permit. The Board may amend the moratorium to include the use of water credits and/or water use credits if warranted.
 - c. No New Potable Water Service: Upon declaration of Stage 4 Water Rationing, no new potable water service will be provided, no new temporary meters or permanent meters will be provided, and no statements of immediate ability to serve or provide potable water service (e.g. will-serve letters, certificates, or letters of availability) will be issued, except under the following circumstances:
 - i. The project is necessary to protect the public health, safety, and welfare;
 - ii. The setting of meters in the Company's service area shall not be terminated or diminished by reason of any water emergency, water moratorium or other curtailment on the setting of meters for water use permits issued to entitlement holders; or
 - iii. This provision does not preclude the resetting or turn-on of meters to provide continuation of water service or the restoration of service that has been interrupted for a period of one year or less.

- d. No New Annexations: Upon the declaration of a Stage 4, the Company will suspend consideration of annexations to its Monterey Main System service area. This subsection does not apply to boundary corrections and annexations that will not result in any increased use of water from Main System sources of supply, or annexations required by a regulatory agency.
- e. Customers utilizing portable water meters or hydrant water meters or using hydrants to fill water tanks without the use of a water meter, shall be required to cease use of the water. Portable water meters shall be returned to the Company at least thirty (30) days before the implementation of Stage 4.
- f. Draining and refilling of swimming pools or spas except (a) to prevent or correct structural damage or to comply with public health regulations, or (b) upon prior approval of the MPWMD General Manager.
- g. Restriction on Watering or Irrigating: Watering or irrigating of lawn, landscape or other vegetated area with potable water is subject to restriction. This restriction does not apply to the following categories of use, or where it has been determined that recycled non-potable water is available and may be applied to the use:
 - i. Businesses dependent on watering or irrigating in the course of business such as agriculture, nursery, and similar uses;
 - ii. Maintenance of existing landscape necessary for fire protection;
 - iii. Maintenance of existing landscape for soil erosion control;
 - iv. Maintenance of plant materials identified to be rare or essential to the well-being of protected species;
 - v. Maintenance of landscape within active public parks and playing fields, day care centers, and school grounds, provided that such irrigation does not exceed one (1) day per week;
 - vi. Actively irrigated environmental mitigation projects.

5. Residential Water Rations.

- a. Upon adoption of a Resolution by the MPWMD Board or a specific finding in response to a declaration or order by another government agency for a specific reduction in Residential water use, daily Household Water Rations shall be set at a level to achieve the necessary reduction. In no case shall daily Household Water Rations fall below 90 gallons per Household. Where two or more Households are served by a master meter, it shall be the responsibility of the Customers to divide the Water Rations among the Customers.
- b. Additional Rations for Large Households:
 - i. Where four or more permanent residents occupy a single Household served by one water meter, the daily Water Ration may be increased by the amounts listed below:

	Household
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	Gallons per Day
Fourth Permanent Resident	30
Fifth Permanent Resident	25
Sixth Permanent Resident	20
Seventh or More Permanent Resident	15

c. Procedure for Obtaining Additional Rations for Large Households:

- i. The applicant shall complete a Residency Affidavit (obtained from MPWMD) that requests the name, age and verification of full time permanent residents for each resident in the Household for which the additional Ration is requested. The information on the application shall be presented under penalty of perjury. The additional Water Ration request shall be submitted to the MPWMD General Manager, who will approve or disapprove the request within 10 business days of submission of a completed application.
- ii. If the application is disapproved, the MPWMD General Manager will explain in writing the reason for the disapproval, and if the applicant is not satisfied with the decision, the applicant may appeal the decision to the MPWMD Board.

d. Procedure for Obtaining Additional Water Rations Where Two or More Households are Served by One Meter:

- i. The applicant must fill out the required form that lists the number of residences served by the single meter and submit a use permit issued by the jurisdiction for the multi-residential residences served by the meter. MPWMD shall retain the right to require Residency Affidavits to determine the appropriate Water Rations. The additional Water Ration request shall be submitted to the MPWMD General Manager, who will approve or disapprove the request within 10 business days of submission of a completed application. The application shall be submitted under penalty of perjury.
- ii. If the application is disapproved, the MPWMD General Manager will explain in writing the reason for the disapproval, and if the applicant is not satisfied with the decision, the applicant may appeal the decision to MPWMD's Board.

- e. Additional Ration for Special Needs. Where more water than allowed in Sections 5-c or 5-d above is necessary to preserve the health or safety of a Household, the MPWMD General Manager may increase the Water Ration to the Household during the period of need according to the needs of the applicant.
 - i. The applicant or his or her representative may file a request for an additional Water Ration and shall state in a letter to the MPWMD General Manager: (1) the amount of the requested additional Water Ration, and (2) a general statement in support of the need. Where appropriate, applicant shall provide a letter from a medical doctor stating the need for additional water usage and projected duration of that need, if possible, or other appropriate justification for the special need.
 - ii. Additional Water Rations shall require the replacement of inefficient water fixtures to comply with MPWMD Rule 142-E, Residential and Non-Residential Change of Ownership, Change of Use, and Expansion of Use Water Efficiency Standards, which requires installation of, among other items, water efficient toilets, showerheads, faucets, and irrigation rain sensors.
 - iii. If the MPWMD General Manager does not approve an additional Water Ration, the applicant may appeal to the MPWMD Board. An appeal from the General Manager's decision must contain all of the following: (a) a copy of the original application; (b) a copy of the written explanation of the General Manager's decision; and (c) a written explanation of why the applicant believes the decision should be changed.
- f. Misrepresentation. Any Customer intentionally over-reporting the number of permanent residents in a Household may be charged with a misdemeanor punishable as an infraction as provided by Section 256 of the Monterey Peninsula Water Management District Law, Statutes of 1981, Chapter 986, as well as fees and penalties set forth in Regulation XV. During this Stage 4, whenever there is a change in the number of permanent residents in a Household, the Customer shall notify the MPWMD.

6. Non-Residential Water Rations.

- a. If Residential rationing does not achieve measurable results as expected after a period of six (6) months, upon adoption of a Resolution by the MPWMD Board for a specific reduction in Non-Residential water use, Non-Residential Water Rations shall be implemented at a level to achieve the necessary reduction in use.
 - i. Non-Residential Water Rations shall be determined by selection by MPWMD of a previous year for which Stages 2, 3, or 4 conservation or rationing was not in place and then reducing each month's water use by a percentage determined by the MPWMD to achieve the Non-Residential reduction in use.
 - ii. Exemptions: In the Resolution to implement a level of Non-Residential

rationing, the MPWMD Board shall include an exemption for compliance with District Rule 143 and an exemption for a Non-Residential establishment whose business requires water in the course of its business practice (e.g. laundromats, nurseries, among others).

- iii. The applicant or his or her representative may file a request for an additional Water Ration. The applicant shall state in a letter to the MPWMD General Manager: (1) the amount of the requested Water Ration, and (2) a general statement in support of the need.
 - iv. If the request is disapproved, the MPWMD General Manager will explain in writing the reason for the disapproval, and if the applicant is not satisfied with the decision, the applicant may appeal to the MPWMD Board for a hearing.
7. Irrigation required by the Mitigation Program adopted when the Water Allocation Program Environmental Impact Report was adopted in 1990, and as required by SWRCB Order No. WR 95- 10 shall not be subject to reductions in use. Required irrigation of the Riparian Corridor shall be identified and reported separately from other non-revenue metered uses.
8. Sunset.
- a. Stage 4 shall sunset and water use restrictions shall revert to Stage 1 when 12 month total production has been less than or equal to the then-current annual production target for two (2) consecutive months.
 - b. Stage 4 shall sunset and water use restrictions shall revert to Stage 1 when Total Storage Available computed consistent with Table XV-4 of MPWMD's Rule 160 is greater than remaining Total Storage Required for two (2) consecutive months.
 - c. Stage 4, when implemented shall sunset and water use restrictions shall revert to Stage 1 when the governmental or regulatory agency rescinds the request and conditions 8-a. and 8-b, above, have been met.
 - d. Stage 4, when implemented pursuant to K-1-c, shall sunset and water use restrictions shall revert to Stage 1 when the MPWMD Board finds that a water supply emergency no longer exists or other government agency declares the catastrophic event is over and service is no longer impaired.
 - e. Restoration of Lower Stage. A MPWMD Resolution causing the sunset of one or more provisions of Stage 4 may also activate any lower Stage as may be warranted for good cause.

PROPOSED SCHEDULE 14.1.1.

Schedule No. MO -14.1.1.
WATER SHORTAGE CONTINGENCY PLAN
MONTEREY COUNTY DISTRICT

(C)

A. BACKGROUND

As described in Rule 14.1.1, the California-American Water Company ("Company" or "CAW") is authorized charge emergency conservation rates, fine Customers, temporarily terminate service for water and/or to install flow restrictors for water waste or use above specific conservation levels, and charge fees for the removal of flow restrictors as described in this tariff.

B. APPLICABILITY

1. This Schedule applies to water Customers of the Monterey County District's Main System and Customers of the Ryan Ranch, Bishop and Hidden Hills systems all of which are served under rate Schedule MO-1, MO-1MU, and MO-1C authorized by the California Public Utilities Commission ("Commission"). This Schedule applies to Customers supplied by water from the Carmel River System and Seaside Basin (including the Ryan Ranch, Hidden Hills and Bishop systems). It does not apply to Customers in Toro, Ambler Park, Ralph Lane, Garrapata and Chualar systems. It is effective at all times, as required by Rule No. 14.1.1, and for the period noted in the Special Conditions section below.
2. This Schedule shall remain dormant until activated by Commission authorization via a Tier 2 advice letter.
3. Once the Schedule is activated, utility can implement Stages 3 and 4, or change levels of the Emergency Conservation Rates, of the Schedule by filing a Tier 2 advice letter.
4. When this schedule is activated, it shall remain in effect until the utility files a Tier 1 advice letter to deactivate a specific stage of the Water Shortage Contingency Plan and such is authorized by the Commission.

C. WATER USE VIOLATION FINE

1. When Stage 2 or higher of the Water Shortage Contingency Plan has been activated by Commission authorization, the water use restrictions of Stage 1 in the Water Shortage Contingency Plan in Section G.2 of Rule 14.1.1 become subject to fines imposed by the utility. The utility will first work closely with local law enforcement and public agencies charged with enforcing the mandatory water use restrictions. However, should the utility find that the local agency is not effectively enforcing the mandatory use restrictions, the utility, after written warnings, such as door hangers and letters, may begin to issue fines. If a Customer is seen violating the water use restrictions, as outlined in Rule No. 14.1.1 and the Special Conditions below, the Customer will be subject to the following fine structure:
 - a. First offense: Written warning, including explanation of penalty for subsequent offense.
 - b. Second offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and \$100 fine.
 - c. Third offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$250 fine.
 - d. Fourth offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$500 fine.
 - e. Fifth offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and service termination pursuant to Rule 11 and a \$500 fine.
 - f. Sixth offense within 1 year (of the same restriction): Installation of a flow restricting device on Customer's water meter for duration of activation of the Water Shortage Contingency Plan.
2. Offenses for separate water use restrictions will each start at the warning stage.
3. The water use violation fine is in addition to the regular rate schedule charges.

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CALIFORNIA-AMERICAN WATER COMPANY

1033 B Avenue, Suite 200
CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO.

7962-W

CANCELLING

Revised

C.P.U.C. SHEET NO.

6691-W

(Continued)

Schedule No. MO -14.1.1.
WATER SHORTAGE CONTINGENCY PLAN
MONTEREY COUNTY DISTRICT

D. APPLICABLE EMERGENCY CONSERVATION RATES

1. Emergency Conservation Rates:

- c. Level 1 Emergency Conservation Rates comprised of a 25 percent surcharge shall be implemented on the then existing rates for a minimum of 3 months. The surcharge shall not apply to Tier 1 Residential Customers.
- d. Level 2 Emergency Conservation Rates comprised of a 40 percent surcharge shall be implemented on the then existing rate (without the 25 percent Level 1 surcharge) if after the imposition of Level 1 Conservation Rates for 3 months the monthly production in the California American Water System exceeds the monthly production target for the previous two (2) consecutive months. The surcharge shall not apply to Tier 1 Residential Customers.

E. ENFORCEMENT

- 1. Letter/Fine: From second violation of the same restriction within a one year period and onwards, a violation letter will be posted on property and sent to billing address, if different.
- 2. Aging of violation: Violations will accrue for the period of one year and be considered corrected and expunged one year after the violation occurs. The purpose of this rule is to prevent discrete violations from accruing in the event of a multi-year enforcement of the Water Shortage Contingency Plan.

(Continued)

Schedule No. MO -14.1.1.
WATER SHORTAGE CONTINGENCY PLAN
MONTEREY COUNTY DISTRICT

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E. ENFORCEMENT (cont)

3. Applies to all Enforcement Stages of Water Shortage Contingency Plan.

	Violation 1	Violation 2 (of the same restriction)	Violation 3 (of the same restriction)	Violation 4 (of the same restriction)	Violation 5/6 ⁽²⁾ (of the same restriction)
Proof of violation	Employee or Customer reports, with no additional verification required	Verification with a written report by employee or contractor of CAW	Verification with a written report by employee or contractor of CAW	Verification with a written report by employee or contractor of CAW	Verification with a written report by employee or contractor of CAW
Letter/fine	Warning letter mailed to premise and billing address	Violation letter posted and mailed with \$100 fine on next bill	Violation letter posted and mailed with \$250 fine on next bill	Violation letter posted and mailed with \$500 fine on next bill	Violation letter posted and mailed, shut off per Rule 11 and \$500 fine on next bill
Fixing leaks All Stages	Customer has: 72 hours	Customer has: 72 hours	Customer has: 72 hour	Customer has: 72 hours	Customer has: 72 hours
Time to correct violation	5 days	5 days	5 days	5 days	5 days
Time Customer has to request variance of the alleged violation	14 days to contact CAW in writing	14 days to contact CAW in writing	10 days to file an appeal with CAW in writing	10 days to file an appeal with CAW in writing	10 days to file an appeal with CAW in writing
If the Customer does not agree with CAW's resolution ⁽¹⁾ Reference Section K of Rule 14.1	Further reported violations of the same restricted use will not be counted in the determination of further action until one week after the variance request is resolved	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC

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⁽¹⁾If a Customer has appealed the receipt of the fine, the fine will continue to be posted on the Customer's account, but will not result in further service action, until at least 14 days after the resolution of appeals. Once resolved, if in the Customer's favor, the fine will be immediately removed from the account. If not resolved in the Customers favor, then the fine will be due and payable as part of the next billing cycle and subject to all such further actions as with any other billed charge.

⁽²⁾For violation 6 instead of shut-off for 3 days and \$500 fine, a flow restrictor will be installed for duration of enforcement.

(Continued)

Schedule No. MO -14.1.1.
WATER SHORTAGE CONTINGENCY PLAN
MONTEREY COUNTY DISTRICT

(C)

E. ENFORCEMENT (cont)

- 4. An exemption on flow restrictor installations shall be made for water meters serving three or more multi-family dwelling units by substituting an excess water use charge of \$150 times the number of dwelling units located on the meter during each month in which a violation of the Water Waste has been determined. The excess water use charge shall be separately identified on each bill.

F. FLOW RESTRICTOR REMOVAL CHARGE

The charge for removal of a flow-restricting device and/or reconnecting water service shall be:

Connection Size	Removal Charges
5/8" to 1"	\$150.00
1-1/2" to 2"	\$200
3" and larger	Actual Cost

G. SPECIAL CONDITIONS

- 1. The Tier 2 advice letter requesting activation of Stage 2 or higher of Schedule 14.1.1 shall include documentation of the overall water shortage justifying activation of that particular stage.
- 2. This tariff schedule shall remain in effect until the utility files a Tier 1 advice letter to deactivate a specific stage of the Water Shortage Contingency Plan and such is authorized by the Commission.
- 3. Water use violation fines must be separately identified on each bill.
- 4. Emergency Conservation Rate surcharges must be separately identified on each bill.
- 5. Flow restrictor charges are used to offset costs associated with the installation and removal.
- 6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
- 7. All monies collected by the utility through Emergency Conservation Rate surcharges shall be booked to the Water Revenue Adjustment Mechanism ("WRAM") or a memorandum account to offset recovery of lost revenues. All flow restrictor removal charges or fines for water use violations collected by the utility and all expenses incurred by the utility to implement Rule 14.1.1 and Schedule 14.1.1, and the requirements of the California State Water Board Resources Control Board ("SWRCB"), or other agencies, that have not been considered in a General Rate Case or other proceeding, shall be tracked in a memorandum account for disposition as directed or authorized from time to time by the Commission and shall be recoverable by the utility if determined to be reasonable by the Commission.

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