



Supplement to 11/19/2012 MPWMD Board Packet

Attached are copies of letters received between, October 8, 2012 and November 9, 2012. These letters are also listed in the November 19, 2012 Board packet under item 14, Letters Received.

Author	Addressee	Date	Topic
Nina Beety	David Stoldt	11/7/2012	Protest of Advice Letter #970, California American Water
George T. Riley	David Stoldt	11/4/2012	Protest AL #970 of October 10/17/2012, Cal Am \$6.2mil
Bryan J. Golden	David Stoldt	10/29/2012	Protest of AL #970, October 17, 2012, California American Water
Doug Wilhelm	David Stoldt	10/26/12	San Diego Water Authority Agreement with Poseiden Resources
Brenda Lewis	David Stoldt	10/24/12	Ordinance No. 152 Citizens Oversight Committee
Carolyn Nielson	David Stoldt	10/22/12	People's Moss Landing Desal Project (Contact the MPWMD office for attachments to letter)
George Riley	MPWMD Board	10/17/12	Cal Am Water Bill Spikes
Marilyn Mason	MPWMD Board	10/17/12	Cal Am Water Billing Practices
Norman Yassany	Brenda Lewis	10/16/12	Ordinance No. 152 Citizens Oversight Committee
John Tilley	Rachel Martinez	10/15/12	Ordinance No. 152 Citizens Oversight Committee
Norman Yassany	MPWMD Board	10/15/12	Public Financing of Seaside Desalination Project
Janice	MPWMD Board	10/15/12	Cal Am Water Billing Practices
Janice	MPWMD Board	10/15/12	Cal Am Water Billing Practices
Lindy Levin	MPWMD Board	10/15/12	Cal-Am Water Billing Practices
Tony Ray	MPWMD Board	10/15/12	Cal-Am Water Billing Practices
Pattie Walton	Jennifer Russo	10/11/12	Cal-Am Water Billing Practices
Jay Roland	David Stoldt	10/10/12	Spiked Water Bills from Cal Am
Andrew Bell	MPWMD Board	10/9/12	Public Ownership of Water Supply Facilities and Water Rights
Bonnie Adams	MPWMD Board	10/1/12	Ordinance No. 152 Citizens Oversight Committee

U:\staff\Boardpacket\2012\20121119\LtrPkt\LtrPkt.docx

Arlene Tavani

From: Dave Stoldt
Sent: Wednesday, November 07, 2012 5:13 PM
To: Arlene Tavani
Subject: Fwd: Protest of Cal-Am Advice Letter #970
Attachments: Cal-Am protest letter.doc
FlwUp: -1

RECEIVED

NOV - 7 2012

MPWMD

David J. Stoldt
 General Manager
 Monterey Peninsula Water Management District
 PO Box 85 / 5 Harris Court; Building G
 Monterey, CA 93940

831.658.5651

Begin forwarded message:

From: "nbeety@netzero.net" <nbeety@netzero.net>
Date: November 7, 2012 3:46:24 PM PST
To: <Lewis4water@gmail.com>, <district5@co.monterey.ca.us>, <jcbarchfaia@att.net>, <kristimarkey@gmail.com>, <dstoldt@mpwmd.net>
Cc: <nbeety@netzero.net>
Subject: Protest of Cal-Am Advice Letter #970

To MPWMD:

I filed this yesterday with the CPUC.

Sincerely,

Nina Beety
 Monterey, CA

Please note: forwarded message attached

From: "nbeety@netzero.net" <nbeety@netzero.net>
To: water_division@cpuc.ca.gov
Cc: nbeety@netzero.net
Subject: Protest of Advice Letter #970, California American Water
Date: Tue, 6 Nov 2012 20:33:53 GMT

2
November 6, 2012

Director
Division of Water and Audits
505 Van Ness Ave.
San Francisco, CA 94102

Protest Letter of Advice Letter #970 from California American Water Company

I wish to protest California American Water Company's (Cal-Am) advice letter #970 which is seeking reimbursement for "leak" adjustments. The reason for my protest is that an unknown amount of bill credits are actually paper credits for "read" errors, not for actual water leaks, and therefore, resulted in no lost revenue to Cal-Am. These amounts should not be paid by Cal-Am ratepayers.

One explanation for the overbilling is the installation of new smart water meters by Cal-Am beginning several years ago. These meters use wireless communication to send information on water usage. Overbilling and bill spikes have been widespread with Smart Meter deployments.

Cal-Am's installation of Smart Meters has not been publicly advertised, nor is that information readily available on the Cal-Am website. However, Cal-Am customers have been told by Cal-Am employees that the company was installing them, and on October 15, 2012, the Monterey County Herald reported that these new meters are manufactured by Neptune Technology Group.

The directors (of the Monterey Peninsula Water Management District) also said they would look into one customer's list of possible malfunction causes in equipment made by Neptune Technology Group, the company that manufactures Cal Am's newest meters. (Cal-Am General Manager Eric) Sabolsice said around 40 percent of customers use the newer meters.^[1]

Neptune has had problems with their meters creating very high bills in other states. In Atlanta, Georgia, for example, there have been many and persistent problems with spiking bills from Neptune Smart Meters.

"I thought we were sinking in a hole of water," said Debbi Scarborough. "It scared me to death. I thought we had a major leak when I got the bill."

...Many of the problems arose after the installation of new, automated water meters, which began nearly five years ago, and involved contracts for meter installations, the electronic meters and software equipment.

The automated meter-reading technology eliminates the need for city workers to manually check every meter. Instead, they retrieve the data by driving by each property. The meter electronically transmits data showing the amount of water used.

From the beginning, there were problems.

... (In 2009) another audit concluded that a "high number of accounts" were not getting "actual meter readings" because of "meter read errors, equipment failures or human errors."^[2]

As the PUC is well aware, in 2010, the Commission hired the Structure Group to investigate PG&E Smart Meter overbilling and inaccuracy that were very pronounced in the Bakersfield and Fresno areas.[3] This was not the only place this occurred in PG&E territory, and overbilling is a recurring problem with Smart AMI/AMR Meters when they are installed. Last year, a policeman in San Francisco told me his PG&E bill tripled when a Smart Meter was installed.

Many questions remained after the Structure Group report about why these billing problems occurred and why they continue to occur.[4] Though the Division of Ratepayer Advocates questioned the report and recommended that the PUC open a proceeding with hearings to investigate this issue,[5] President Michael Peevey refused to do so,[6] DRA launched its own investigation. Unfortunately, Structure Group refused to cooperate, and the Commission did not compel them to do so. There was controversy when Structure Group was hired, in part because of its ties to PG&E.[7] It is not an independent auditing firm; it works exclusively with industry and promotes Smart Grid deployment.

Now we have Cal-Am water meters giving strange readings resulting in very high bills, and upon investigation by homeowners, there are no leaks to be found. An unknown number of these anomalous readings are from new Neptune meters.

Radiofrequency interference is one explanation for these problems. There has been conjecture that wireless signals from other devices, such as cell towers, cell phones, even garage door openers, can interfere with Smart AMR/AMI Meters, much as the problem Toyota had with their cars.[8]

There have also been questions about these wireless meters interfering with each other; now that electric and natural gas Smart Meters have been widely installed by PG&E, their signals would be another source of RF interference.

Since the overbilling problem is common knowledge in the industry, both for water meters (these have occurred in at least four states over several years) and for other utility meters, for Cal-Am to assert that they lost money on actual water usage, when investigations by homeowners showed no water leaks, amounts to a fraudulent claim.

Compounding that is the refusal by the water company to even mention when these are smart meters in interactions with the public, leading me to believe that Cal-Am is intentionally keeping this secret.

The October 15 article in the Monterey Herald talks about a recent Cal-Am brochure to customers:

The brochure suggested that bills totaling in the thousand(s) of dollars are likely attributable to the company's latest tiered rate structure — and leaky toilets.

The brochure, formatted as a letter from Sabolsice, states, "In most cases these occurrences can be traced to unrepaired leaks, which under the current rate design can add up to an expensive problem if not dealt with promptly. As an example, a leak of one gallon per minute in a toilet could result in an additional \$2,000/month charge on your water bill," the pamphlet reads. "The goal with these rates is to make sure customers with leaks find them and fix them, and in that regard the rates are working."

Sabolsice said the most common cause of unexplained high water use is a leaky toilet.

"And unlike a broken irrigation line, it rarely leaves a trace," reads the Cal Am brochure.

In response to the complaints of customers like Walsh and Carmel Valley resident Toni Ray who submitted letters from plumbers and professional inspectors who uncovered no leaks in their homes,

4 Sabolsice says "toilet leaks are often intermittent, which means they may be overlooked by a plumber."

What is noteworthy is that these explanations are a rehash of the excuses PG&E and other utility companies have given for their skyrocketing Smart Meter bills, blaming the weather, new rates, and the public, while working out payment plans. [9]

"They offer a leak adjustment even when there is no leak," (Lindy) Levin said.

Jennifer Russo said she had two spiked bills a year apart.

"We have to have another solution," she said. "The leak adjustment isn't it."

In addition to RF interference from RF sources, other explanations for false readings from Smart Meters include mis-application of billing information, [10] meter malfunction, [11] and intentional manipulation of bills -- all possible and likely.

A recent article detailed how smart water meters can be hacked.

The problem with the wireless water meters is that they are vulnerable because of the wireless medium they use. Communications are not encrypted (largely due to higher costs) and so they are easily intercepted, faked or even jammed. The sensors are unattended and hang on the meter, outside the house, and so they are easily tampered with. The cyber attacks against them can be active, where commands are issued to them, or passive, where the data is taken.

If people want to reduce their water bills, they could hack the sensors. They could also increase the bill paid by a neighbor they don't like, or evade restrictions on the amount of water used. And since the usage of water indicates the presence or absence of the homeowner, the hacked water meters can be used for surveillance purposes. [12]

In fact, it is impossible for anyone with Smart Meters to know if the readings which their water, electric, or gas meters are registering and sending are correct unless they have an analog meter also measuring usage information.

This billing problem is common knowledge. For Cal-Am to seek reimbursement from ratepayers for probable false readings from at least a percentage of their meters is negligence at the very least, and at the worst, fraud. On top of that, there appears to be a cover-up by Cal-Am in not letting the public know the type of new meters they are installing.

It is long past time for the CPUC to open a proceeding and thoroughly investigate this matter of overbilling and meter accuracy across the spectrum of AMI/AMR/Smart Meters. This request from California American Water Company must be denied until such an investigation is completed and the extent of real water leaks is discovered.

Sincerely,

Nina Beety

P. O. Box 1505
 Monterey, CA 93942
nbeety@netzero.net

This letter has also been sent electronically to:
water_division@cpuc.ca.gov

and mailed to:
 California American Water
 1033 B Avenue, Suite 200
 Coronado, CA 92118

Articles on Smart AMI/AMR Meter billing problems:

<http://www.cnn.com/2011/US/03/01/water.bills.war/index.html>

CNN: Skyrocketing water bills mystify, anger residents; bills rise to the thousands, Mar. 2, 2011

<http://venturebeat.com/2011/08/06/hacking-water-meters-is-easier-than-it-should-be/>

VentureBeat: Hacking water meters is easier than it should be, August 6, 2011

<http://www.bakersfield.com/news/columnist/henry/x746309880/Lois-Henry-Smart-meters-leave-us-all-smarting>

Bakersfield Californian editorial, Lois Henry: 'SmartMeters' leave us all smarting, Sept. 12, 2009

<http://www.bakersfield.com/news/columnist/henry/x876262202/Spinning-SmartMeters-PG-Es-story-continues-to-evolve>

Bakersfield Californian editorial, Lois Henry: Spinning SmartMeters: PG&E's story continues to evolve, Apr. 27, 2010

<http://www.bakersfield.com/news/columnist/henry/x1303782421/LOIS-HENRY-SmartMeters-dont-do-well-under-heat-and-neither-does-PG-E>

Bakersfield Californian editorial, Lois Henry: SmartMeters don't do well under heat and neither does PG&E, May 4, 2011

<http://www.bakersfieldnow.com/news/63581287.html>

<http://www.bakersfieldnow.com/news/63581287.html?tab=video> TV News Video (3 minutes)

Laughter, jeers: Frustrated PG&E customers pack SmartMeter hearing, October 2009

http://abclocal.go.com/kgo/story?section=news/7_on_your_side&id=7424533

ABC 7, Michael Finney: Experiment raises questions about SmartMeters, May 5, 2010

http://abclocal.go.com/kgo/story?section=news/7_on_your_side&id=7526331

ABC 7 News: PG&E customers refuse to pay bill over SmartMeter, June 29, 2010

<https://sites.google.com/site/nocelltowerinourneighborhood/home/wireless-smart-meter-concerns/smart-meter-consumers-anger-grows-over-higher-utility-bills>

<https://sites.google.com/site/nocelltowerinourneighborhood/home/wireless-smart-meter-concerns/lessons-learned-what-s-happened-in-australia>

Overbilling information from www.BurbankAction.com, with several pages of information and personal accounts, including overbilling in Australia.

http://www.montereyherald.com/local/ci_21294053/cal-am-awash-disputed-water-bills

Monterey Herald: Cal Am awash in disputed water bills; more customers question their usage, charges, August 11, 2012

http://www.montereyherald.com/local/ci_21781595/cal-am-water-customers-have-ally-complaints

Monterey Herald: Cal Am water customers have ally in complaints, October 15, 2012

http://www.montereyherald.com/local/ci_21805674/cal-am-seeks-recover-costs-from-leak-adjustments

Monterey Herald: Cal Am seeks to recover costs from leak adjustments on water bills, October 18, 2012

[1] http://www.montereyherald.com/local/ci_21781595/cal-am-water-customers-have-ally-complaints

Monterey Herald: Cal Am water customers have ally in complaints, October 15, 2012

[2] <http://www.cnn.com/2011/US/03/01/water.bills.war/index.html>

CNN: Skyrocketing water bills mystify, anger residents; bills rise to the thousands, March 2, 2011

[3] <http://www.bakersfieldnow.com/news/63581287.html>

<http://www.bakersfieldnow.com/news/63581287.html?tab=video> TV News Video (3 minutes)

Laughter, jeers: Frustrated PG&E customers pack SmartMeter hearing, October 2009

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/03/09/BU3V1CCQSI.DTL&tsp=1>

SF Chronicle: PG&E probe of SmartMeters to start soon, March 9, 2010

[4] ABC 23 News: Dean Florez -- Smart Meter Report Raises More Questions Than Answers, September 2, 2010

<http://www.bakersfield.com/news/columnist/henry/x1303782421/LOIS-HENRY-SmartMeters-dont-do-well-under-heat-and-neither-does-PG-E>

Bakersfield Californian editorial, Lois Henry: SmartMeters don't do well under heat and neither does PG&E, May 4, 2011

[5] DRA Reply Comments on What the Commission Should Do in Light of the Structure Group Report, p. 3-5, 6, Application 07-12-009, October 29, 2010

Also, DRA Response to Application of Californians For Renewable Energy, Inc. (CARE) To Modify Decision 06-07-027, page 10, A.10-09-012, October 20, 2010

[6] Final Decision (10-12-031) Denying the City and County of San Francisco's Petition to Modify Decision 09-03-026, , p. 19, 20, December 2010

[7] http://abclocal.go.com/kgo/story?section=news/7_on_your_side&id=7386817

[8] Detroit Free Press: Toyota's problem in other vehicles; phones, radios and even microwaves could cause sudden bursts of speed, February 1, 2010

[9] Fresno Bee editorial, Senator Dean Florez: Lack of testing by PG&E, April 20, 2010

[10] http://abclocal.go.com/kgo/story?section=news/7_on_your_side&id=7424533
ABC 7, Michael Finney: Experiment raises questions about SmartMeters, May 5, 2010

[11] KGET TV 17, ABC: PG&E responds to \$11,857 utility bill, October 8, 2009
PG&E spokesman: "When there's not draw in a meter, it has a tendency to roll slightly. It rolled slightly backwards. So in this case it rolled from all zeros to all nines so when we got a read, that's what showed." The meter could actually turn backwards.

[12] <http://venturebeat.com/2011/08/06/hacking-water-meters-is-easier-than-it-should-be/>
VentureBeat: Hacking water meters is easier than it should be, August 6, 2011

Arlene Tavani

From: Dave Stoldt
Sent: Wednesday, November 07, 2012 5:24 PM
To: Arlene Tavani
Subject: Fwd: Protest AL 970 of 10/17/2012, Cal Am \$6.2mil
FlwUp: -1

More Board correspondence

David J. Stoldt
 General Manager
 Monterey Peninsula Water Management District
 PO Box 85 / 5 Harris Court; Building G
 Monterey, CA 93940

831.658.5651

Begin forwarded message:

From: George Riley <georgetriley@gmail.com>
Date: November 4, 2012 11:27:27 AM PST
To: Dave Stoldt <dstoldt@mpwmd.net>, Jeanne Byrne <jcbarchfaia@att.net>, "lindy levin" <lindylevin@gmail.com>, Janice And Michael Parise <jhparise@aol.com>, Anna Yateman <Yateman@sbcglobal.net>
Subject: Fwd: Protest AL 970 of 10/17/2012, Cal Am \$6.2mil

FYI. George

----- Forwarded message -----
From: George Riley <georgetriley@gmail.com>
Date: Sun, Nov 4, 2012 at 11:19 AM
Subject: Protest AL 970 of 10/17/2012, Cal Am \$6.2mil
To: water_division@cpuc.ca.gov
Cc: Monica.Na@amwater.com, dave.stephenson@amwater.com

To: Director, Division of Water and Audits, CPUC

505 Van Ness, Ave., San Francisco, CA 94102

Subject: Protest Cal Am Advice Letter 970 for \$6.2 million

I am a customer of Cal Am. I also operate a water issues network under Citizens for Public Water. CPW is also an intervener with CPUC on the current water supply project

10
sponsored by Cal Am (A1204019), and was an intervener on the failed Regional Desal Project (A0409019).

The current dust-up over spiked bills is informative. We thought it was a new phenomenon in the Monterey Service District. But Advice Letter 970 informs us it has been going on since at least 2007. Customers cannot help but apply current events to Cal Am's request for \$6.2 million in AL 970.

This protest is based on 1) faulty logic used by Cal Am; 2) reimbursement calculations from higher tiers that are completely unearned; 3) misleading customer service explanations locally; 4) unexplained and unproven leaks; 5) meter and data errors that Cal Am will not admit; 6) the appearance of desperation by Cal Am to collect revenue by any means available. Basically, AL 970 lacks adequate merit.

1. Faulty Logic: This request in AL 970 appears to be an end run around understandings about billing adjustments. In AL 838 and AL 938 it is clear that Cal Am was given authority to record such adjustments in a WRAM. The WRAM was to record revenue differences between the old rate structure and the newer conservation rate structure. This is a fair arrangement, to make sure the differences can be accounted for, in case future revisions are needed. CPUC authorization for Cal Am to track differences does not include the authorization to collect on them.

CA agreed to the newer conservation rates, and agreed to the revenue requirement related to those rates. Furthermore Cal Am agreed to lowering the fixed cost share from 50% to 41%. With those agreements, and CPUC approval, Cal Am was expected to have the opportunity to make its profit from those arrangements for new tiered rates.

AL 970 should not be approved without first evaluating 1) how Cal Am's opportunity to make its profit was compromised by unexpected leaks, 2) if billing adjustments interfere unusually in management decisions to be profitable, and 3) if this alternative way to charge ratepayers for Cal Am management decisions is fair.

2. Calculations based on unearned higher tier rates: Cal Am apparently calculated its losses based on the amount billed to customers, the amount that included the highest tier rates. This is fundamentally unjustified as a loss, since it was never earned. The higher tiers were to discourage water use, to encourage conservation. The penalty from high tier rates is to

get the customer's attention, and to discourage inattention to water use. It was never intended to become a calculation for Cal Am lost revenue.

If this request in AL 970 is in fact based on calculations from the highest tier, Cal Am should be reprimanded by CPUC for being dishonest. Furthermore Cal Am owes ratepayers an apology for making a request that is disingenuous.

No consideration of AL 970 should be allowed without first undertaking a full review of the appropriateness of the basic calculations.

3. Misleading customer service explanations: When Cal Am volunteered to make billing adjustments for spiked bills for leaks, it was explained as a voluntary discretionary decision to resolve customer disputes. It was an in-house decision. It did not hinge on guarantees for reimbursement. There was a guarantee to account for differences, but not a guarantee to recover those differences.

Cal Am has publicly advertised its approach to forgive some spikes in billings. It has promoted its decisions as a way to respond to customer alarm at surprisingly high bills. It has been generally understood that these forgiveness reductions are being made by Cal Am in order to resolve problems, and to be a good community citizen.

To now learn via AL 970 that Cal Am expects to be reimbursed for such decisions of forgiveness, and to spread such cost over the wider customer base, is disingenuous and borders on "hide the pea". Cal Am should earn its revenue in a straightforward fashion, and not seek to spread its failure across the larger customer pool.

What were the interactions with customers between 2007 and 2011 that were substantially different? Were they equally as misleading as Cal Am's recent explanations for its gratuitous forgiveness decisions?

4. Unexplained and unproven leaks: Many so-called leaks were not proven. After inspections by plumbers and Cal Am representatives, many "leaks" are still a mystery. In those cases, Cal Am insisted that its meters were correct, and that water use did occur. This is unacceptable when there is no evidence of a leak. Also many 'spikes' disappeared a month later.

Furthermore, Cal Am has a great reluctance to report such water use as Non-Revenue Water, since NWM is tracked as a measure of efficiency. Therefore Cal Am needs to insist its water meter readings are correct to avoid erosion of its 'efficiency' rating.

¹² There needs to be a deeper evaluation of Cal Am performance in the 2007-2011 period to assure appropriateness of the request and fairness to ratepayers.

5. Meter and data handling

errors: Cal Am has a history of more than 300 billing disputes every year. Does Cal Am expect the public to believe its statement that its meters are always right?

You are referred to Cal Am's Report on Non-Revenue Water, by its Operations and Engineering staff, dated April 2011, for details. It reports repeatedly that there are meter inaccuracies and data handling errors. Furthermore the meter replacement program exists for a reason, and surely not because the meters are continually and reliably accurate!

6. Cal Am has deep revenue shortfall: It is clear from other Advice Letters that Cal Am is failing to meet its revenue requirements from the prior and current rate structures. AL 903, 904 and 938 all seek surcharges for Cal Am's poor planning for rates and revenues.

This is a fact. Cal Am's recent experience to plan for and manage for its revenue requirement is abysmal. Its failure to be profitable is its own doing. Being unprofitable due to its on behavior is not justification for ratepayers to bail it out.

I recently had a commentary in the Monterey Herald on this point.

http://www.montereyherald.com/ci_21865711/george-riley-cal-am-trust-or-not

Conclusion: Cal Am's AL 970 request is not supported by adequate facts, is unreasonable, and should be denied.

Furthermore, the CPUC should investigate details behind bill spikes, prescribe a protocol for Cal Am, assure customers that Cal Am will be held accountable for its management decisions, and not allow Cal Am to treat its customers as its reserve fund for shortfalls outside normal general rate case cycles!

Respectfully submitted.

George T. Riley

1198 Castro Road, Monterey CA 93940

831-645-9914

Arlene Tavani

From: Dave Stoldt
Sent: Wednesday, November 07, 2012 5:23 PM
To: Arlene Tavani
Subject: Fwd:
Attachments: PUC protest.doc

FlwUp: -1

RECEIVED

Board correspondence

NOV - 7 2012

David J. Stoldt
 General Manager
 Monterey Peninsula Water Management District
 PO Box 85 / 5 Harris Court; Building G
 Monterey, CA 93940

MPWMD

831.658.5651

Begin forwarded message:

From: Bryan Golden <bjgolden@attglobal.net>
Date: October 29, 2012 1:31:59 PM PDT
To: <water_division@cpuc.ca.gov>
Cc: <dave.stephenson@amwater.com>, <sarah.leeper@amwater.com>, <monica.na@amwater.com>, <imaca17@mail.house.gov>, <dstoldt@mpwmd.dst.ca.us>, <jreynolds@montereyherald.com>, <district5@co.monterey.ca.gov>

Please see attached my protest letter regarding the proposed rate increase filed by California American Water on October 17, 2012.

BJ Golden

Bryan J. Golden
 (831) 659-5017 Office

BRYAN J. GOLDEN
DONNA L. SCHOENECKER
26365 Jeanette Road
Carmel Valley, CA 93924
Phone: 831-659-3473 * FAX: 831-659-5613
e-mail: bjgolden@attglobal.net

October 29, 2012

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

Re: Protest of AL # 970, October 17, 2012, California American Water

Dear Sir or Madam:

I hereby protest the rate increase requested in the subject Advice Letter. It is both inappropriate and a further outrageous and punitive addition to the crushing burden already imposed on the ordinary rate-paying citizens in the Monterey County Division of Cal Am's service area.

In the old days, a significant leak might produce a couple of hundred dollars in extra billing. Not the end of the world. Today however, due to the current punitive and confiscatory tiered rate structure, a significant leak can produce a water bill that is thousands of dollars above normal. This truly can be the end of the world for ordinary rate payers. While we ratepayers must face a changed world where we can be stuck with thousands of dollars in excess water billing in one month, Cal Am seems to think nothing has changed, since their policies have not changed at all.

Pursuant to this protest I submit the following in support of my request that this rate increase be denied:

1. The current confiscatory rate structure is already so egregiously unfair that no rate increases of any kind should be considered, period.
2. All leak adjustments made should be made in the lowest tier of the rate structure, since the presumption, where an adjustment request is granted, is that the leak occurred through no fault of the rate payer.
3. The PUC **MUST** instruct Cal Am to change its policy regarding leaks so that so-called leak adjustments should be made in the full amount of usage above historical norms, not the partial adjustment that they currently provide. Further, Cal Am should be instructed to change its policy regarding frequency of leak adjustments (I have been told by different Cal Am officials that it is one-time and once every two years, so who knows what the real policy is) to a policy of

unlimited adjustments when it can be shown that the leakage occurred through no fault of the rate payer.

4. The PUC **MUST** instruct Cal Am to institute a means for rate payers to easily monitor their water consumption on a daily basis. It is not fair, or reasonable, that ratepayers must wait as long as one month, or more counting time between end of billing period and receipt of bill, to learn that they have experienced a major leak, through no fault of their own, and suffered a massive loss of water resulting in an increase to their water bill over normal amounting to thousands of dollars. The technology to do this is readily available (and inexpensive). Cal Am already has installed many wireless RF sending units on meters, and could easily install them on all meters, and provide ratepayers with a remote receiver that would allow them to easily monitor water usage on a daily basis. The electric utilities already do this, why not water utilities? Cal Am should be embracing this approach, since it would dramatically reduce the number of meter readers they must employ. If the goal really is to reduce water lost through leaks, this is how to do it. If this were done, there would be few circumstances where a leak adjustment would need to be made.
5. Cal Am seems to want to punish rate payers for leaks they experience, through no fault of their own, while ratepayers continue to pay for leaks in the Cal Am distribution system that Cal Am routinely drags its feet to address. The PUC **MUST** instruct Cal Am to examine its system in detail and repair all leaks forthwith. With the exorbitant and punitive rate structure we have, it is supremely unfair that ratepayers get punished for leaks while the utility blithely ignores substantial leakage system-wide.

It is way past time for the PUC and Cal Am to get real about the water situation in the Monterey County Division and put appropriate policies, procedures and mechanisms in place to give rate-payers the reasonable ability to exercise some control over their water consumption and especially to be able to address leaks as soon as they occur, instead of a month or more later), and avoid end of the world water bill catastrophes.

Respectfully submitted,

BJ Golden

Bryan J. Golden

Outraged rate-payer

RECEIVED

October 26, 2012

OCT 29 2012

MPWMDDoug Wilhelm
P.O. Box 1634
Carmel, CA 93921

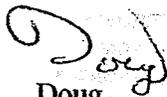
Mr. David Stolt
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, Ca 93942-0085

Dear Dave,

I have attached three items that may be of interest:

- 1) A proposed Desal Commentary about the Poseidon project for the Herald. This has been submitted but not run to date. Note that I submitted before the meeting on the 22nd. Therefore, it says the Cal-Am cost is \$ 4,000-5000 per acre-foot, rather than the \$ 3500-4,000 you quoted, although I note that the Cal-Am price assumes the \$ 99 million water user "gift" is free money.
- 2) A one-page summary on the San Diego/Poseidon agreement, which I presented verbally on the 25th to the Mayors.
- 3) An excellent four-page summary of the agreement by the San Diego County Water Authority.

If you have any questions or comments please write at Dwilh333@aol.com or call at 831-620-0876.


Doug

Subj: **PROPOSED COMMENTARY-DESAL**
 Date: **10/20/2012 7:23:56 P.M. Pacific Daylight Time**
 From: **DWilh333@aol.com**
 To: **callkinsrowait@icmail.com**
 CC: **dale93921@verizon.com**

Royal

Following is a proposed commentary from Dale Hekhuis and me (Doug Wilhelm). Dale gave me your home email address. I am shown as the lead author.

Ignoring Water Ratepayers is Dangerous

The San Diego County County Water Authority (SDCWA), a public nonprofit, is currently considering whether to purchase about 50,000 acre-feet of desalinated (desal) water annually from Poseidon Resources, a for profit, privately owned water development company. Poseidon would construct, operate and own the facility in Carlsbad, California, adjacent to the Encina Power Station. The project has obtained all the required environmental permits and clearances. If constructed, this would be the first large-scale desal plant in California. A contract could be signed by the end of the year.

However, our interest in the Poseidon project is not with its large scale, but rather with the San Diego Authority's path breaking water purchase agreement with Poseidon. There are three critical elements in this water purchase agreement that are of special interest to Monterey water ratepayers.

Water Cost

The first element is water cost for SDCWA, which is estimated at \$2,000 per acre-foot. Cal-Am's water cost is estimated to be in the \$4,000-5,000 per acre foot range. The obvious question is why is Cal-Am's cost estimate at least double that of Poseidon's? Not only that, the estimates of Cal-Am's competitors, Deepwater and People's, both of which would be located at Moss Landing, are in line with the estimate. This suggests that, far from being substantial under-estimates of water cost as some peninsula critics have claimed, the Deepwater and People's estimates are on the mark.

Risk Containment

The second element is risk containment. On this matter the SDCWA took a strong stand. The risks associated with developing the project, design, permitting, financing, construction costs, construction cost over-runs and operations of the desal plant are all assigned to Poseidon. This is in contrast to Cal-Am which has a practice of passing all such costs to its water customers with the powerful assistance of the California Public Utility Commission (CPUC). For example Cal-Am was able to obtain a \$40 million approval from the CPUC for expenses for the shutdown of the failed Regional Desalination Project. Ratepayers will end up paying for this award on their water bills. This has all the appearance of being a reward for failure and would not have occurred if a "San Diego type" contract had been in effect.

Project Ownership

The third element is project ownership. Between 10 and 30 years after startup, the nonprofit SDCWA can purchase the Poseidon facility using a formula contained in the water purchase agreement. The price would be equal to the amount of outstanding bond debt (which has to have been preapproved by SDCWA), the remaining equity return and any remaining contractor costs. At 30 years, the SDCWA can purchase the Poseidon Facility for \$1.00. No such options are available for the Cal-Am Facility. Why?

Implications of SDCWA Water Purchase Agreement

In our view, SDCWA has taken a principled approach in crafting an equitable water purchase agreement that provides low cost desal water and protects the interests not only of the

Saturday, October 20, 2012 AOL: DWilh333

Authority and Poseidon, but also the interests of water ratepayers. SDCWA has made a landmark achievement that has served to stimulate some rethinking about ratepayer interests here on the Peninsula.

First, the Monterey Peninsula Regional Water Authority (MPRWA), informally known as the Mayor's Group, should have its independent engineers validate the Poseidon, Cal-Am, Deepwater and People's cost estimates.

Second, it should be recognized that ratepayers are the real investors in the Cal-Am project, not Cal-Am. Therefore, the real investors should insist that the same risks picked up by Poseidon in the San Diego project should be picked up by Cal-Am or any other desal supplier.

Third, the MPRWA and the Monterey Peninsula Water Management District need to be jointly addressing the issues involved in public ownership, risk containment, and the concept of the 10 year and 30 year San Diego buy out provisions.

October 25, 2012

Dale Hekhuis and I have been studying the newly drafted southern California desal agreement. The San Diego County Water Authority, a public nonprofit, is currently considering whether to purchase about 50,000 acre-feet of desal water annually from Poseidon Resources, a for profit, privately owned water development company. Poseidon would construct, operate and own the facility in Carlsbad, California. The project has obtained all the required environmental permits and clearances. If constructed, this would be the first large-scale desal plant in California. A contract could be signed by the end of the year. However, our interest in the project is not its large scale, but rather with the Water Authority's path breaking water purchase agreement with Poseidon.

The first element of interest is the estimated \$ 2000 per acre-foot water cost. Cal-Am's water cost is estimated at \$ 4000. Why is Cal-Am's cost double Poseidon's? Not only that, the estimates of Deepwater and People's are in line with the \$ 2000 Poseidon price. This suggests that their costs are in line, rather than off the mark as some peninsula critics have claimed.

The second element is risk containment. The Water Authority took a strong stand. Poseidon is assigned the following risks: risks in developing the project, design, permitting, financing, construction costs, construction cost overruns and operations of the desal plant. This is in contrast to Cal-Am, which has a practice of passing all such costs to its water customers with the powerful assistance of the CPUC. For example, Cal-Am was able to obtain a \$40 million approval from the CPUC for expenses for the shutdown of the failed Regional Desalination Project. Ratepayers will pay for this award on their water bills. This appears to be reward for failure and would not have occurred if a "San Diego type" contract had been in effect.

The third element is project ownership. Between 10 and 30 years after startup, the Water Authority can purchase the facility using a formula contained in the water purchase agreement. At 30 years after start up, the Water Authority can purchase the facility for \$ 1.00. No such options exist with the Cal-Am plant.

Finally, shared governance. The agreement lays out a transparent, balanced approach to governance. Although we haven't read all 220 pages of the agreement, we estimate there are over 100 elements of shared agreement. For example, if Poseidon is unable to obtain financing at the agreed to interest rate, the Water Authority can cancel the agreement.

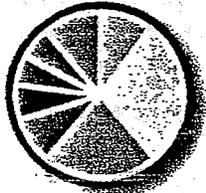
So there you have it: superior cost, superior risk containment, superior ownership provisions, and superior governance. Therefore, we propose the MPRWA consider the important learnings from the Authority/Poseidon agreement by placing this subject on the agenda for discussion at its next meeting.

Doug Wilhelm

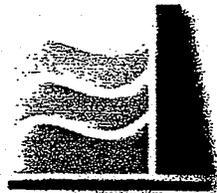


Seawater Desalination

The Proposed Carlsbad Desalination Project Water Purchase Agreement

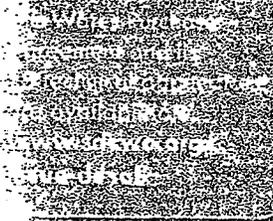


DIVERSIFICATION
Enhancing Water Supply Reliability



Improving **INFRASTRUCTURE**

Proposed Agreement and Appendices Available Online



On September 27, 2012, the San Diego County Water Authority released for public review a proposed Water Purchase Agreement with Poseidon Resources for the purchase of between 48,000 acre-feet and 56,000 acre-feet of desalinated seawater per year for 30 years. The Water Authority Board of Directors has not decided whether or not to approve the agreement. The Board will set a timetable for deciding whether or not to approve the agreement after it has had the opportunity to receive public comment and had the opportunity to review and deliberate the proposed agreement's terms.

Public Review and Comment

The Water Authority has scheduled two public meetings at which public comment on the proposed agreement will be solicited. The meetings are:

- Tuesday, Oct. 2, 2012, at 6:30 p.m., at the San Diego County Water Authority headquarters, 4677 Overland Avenue, Kearny Mesa;
- Wednesday, Oct. 10, 2012, at 6:30 p.m. at the city of Carlsbad's Faraday Center, 1635 Faraday Ave., Carlsbad.

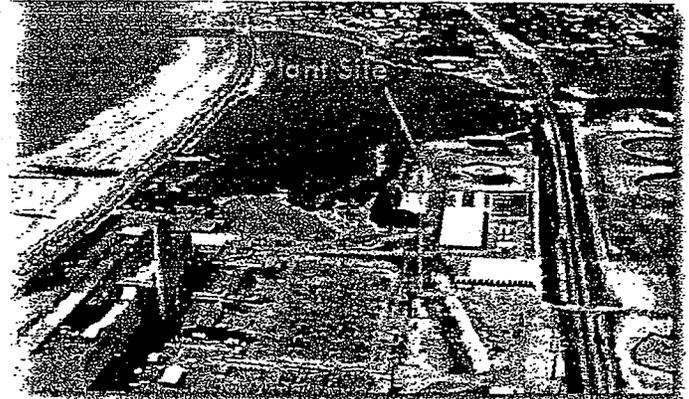
Member Agency Local Supply Option

The proposed Water Purchase Agreement contemplates that the Water Authority will purchase between 48,000 and 56,000 acre-feet of water per year from the project, meld those new supplies and their cost with other Water Authority water sources, and then sell the water as a Water Authority supply to its **24 member agencies** – local water agencies and cities that retail water to customers. Member agencies will have up to 60 days to express interest in purchasing water from the

project as a "local supply" at the same cost the Water Authority pays for the water.

Project Background

The Carlsbad Desalination Project is a seawater desalination plant and conveyance pipeline being developed by Poseidon Resources, a private, investor-owned company that develops water and wastewater infrastructure. In development since 1998, the project was incorporated into the Water Authority's 2003 Water Facilities Master Plan and into the 2005 and 2010 updates to the Urban Water Management Plan.



Rendering of Carlsbad Desalination Project site outlined in yellow.

The project site is on industrially zoned land adjacent to the Encina Power Station in Carlsbad. The project has obtained all required environmental permits and environmental clearances necessary for the construction of the facilities. Prior to commercial operations, Poseidon is required to obtain a permit from the California Department of Public Health to deliver drinking water to the Water Authority's aqueduct system.

The planned project includes a 10-mile, large-diameter pipeline to the Water Authority's Second Aqueduct in San Marcos. The Water Authority would make a number of improvements to its pipeline system and the Twin Oaks Valley

Seawater Desalination

AF = acre-foot
 One acre-foot is approximately 325,900 gallons, enough to supply two single-family households of four for a year.

Water Treatment Plant to integrate desalinated water into the Water Authority's aqueduct system. The Water Authority and Poseidon have completed planning and technical studies to determine exactly what improvements would be necessary and what those estimated costs would be.

The Water Authority estimates that, in 2020, water produced by the project would account for about one-third of all locally generated water in San Diego County.

Project and Financial Due Diligence

Prior to the release of the proposed Water Purchase Agreement, the Water Authority conducted comprehensive due diligence to protect the interests of the Water Authority, its 24 member agencies, and ratepayers. This included reviews of Poseidon's project agreements with its contractors who will build and operate the plant, and design and build the new conveyance pipeline. It also included a review of financial and

other project documents. This process will help ensure the project's successful construction and operation, and confirm the project's costs are reasonable, appropriate and accurately reflected in the proposed Water Purchase Agreement. The Board has reviewed and discussed elements of this potential project or the proposed Water Purchase Agreement at 32 public meetings since 2010.

THE WATER PURCHASE AGREEMENT

The proposed agreement outlines the proposed commercial and financial terms for the production and delivery of desalinated ocean water from the planned desalination plant to the Water Authority's regional conveyance system. It also outlines the terms of the potential purchase of the plant by the Water Authority.

Purpose

The Water Authority's focus in negotiating the agreement has been to assign appropriate risks to the private developer, while keeping costs for water ratepayers as low as possible.

The agreement transfers to the private sector (Poseidon and its investors) the risks associated with design, construction and operation of the desalination plant. It also transfers risks associated with the design and construction of the pipeline to deliver the desalinated water from the plant to the Water Authority's Second Aqueduct in San Marcos.

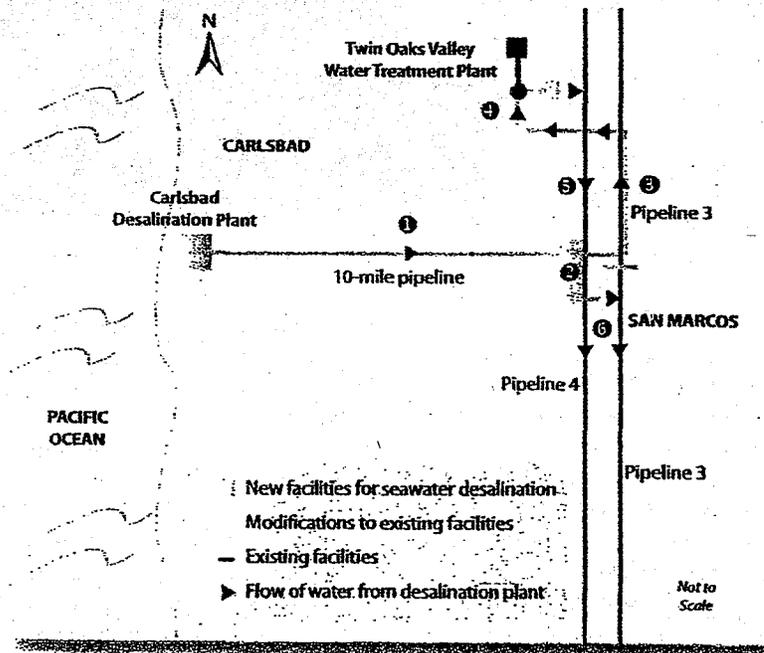
Agreement Terms

Under the agreement, the Water Authority will buy water from the project for 30 years. The Water Authority also has options to purchase the project (see Plant Purchase Options). The term can also be extended up to three years due to "force majeure" events (earthquake, other disasters, etc.).

General Risk Allocation

The Water Authority will buy water from the project at a pre-defined price and will have no responsibility or liability for the design, permitting, financing, construction, construction cost overruns, or operation of the desalination plant. If Poseidon fails to deliver water in the quantities and quality required,

Adding Seawater Desalination to Existing Water Authority System



- ① Desalinated seawater would flow to San Marcos in new pipeline.
- ② New pipeline carries water north into Pipeline 3.
- ③ Upgraded Pipeline 3 delivers water to regional hub at Twin Oaks.
- ④ Improvements at Twin Oaks plant blend desalinated water and existing treated water supplies.
- ⑤ Water flows south in Pipeline 4 to control facility and then continues southward into Pipelines 3 and 4.
- ⑥

it will be subject to monetary penalties and other remedies for breach of contract. The Water Authority does not pay for water until the project passes the Water Authority's acceptance tests. Once operational, the Water Authority can reject water from the plant if it does not meet water quality requirements identified in the agreement.

Water Purchase Price

The agreement sets the purchase price at \$1,876 - \$2,097 per acre-foot in 2012 dollars, depending on how much is purchased annually. The first 48,000 acre-feet of water purchased each year will pay for the fixed costs of the project and the variable costs of water production. Water in excess of 48,000 acre-feet may be purchased at the Water Authority's discretion at a lower rate that reflects only the variable costs of incremental water production.

Total Cost for Seawater Desalination

Additional costs for improvements to the Water Authority's aqueduct system to integrate this new supply would bring the total cost to \$2,042 to \$2,290 per acre-foot, depending on how much water is purchased annually. While the impact on individual ratepayers will vary depending upon their local water agency, a typical household of four people can expect to pay approximately \$5 to \$7 per month more for water by 2016 if the Water Purchase Agreement is approved and the plant produces desalinated seawater as planned.

Underperformance

If Poseidon fails to satisfy its supply obligations (delivering a minimum of 48,000 acre-feet per year), it will fail to collect fixed charges from the Water Authority in an amount proportionate to the underperformance. For example, if Poseidon only delivers 95 percent of its supply obligation, it will recover only 95 percent of its annualized fixed charges for that year.

Desalination Pipeline Ownership

Poseidon will design and build the 10-mile pipeline that delivers water from the

desalination plant to the Water Authority's distribution system. The Water Authority will own the pipeline. This arrangement will help the Water Authority save tens of millions of dollars in financing costs through lower interest rates. If Poseidon underperforms, it will make payments to the Water Authority in proportion to its underperformance to help cover pipeline financing costs.

Uncontrollable Circumstances

If an uncontrollable event affects Poseidon's ability to deliver water or the Water Authority's ability to accept water, both parties will be relieved of their respective delivery and payment obligations for the duration of that event.

Price Increases

Costs associated with future unanticipated changes in law or regulations are typically passed on to the purchaser of a commodity. Poseidon would be allowed to increase its price to accommodate changes in law or regulations that generally apply industry-wide to water treatment facilities or wastewater dischargers. These cumulative increases are capped at 30 percent over the 30 year term.

Who is Poseidon Resources?
 Poseidon Resources is the developer and financier of the California Desalination Project. A wholly owned subsidiary company, Poseidon specializes in sea water desalination. This is currently developing other desalination projects in California and Florida. For more information, please contact Poseidon Resources at 1-800-368-3011.

Summary of Costs

Total Project Capital and Financing Costs	
Project Capital Costs	\$ 691 Million
Financing Costs	\$ 213 Million
Water Authority Facility Improvements & Construction Oversight	\$ 80 Million
Total	\$ 984 Million
Total Operations & Maintenance Costs	
Poseidon Resources & Water Authority	\$ 50 Million - \$54 Million Annually*

*O&M costs reflect a range of 48,000 AF/year - 56,000 AF/year

The agreement also allows for annual price increases for inflation estimated to average 2.5 percent per year. This compares to the average 7.9 percent increase per year in imported treated water rates from Metropolitan Water District in recent years.¹

¹For the 10-year period 2005-2014, MWD approved treated water rate increases of 101 percent, for a compounded annual growth rate of 7.9 percent.

Seawater Desalination - The Proposed Carlsbad Desalination Project Water Purchase Agreement

When the Encina Power Station no longer uses seawater for cooling, Poseidon is required to upgrade the existing seawater intake and take over responsibility for dredging Agua Hedionda Lagoon. The Water Authority's financial obligation for intake improvements and additional operating costs is capped at \$20 million in 2010 dollars for capital costs and \$2.5 million for operating costs in 2010 dollars. These costs are already factored into the project budget. Any additional costs are Poseidon's responsibility.

Plant Operations, Management and Maintenance

The Water Authority will have rights to ensure that the plant is operated in a safe, efficient manner in accordance with industry standards. This includes setting employment standards for key personnel, establishing reporting and record-keeping requirements, reviewing security and emergency plans and conducting inspections. It also includes other measures to ensure effective day-to-day

coordination between the plant's operations staff and the Water Authority's operations staff.

Default Events

Poseidon will be considered in default of its contractual obligations under specific conditions, including:

- ❑ The plant fails to pass acceptance tests by an agreed upon date.
- ❑ Poseidon declares bankruptcy or abandons the project.
- ❑ The project has re-

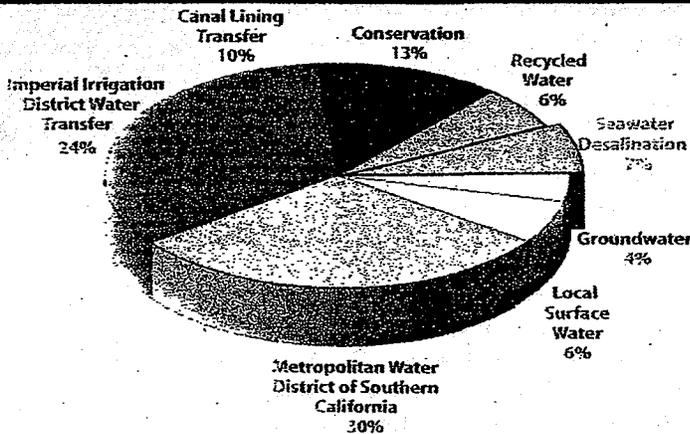
peated violations of primary drinking water standards.

- ❑ The project receives multiple notices of violation from regulators.
- ❑ The project delivers less than 75 percent of contract year water supplies.
- ❑ Poseidon fails to make any necessary shortfall payments for conveyance pipeline debt service.

If Poseidon defaults, the Water Authority has the option to terminate the agreement and seek monetary damages or other remedies. Also, the Water Authority could elect to purchase the plant by paying solely the outstanding bond indebtedness. Prior to the Water Authority's exercise of its rights under a Poseidon default, the bond holders will have the opportunity to remedy Poseidon's default.



Water Supply Diversification in 2020



Plant Purchase Options

The Water Authority has the option, but not an obligation, to buy the project beginning 10 years after the date of commercial operation. The price would be equal to the amount of outstanding bond debt, the remaining equity return, and any remaining contractor costs. If Poseidon defaults, the Water Authority has the option to purchase the project for outstanding bond debt only, with no payments to equity investors.

At the end of the agreement's term, the Water Authority has the right, but not the obligation, to purchase the desalination plant for \$1. This would provide for public ownership of the plant, intake and discharge facilities, and rights to the long-term lease with NRG, the owner of the plant site.



San Diego County Water Authority

4677 Overland Ave.
San Diego, California
92123-1233
858.522.6700

www.sdcwa.org



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Dave Stoldt

From: Brenda Lewis <lewis4water@gmail.com>
Sent: Wednesday, October 24, 2012 2:20 AM
To: Dave Stoldt
Subject: Fwd: Oversight Committee

Here's Tom's e-mail re: Oversight Panel.

Brenda Lewis
Division 1

Sent ~~from my~~ iPhone

Begin forwarded message:

From: Tom Mancini <tmancini@sbcglobal.net>
Date: June 27, 2012, 4:24:53 PM PDT
To: lewis4water@gmail.com
Subject: Oversight Committee

Brenda,

I would be interested in being on the Oversight committee to monitor the recently approved service charges.

Tom

RECEIVED

OCT 24 2012

MPWMD

October 22, 2012

Chuck Della Sala, President
Monterey Peninsula Regional Water Authority
508 Pacific Street
Monterey CA 93940

Copy

RECEIVED

OCT 25 2012

MPWMD

RE: People's Moss Landing Desal Project

Dear Mr. Della Sala:

In early June of 2008, the Coastal Commission and the Energy Commission and Monterey County had approved a pilot desalination plant to be co-located with the Moss Landing Power Plant (MLPP) in Moss Landing. In July, that approval was reversed by the Coastal Commission and consequently the pilot desalination plant, although already in place, was never allowed to operate.

I have enclosed a copy of the document I submitted to Coastal Commission Senior Deputy Director, Charles Lester, dated June 23, 2008. It is primarily a review of the issues relating to the expansion of the Moss Landing Power Plant which commenced in 2000 and was completed in 2002. Briefly, the following are the issues I addressed:

1. TENERA, the company responsible for the resource assessment studies, did NOT collect samples during the months of February, March, April and May, the most productive season in the Elkhorn Slough and estuary.
2. No studies were ever undertaken to determine the impacts of the heated water discharges on the Benthos, near the discharge structure.
3. Best Technology Available (BTA) for the cooling system technology for the expansion of the MLPP was disregarded, and the old once-through cooling system was expanded to serve the new power generation units. Ultimately the MLPP expansion was permitted to entrain 1,200,000,000 gallons of water a day. Over a billion gallons, or 3700 acre feet a day!

A lawsuit was filed in 2000 against Duke Energy and the Regional Water Quality Control Board by Voices of the Wetlands (VOW) represented by EarthJustice, the legal arm of the Sierra Club. That lawsuit dragged on for years and only concluded after the U.S Supreme Court ruled in favor of *Energy vs. RiverKeepers* in 2010, ruling that, retrospectively, the cost of cooling could be considered in selecting BTA for a Power Plant.

Now, the EPA has regulations against once-through water cooling systems for power plants. Once through water-cooling systems may no longer be considered as an option for BTA in new or expanded power plants.

The owners of the MLPP hope to co-locate a desalination facility, using the hot water discharges from the power plant cooling system, thinking the desalination facility would serve as an insurance policy, guaranteeing that they would not be required to replace their once-through water-cooling system, if the hot water discharges were being utilized by a desal plant.

If the People's Project or the DeepWater Project's plans are approved for a desalination plant in Moss Landing, that would once again provoke the outrage of the docents who volunteer at the Elkhorn Slough Reserve and many others, as well, who were outraged by the spurious nature of the previous resource assessment studies. The EPA now has specific regulations to support the protest against the old cooling technology. Last time, those statues were just being "promulgated".

The Elkhorn Slough and Estuary are Critical Habitat. That is why the studies of the Benthos and samples from the source water were omitted when the application for the MLPP expansion was being considered. We would most certainly like to have an opportunity to have that old, cooling system re-evaluated in view of the new regulations that are now in place.

Any project using the discharge water from the MLPP risks an uncertain and complicated future. I urge you to consider approving a project that avoids these complications and the inevitable expense.

Most sincerely,



Carolyn Nielson

Copies:

Andrew Barnsdale

Environmental Science Associates

550 Kearny

San Francisco, CA 94108

Russell M. McGlothlin

Brounstein, Farber, Hyatt, L.P.

21 E. Carrillo Street

Santa Barbara, CA 93101-2706

Charles McKee, Monterey County Counsel

168 W. Alisal Street, Third Floor

Salinas, CA 93901

David Stoldt, General Manager

Monterey Peninsula Water Management District

5 Harris Court Building G

P.O. Box 85

Monterey CA 93942-0085

Lee Bauman, County Administrator

County of Monterey

168 W. Alisal Street, Third Floor

Salinas CA 93901

June 23, 2008
Carolyn Nielson
870 Valencia School Road
Aptos, CA 95003

Charles Lester, Senior Deputy Director
California Coastal Commission
45 Fremont Street; Suite 2000
San Francisco, CA 94105 - 2219

SUBJECT: Proposed Desalination Facility co-located with the Moss Landing Power Plant

Dear Mr. Lester,

I was surprised and disheartened to learn that the Coastal Commission had approved a pilot desalination plant to be co-located with the Moss Landing Power Plant (MLPP).

Your predecessor, Dr Jaime C. Kooser, was manning the Energy, Ocean Resources & Water Quality Department at the Commission during the time that the applicant, Duke Energy, was seeking certification for a 40% expansion in 1999/2000. At exactly the same time, two other related situations were unfolding:

- (1) Californians were dealing with an "energy crisis";
- (2) The Moss Landing Harbor was being dredged under the supervision of the Army Corps of Engineers.

Because the "energy crisis" was causing widespread anxiety and hardship, the California Energy Commission (CEC) decided to expedite the power plant permitting process to expand California's energy supply as rapidly as possible. Consequently, **TENERA, the company responsible for the 316(b) resource assessment studies, was allowed to omit studies of the Benthos as well as source water sampling during the months of February, March, April and May. (Exhibit A)**

Every year adult groundfish arrive at the mouth of the Elkhorn Slough estuary to spawn from mid January through June. However, because no source water samples were collected from

February through May, very few groundfish eggs and larvae were collected. This allowed TENERA to state in the 316(b) document that because very few groundfish eggs and larvae had been captured in the source water samples, the MLPP expansion would not negatively impact commercial fishing. (Exhibit E)

Until it collapsed in 2004, the groundfishery in the Monterey Bay was one of the most important groundfisheries on the Pacific Coast. (Exhibit B)

In addition to the "energy crisis" the simultaneous dredging of the harbor in 2000 allowed the applicant to eliminate studies of the Benthos near the discharge structure. Duke Energy argued that the turbulence from the dredging would confound the sampling process. Impacts, if occurring, could not be separated from disturbances caused by the dredging.

Consequently, the studies of the Benthos were omitted from the 316(b) resource assessment studies. Because the Benthos was not examined, the adult groundfish were not observed as they congregated near the discharge structure to spawn. Even as the groundfishery was declining precipitously in 2003, no investigations of the Benthos were done. **Now, eight years after the MLPP expansion was certified, studies of the Benthos still have not been undertaken.**

Deputy Director of the Coastal Commission, Dr. Jaime C. Kooser, wrote on July 24th 2000: **"The accelerated pace with which the certification process has unfolded is of concern to this Commission. The delayed receipt of information and analysis relating to marine resources and water quality, relative to the CEC's timeframe for this project, has been especially troubling: The final 316(a) and 316(b) reports were issued on April 28, 2000; the Final Staff Assessment, Part Three, including biological resources and soil and water quality, was issued on June 1; the publicly noticed workshop on these topics was held on June 13; and the evidentiary hearing was held only one week later. Moreover, a greatly revised Final Staff Assessment, "errata" for biological resources and soil and water quality that did not necessarily reflect the input of the participating agencies to that point, was introduced into the evidentiary record at the evidentiary hearing as a "new" Final Staff Assessment."** (Exhibit C)

Michael Bowen, Deputy for the Commission for Energy, Ocean Resources & Water Quality participated in all of the work shops and hearings relating to the MLPP expansion. However, because the Warren Alquist Act had given the CEC exclusive jurisdiction over the siting of power plants in California, the concerns of the Coastal Commission, as well as those of the California Department of Fish and Game (CDFG) were disregarded. Both Michael Bowen, now with the California Coastal Conservancy, and Deborah Johnston, the CDFG marine biologist in 2000, were disheartened by what was happening and the rush to certification. Nevertheless, as per Warren Alquist, they were powerless to alter the pace of the MLPP certification process. In late October, 2000, Duke Energy was granted CEC certification and an NPDES permit from the Regional Water Quality Control Board.(RWQCB) The 316(b) resource assessment studies of the MLPP Expansion project **were never completed.**

In 2003, Californians learned that six power companies (including Duke Energy) had been found guilty of "gaming the system" and manipulating the delivery of energy to California energy consumers. (Exhibit D) Because of the "Dot Com Boom" in the late 90's, California had accumulated a \$30,000,000,000 (\$30 billion !) surplus in tax revenues. But with the help of Enron Corporation and in collaboration with the Federal Energy Regulatory Commission, (FERC) by the end of 2002, the 30 billion dollar surplus had vanished into the pockets of Enron and Duke Energy and the five other power producers. In 2004 the six power producers were slapped on the wrist with fines of a few millions. The fines were so insignificant that all six power companies declined to protest them. It made better economic sense simply to pay them.

The consequences for California, however, have been massive and disastrous.

- (1) Surpluses became deficits, with ongoing economic and employment contraction;
- (2) The groundfishery in the Monterey Bay collapsed;
- (3) Record numbers of sea otters began dying in the Monterey Bay shortly after the MLPP commenced commercial operations in July 2002.

If source water samples had been collected by TENERA during the springtime months, large numbers of groundfish eggs and larvae would inevitably have been collected. The 316(b) source water sampling charts indicate that no samples were collected from February until June, which is the most productive season in the Monterey Bay. (Exhibit F)

In March of 2003, Dr. Jennifer Brown (UCSC) published the results of her investigation of groundfish in the Monterey Bay. (Exhibit G) Over a period of three years, she examined the earstones of groundfish that she captured in several regions of the Monterey Bay and discovered that more than 57% of those she had captured had spent their juvenile period in the Elkhorn Slough. Her work provides scientific evidence that the near-coastal waters adjacent to the Moss Landing Power Plant and the Elkhorn Slough are critical to the survival of the groundfishery in the Monterey Bay.

- (1) The adults spawn in the Benthos near the discharge structure of the power plant.
- (2) The eggs and larvae are carried into the Elkhorn Slough by tidal action.
- (3) The Elkhorn Slough is a nursery for juvenile groundfish because of the relatively warmer water, the abundance of nutrients and the relative safety from predators.

After the MLPP began commercial operation in the summer of 2002 the thermal plume from the MLPP became larger and warmer than ever before.

This impacted marine life in the near-coastal region near the MLPP in many ways.

Most obvious and alarming was the increase in mortality of sea otters in this region.

(Exhibit H)

In 2003, marine biologists attempted to discover the reasons for this increased rate of mortality in the Monterey Bay sea otters. Dr. Karunthachalan Kannan examined the carcasses and documented that **several lethal diseases were present**. He also noted that disease prevalence was increasing. (Exhibit I) Females and juveniles seemed to be the most vulnerable to infection. Females and juveniles have smaller home ranges than adult males, tending to remain close to shore, seeking areas of relatively warmer water.

Bacterial pathogens have always been present in coastal estuaries, but if the water remains cold, they do not exist in colonies large enough to cause disease. In 2002, after the Moss Landing Power Plant commenced operations, the thermal plume was larger and warmer than ever before. This allowed bacterial pathogens in the estuary to proliferate to dangerous levels.

Steve Shimek, director of The Otter Project, announced to the concerned public that sea otters were dying from a toxin caused by the pathogen, *Toxoplasma Gondii*. Further, he speculated that these pathogens had originated from kitty litter that had been flushed down toilets and were now migrating into the Elkhorn Slough and Monterey Bay.

However, Dr. Kannan noted that the sea otters were contracting SEVERAL lethal infections. Moreover, it is important to remember that Mr. Shimek, and the directors of 3 other "environmental" organizations, SAVE OUR SHORES, THE OCEAN CONSERVANCY and FRIENDS OF THE SEA OTTERS, had signed an UNENFORCEABLE Monitoring Agreement with Duke Energy in November of 2000. In exchange for \$1,000,000, **these four organizations agreed that they would say and do nothing that would interfere with the construction of the MLPP expansion in any way. (Exhibit J)**

That "kitty litter" was not the culprit became obvious several months later. By invoking The Freedom of Information Act, a document entitled "MOSS LANDING POWER PLANT POST-MODERNIZATION THERMAL PLUME EVALUATIONS: SUPPLEMENT dated October 7, 2004 was discovered. This document illustrates on the final page that the baseline location for measuring "ambient temperature of the receiving waters" is almost exactly on top of the discharge structure. (Exhibit I) On the final page of the SUPPLEMENT is a map which shows that "ambient temperature of the receiving waters" or "O" is measured at 10 feet below the surface of the ocean at Monitoring Station 11 - 10. Water discharged from the cooling system of the MLPP, (up to 3700 acre feet of hot water a day) takes place 20 feet below the surface of the ocean, very close to Station 11 - 10. **This means that the ambient temperature of the receiving waters is being measured, virtually on top of the discharge structure.** Since the discharge structure is located only 200 yards off shore, the discharge water is being continually re-circulated, re-entrained and discharged again and again, with "ambient temperature" ever increasing in the process. This warm water has created a favorable environment for the proliferation of the pathogens in the water of the estuary. (Exhibit K)

The RWQCB is the agency that should have addressed the serious problems that began developing soon after the MLPP expansion commenced operations. The CEC, as a condition of its permit, (BIO-9) required Duke Energy to fund a monitoring program to be under the jurisdiction of the Monterey Bay Sanctuary Foundation. (Exhibit L) This monitoring program was to commence immediately in 2000. The objective of this monitoring program was to collect up to two years of pre-operational data which would then be used to determine post-operational impacts of the thermal plume after the new units 1 and 2 became operational. This did not happen. No pre-operational monitoring and measurement of the MLPP thermal plume ever took place. Because these measurements were never done, it makes it impossible

to compare pre- and post-operational effects and to know if the MLPP expansion is responsible for the significant long-term adverse impacts that are taking place in the near coastal waters adjacent to the MLPP.

The NPDES permit of the MLPP is subject to renewal every 5 years. Hearings were to have begun in October of 2005. Those hearings are three (3) years overdue and still have not been scheduled.

Six power industry corporations, including Duke Energy, deceived the public and "ripped off" vast revenue surpluses from California taxpayers.

Additionally, their old cooling system (now permitted to entrain and discharge 3700 acre feet of water DAILY) has contributed to the collapse of the important commercial groundfishery in the Monterey Bay. Also, the larger and warmer thermal plume from the MLPP has become is a warm soup of pathogens that is lethal to the sea otters that congregate in the area near the power plant.

As stated above, the owners of the MLPP have tried to blame the accelerated death rate of the sea otters on cats and kitty litter. Assemblyman John Laird even introduced legislation mandating that packages of kitty litter be labeled with a warning "not to flush." This is outrageous remembering that Moon Glow Dairy is located adjacent to the MLPP and on the south bank of the Elkhorn Slough. E. Coli is a common pathogen in the intestines of cattle. It is only reasonable to believe that some of the E. Coli infections suffered by the female sea otters are originating from run-off from Moon Glow Dairy. Pathogens from the dairy as well as those endemic to estuarine water are proliferating in the warm water of the thermal plume of the power plant.

The owners of the MLPP have tried to blame the collapse of the groundfishery on overfishing and fishermen, who are a convenient and highly visible scapegoat. Most citizens are not aware that the MLPP is permitted to entrain 1,200,000,000,000 gallons per day, (1.2 billion gpd or 3700 acre feet). The public doesn't see the huge mass of fish eggs and larvae that are heat-killed in the water cooling process.

The owners of the MLPP want to guarantee that they will not be required to replace their old cooling technology with a re-circulating water cooling technology, as is now mandated by the

EPA. They hope to lock in an "insurance policy" for the retention of their old cooling technology, an insurance policy in the form of a desalination facility. I expect they will soon begin to manipulate the fears and emotions of the citizens of Monterey County about "water", just as they manipulated them about "energy" during the spurious "energy crisis."

Building a re-circulating water cooling system would ameliorate the suffering of both the groundfishery and the sea otters. A re-circulating water cooling system uses only 5% of the water that once-through cooling uses. Re-circulating towers are not expensive to build, but they require more energy to operate than once-through cooling technology. Consequently, company profits would likely be less than they are now. I have no problem with capitalism and the making of profits. It's the American Way. But if the MLPP is allowed to continue to exploit precious public resources and knowingly damage these resources beyond the possibility of ever recovering, then that is an environmental tragedy and a criminal violation of the Public Trust. By changing to modern cooling technology, this tragedy is preventable.

The Elkhorn Slough and estuary are the largest and most important coastal wetland in California. Surely there are many other places along the California Coast where a desalination facility could be established. The sea otters and the groundfish are original stakeholders in the Monterey Bay and the Elkhorn Slough. Their survival requirements are inflexible. If they aren't respected and protected in this region, they probably won't survive.

In the California Coastal Commission document entitled SEAWATER DESALINATION AND THE CALIFORNIA COASTAL ACT, March 2004, on page 70, it states that the Moss Landing Power Plant had recently completed 316(b) studies. **This is false.** Those studies were never completed. **The "energy crisis" and the dredging of the harbor allowed Duke Energy to omit the studies of the Benthos and source water sampling during the months of February, March, April, and May.**

I hope that it will be possible for you and Dr. Jaime Kooser and Michael Bowen to consult with each other on this extremely important issue. Being permitted to co-locate a desalination facility with the Moss Landing Power Plant would be a very profitable economic victory for the owners of desalination facility and the power plant as well. But it would result in permanent and irreparable damage to the groundfishery and the sea otters.

In 2000, the CEC and the RWQCB were controlling the fate of the ecology and the natural resources of Monterey Bay near the Moss Landing Power Plant. This time around, the ecological health and the future of this near-coastal region is in the hands of the California Coastal Commission. Remembering how ferocious the Commission has always been in protecting California's coastal resources, I trust that the patterns of the past will remain the template for the future.

Sincerely yours,

A handwritten signature in cursive script that reads "Carolyn Nielson". The signature is written in black ink and is positioned above the printed name.

Carolyn Nielson

clnielson@yahoo.com

EXHIBIT A

4.0 ENTRAINMENT AND SOURCE WATER RESULTS

Larval fish and targeted crab species data presented in this section are from entrainment and source water samples that have had the laboratory processing procedure completed. Entrainment data are from weekly 24-hour surveys conducted from March 2, 1999 through June 30, 1999 and from surveys conducted every other week from July through October 1999. Data from the weekly surveys in November 1999 through February 2000 from the new combined-cycle units intake are also discussed. The remaining samples collected from the Units 6 and 7 intake are currently being processed and the resulting data will be reported in the Final 316(b) demonstration. Data from all monthly source water samples from inception (June 1999) through February 2000 are also presented.

Based on discussions at the January 18, 2000 Technical Working Group meeting, we measured a sub-sample of bay goby *Lepidogobius lepidus* and all longjaw mudsucker *Gillichthys mirabilis* larvae from the following surveys:

- the new combined-cycle units intake entrainment surveys that coincided with monthly source water surveys (June 1999 through January 2000), and
- all source water samples (June 1999 through January 2000).

These length data will be used to estimate the ages of larvae entrained and the larvae available from the source populations. These data are presented in Section 4.4 for bay goby and Section 4.9 for longjaw mudsucker. Both species collected in the February 2000 surveys are currently being measured and the data will be presented in the next report.

4.1 Entrainment Study Results

Eight taxa of larval fishes comprised 95 percent of the total numbers of taxa collected in entrainment samples (Figure 4-1a). The taxa, listed in decreasing order of abundance, were: unidentified gobies Gobiidae (53.2 percent), bay goby *Lepidogobius lepidus* (30.4 percent), blackeye goby *Coryphopterus nicholsi* (3.0 percent), Pacific staghorn sculpin *Leptocottus armatus* (2.2 percent), white croaker *Genyonemus lineatus* (2.1 percent), blennies *Hypsoblennius* spp. (1.9 percent), longjaw mudsucker *Gillichthys mirabilis* (1.2 percent), and Pacific herring *Clupea pallasii* (0.9 percent). Of the 95 percent, nearly 88 percent were represented by members of one Family—Gobiidae. This Family included the unidentified gobies, bay goby, blackeye goby, and longjaw mudsucker.

EXHIBIT B

3.76 ENGLISH SOLE (*Parophrys vetulus*)

Range

English sole are found from Nunivak Island in the southeast Bering Sea and Agattu Island in the Aleutian Islands, to San Cristobal Bay, Baja California Sur [12].

Fishery

English sole is an important commercial fish, captured primarily by bottom trawls. Most of this harvest is taken in the Vancouver, Columbia, and Monterey management areas. English sole are usually fished in relatively shallow water, <100 m [260]. Along with starry flounder, sand sole, and Pacific sanddab,



<http://www.nwr.noaa.gov/1sustfish/efhappendix/page4.html>

5/12/2003

Reproduction

English sole are gonochoristic, oviparous, and iteroparous; eggs are fertilized externally [94]. Spawning occurs from winter to early spring depending on the stock: in Monterey Bay stocks, from January to May, peaking in March or April [46]; in Bodega Bay-Point Monterey stocks, from December to April, peaking in January or February [379]; cited in [94]; in Santa Monica Bay-Santa Barbara Channel stocks, from December to April; in Eureka-Oregon border stocks from October to May [149]; in Oregon stocks from January to April, peaking in February or March [113]; in Puget Sound stocks, from January to April, peaking in February or March [341].

Five- to six-year-old females (36-38 cm in length) can produce about 1 million eggs, whereas large fish (43 cm long) may produce nearly 2 million eggs [88, 113, 153].

Growth and Development

Fertilized eggs are spherical and average 0.98 mm in diameter [271]. Embryonic development is indirect and external. The planktonic eggs hatch in 3.5 days at 12EC, or 11.8 days at 4EC [6].

After hatching, larvae float with their yolk sac up. The yolk sac is absorbed in 9-10 days [271], with the planktonic larvae taking from 8-10 weeks to metamorphose to benthic living juveniles [173]. Larvae are 2.0-2.8 mm TL at hatching [271] and grow to 18-26 mm before becoming juveniles [94, 242]. Juveniles range in size from 18 mm to about 26 cm long, depending on sex [113].

Growth appears to be affected by upwelling [163] and cohort abundance of age-1 fish [293].

Some females mature as 3-year-olds and 26 cm long, but all females over 35 cm long are mature. Males mature earlier, beginning at 2 years and 21 cm in length. All males are mature at lengths >29 cm [113]. In Puget Sound, all 2-year-old males are mature, but most females do not mature until they are 4 years old [341].

Trophic Interactions

Larvae are planktivorous. Larvae probably eat different life stages of copepods and other small planktonic organisms. Larvae appear to have a strong preference for appendicularians [44]. Juveniles and adults are carnivorous, apparently feeding primarily during daylight hours [33]. Juveniles feed on harpacticoid copepods, gammarid amphipods, cumaceans, mysids, polychaetes, small bivalves, clam siphons, and other benthic invertebrates [11, 33, 124, 337]. Small juvenile English sole concentrate their feeding on harpacticoid copepods and other epibenthic crustaceans until they reach approximately 50-65 mm in length, then they switch to feeding primarily on polychaetes [372]. Off Oregon, adult English sole feed on a variety of benthic organisms, but primarily polychaetes, amphipods, molluscs, ophiuroids, and crustaceans [162]. English sole feed primarily by day, using sight and smell, and sometimes dig for prey [11, 137].

Larvae are probably eaten by larger fishes. A juvenile English sole's main predators are probably piscivorous birds such as great blue heron (*Ardia herodias*), larger fishes and marine mammals. Adults may be eaten by marine mammals, sharks, and other large fishes. The English sole's sharp anterior anal spine may provide a defense against predators [11].

English sole competes with slim sculpin, blackbelly eelpout, Pacific tomcod, ratfish, Dover sole, and

EXHIBIT C

CALIFORNIA COASTAL COMMISSION

FREMONT, SUITE 2000
SAN FRANCISCO, CA 94105-2219
TELEPHONE (415) 904-5200
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DELIVERED VIA FAX & REGULAR MAIL

July 24, 2000

Mr. William J. Keese, Chairman and Presiding Member
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Dear Chairman Keese:

The purpose of this letter is to retract our July 18, 2000 letter and submit the enclosed corrected version in its place.

The letter has been amended as follows:

Restoration of at least 390 acres of wetland within the Greater Elkhorn Slough complex based on a plan that includes specific goals, objectives, and performance standards, and or identification of specific goals, objectives and performance standards for the provision of other mitigation projects designed specifically to mitigate or offset identified project-related impacts to marine resources. [Page 9 (BIO-7)(Bullet 1)]

I sincerely apologize for any inconvenience this may have caused, and look forward to a continuing good working relationship between California Coastal Commission and California Energy Commission staffs.

Very sincerely,

A handwritten signature in cursive script that reads "Jaime C. Kooser".

Jaime C. Kooser, Ph.D.
Deputy Director
Energy, Ocean Resources & Water Quality

Encl:

Energy Commission (CEC) with sufficient information and agency input to craft the *Final Staff Assessment, Part III, Biological Resources and Soil and Water Quality* (FSA). This FSA was issued June 8, with incomplete conditions of certification.

At a June 13 workshop CEC and RWQCB staff sought a negotiated and financially capped settlement package from Duke in lieu of specific mitigation requirements for the project impacts identified in the FSA. This approach was incorporated as a new condition of certification within FSA *errata* circulated amongst agency officials June 19 and publicly issued the day of the June 20 evidentiary hearing. For this reason, as well as a scheduling conflict with the Coastal Commission hearing on June 20, the Commission requested on June 19 that the CEC keep the evidentiary record open until July 18.

The biological resources *errata* lacked much of the earlier analysis used to support the conditions of certification of the original FSA. Nevertheless, the CEC Committee closed the evidentiary record on the subjects of Biological Resources, and Soil and Water Quality June 20; however, the CEC agreed to accept Coastal Commission comments until July 18. The Commission finds that the conclusions presented in the *errata* are not wholly supported by the necessary level of analysis.³ We therefore provide this analysis and series of recommendations to ensure project compliance with the Coastal Act.

Marine Resources and Water Quality Policies of the Coastal Act

Protection of marine resources and water quality in the coastal zone are core policies of the Coastal Act and are found in Coastal Act Sections 30230, 30231, 30232, 30233, 30234.5, and 30235.

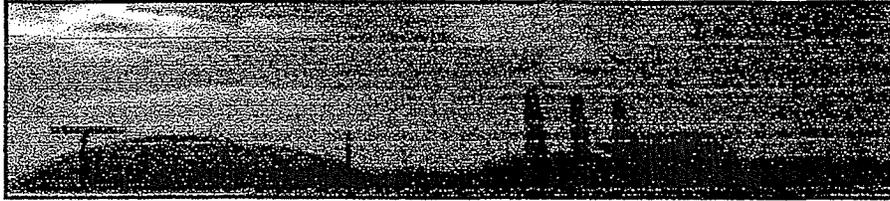
The Coastal Act states in part:

"Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine resources adequate for long-term commercial, recreational, scientific, and educational purposes." (§30230)

³ The accelerated pace with which the certification process has unfolded is of concern to this Commission. The delayed receipt of information and analysis relating to marine resources and water quality, relative to the CEC's timeframe for this project, has been especially troubling: The final 316(a) and 316(b) reports were issued on April 28, 2000; the Final Staff Assessment Part Three, including biological resources and soil and water quality, was issued on June 1; the publicly noticed workshop on these topics was held June 13; and the evidentiary hearing was held only one week later. Moreover, a greatly revised Final Staff Assessment, "errata," for biological resources and soil and water quality that did not necessarily reflect the input of the participating agencies to that point, was introduced into the evidentiary record at the evidentiary hearing as a "new" Final Staff Assessment.



EXHIBIT D



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DUKE SETTLES WITH FERC, FACES MORE CHARGES OF RIGGING ENERGY MARKET

December 20, 2003

From media and wire reports:

Duke Energy has settled accusations with federal regulators that it helped cause and exacerbate the blackouts that swept California during 2000 and 2001, an agreement that will cost the company up to \$4.6 million, the Charlotte Observer reported on Dec. 20, 2003.

"The settlement agreement addresses allegations regarding potentially manipulative bidding practices in the California markets, known as economic withholding, as well as physical withholding of generation supplies," a Federal Energy Regulatory Commission (FERC) statement said.

The Observer article said the settlement closes three tumultuous years of accusations and uncertainty for Duke, but the Commission's statement said, "The agreements do not resolve any liabilities Duke may incur in the overall California refund case, which is an ongoing proceeding before the Commission."

In separate proceedings, California is still seeking \$9 billion it believes it is owed by Duke from overcharges during the energy crisis. Duke owns four power plants in California and is seeking to replace the 1,000-megawatt plant in Morro Bay with a new, larger facility that regulators say would kill significant numbers of fish and crab larvae in the Morro Bay National Estuary.

Duke's legal issues, though, are not over yet, the Observer said. Duke is still subject of a San Francisco grand jury probe looking into the California energy market, another FERC inquiry to decide how much power companies must refund California for the 2000-01 power crisis, and a Charlotte grand jury investigating Duke Power's accounting, Duke's hometown newspaper said..

Last September, a Duke subsidiary agreed to pay a \$28 million settlement to the Commodity Futures Trading Commission as a result of its investigation into natural gas price indexes manipulated by Duke Energy Trading and Marketing.

The Commission said the trading arm "knowingly reported trades that did not occur and reported certain trades at false prices/and/or volumes in an attempt to skew the indexes to benefit (its) trading positions."

Earlier this year, the FBI launched a probe into questionable accounting practices used by Duke Power, seeking to determine if the company illegally manipulated electrical production, thus fattening profits and artificially inflating consumer rates in North Carolina. It was triggered by a North Carolina grand

jury's subpoena for Duke financial documents in the wake of a devastating private audit,

California officials immediately denounced the \$4.6 million in FERC settlements announced Friday as too low.

"FERC has little or no credibility with California, and these settlements and proposed settlement are the latest example of why. They continue to slap wrongdoers on the wrist and slap the victims in the face," Tom Dressler, spokesman for Attorney General Bill Lockyer, told the Associated Press. "I hope that the energy companies are going to buy FERC some new kid gloves for Christmas because the ones they have been using must be worn out," he told the Los Angeles Times.

FERC approved a \$2.5 million settlement with Duke to settle allegations it manipulated bidding processes and withheld energy during the electricity crisis, and announced a proposed settlement of up to \$2.05 million more covering other allegations of market gaming. Mirant Corp. agreed to pay nearly \$3.7 million to settle claims by California regulators that it improperly sold reserve electricity meant to be used only for emergency purposes or to support grid reliability.

Both companies denied any wrongdoing and said it was cheaper to settle the charges than to incur legal expenses to contest them. Duke also said it chose to settle to give shareholders reassurance and to remove uncertainty that has helped to drive down the stock price.

The Observer said California politicians and regulators have been sifting through accusations that power companies gouged the state. California accused the generators, from Duke to Enron Corp., of pushing its largest utility into bankruptcy and leaving vast swaths of the state in the dark.

Friday's announcement covers two separate Duke settlements: one approved by FERC and another that still needs the approval of FERC but has the blessing of its staff.

The finished settlement is for \$2.5 million, clearing Duke of "economic withholding" allegations, where it asked California utilities to pay over \$250 per megawatt hour for wholesale electricity.

Such high bids helped drive up the price of power, and FERC found 49 such cases by Duke between May 1, 2000, and Oct. 1, 2000. FERC decided that wasn't enough to establish any pattern by Duke to drive up wholesale prices.

Duke charged as much as \$3,880 per megawatt hour in California in 2001, the Observer reported that year. That's the same amount of energy a Carolinas residential customer uses in a month, paying \$73 at retail.

Duke said its average sales price in California during the first three months of 2001 was \$136 per megawatt hour.

Duke said it raised prices in California because the agency buying power for the state wasn't paying its bills and was a credit risk.

California regulators have accused many power generators of participating in such gaming methods, which go by such whimsical nicknames as "Death Star," "Megawatt Laundering" or "Ricochet."

FERC found Duke participating in three of the practices when it had been accused of seven.

The gaming techniques are complicated financial structures to allegedly wring more profit from the state. One of the simpler ones FERC accuses Duke of – double selling – involves selling power in the day-ahead, discounted market but later pulling it back to sell on the more expensive spot market.

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EXHIBIT E

Results from the present study indicate effects on commercially and recreationally harvested species with pelagic distributions such as Pacific herring and white croaker are minimal. For cases where we were able to apply all three assessment approaches, the effects detected were relatively small, appeared to be localized, and thus could not affect the overall adult populations. There was very little available information on the demography of our most abundant taxa that were not commercially or recreationally important. This lack of life history information limited the application of assessment models to the *ETM*.

In summary, it is unlikely that populations of fishes and crabs will to be adversely affected by the new combined-cycle cooling water intake. Some are commercially important taxa with pelagic eggs and widespread populations (e.g., white croaker). Their assessments resulted in either low estimated larval mortalities or small numbers of adult losses to their populations. Other widespread species also had low numbers of estimated adult equivalent losses to their populations and low estimated larval mortality, with populations that are distributed well beyond the zone of influence of MLPP, such as Pacific herring and Pacific staghorn sculpin.

The models used for entrainment assessment considered functions critical to the life history of the abundant taxa of fishes and crabs. These models were applied both at the point of entrainment for estimating the numbers of individuals entrained and also in the adjacent Elkhorn Slough, Moss Landing Harbor, and Monterey Bay areas for estimating the population of inference. The area around MLPP includes nursery and feeding areas for many species of our abundant taxa, particularly goby species. These areas also extend away from MLPP zone of influence. In the case of Pacific herring the center of spawning biomass is located well north of Monterey Bay. Length measurements of larvae indicate that most of the abundant taxa were produced locally and thus are exposed to entrainment for a relatively short period of time during their larval development. These results indicate that entrainment effects appear to be limited to localized effects on bay and slough species. Therefore, the potential for entrainment damage to commercially or recreationally source water body species is low.

EXHIBIT F

4.0 ENTRAINMENT AND SOURCE WATER RESULTS

Larval fish and targeted crab species data presented in this section are from entrainment and source water samples that have had the laboratory processing procedure completed. Entrainment data are from weekly 24-hour surveys conducted from March 2, 1999 through June 30, 1999 and from surveys conducted every other week from July through October 1999. Data from the weekly surveys in November 1999 through February 2000 from the new combined-cycle units intake are also discussed. The remaining samples collected from the Units 6 and 7 intake are currently being processed and the resulting data will be reported in the Final 316(b) demonstration. Data from all monthly source water samples from inception (June 1999) through February 2000 are also presented.

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4.1 Entrainment Study Results

Eight taxa of larval fishes comprised 95 percent of the total numbers of taxa collected in ^{fish only} entrainment samples (Figure 4-1a). The taxa, listed in decreasing order of abundance, were: unidentified gobies Gobiidae (53.2 percent), bay goby *Lepidogobius lepidus* (30.4 percent), blackeye goby *Coryphopterus nicholsi* (3.0 percent), Pacific staghorn sculpin *Leptocottus armatus* (2.2 percent), white croaker *Genyonemus lineatus* (2.1 percent), blennies *Hypsoblennius* spp. (1.9 percent), longjaw mudsucker *Gillichthys mirabilis* (1.2 percent), and Pacific herring *Clupea pallasii* (0.9 percent). Of the 95 percent, nearly 88 percent were represented by members of one Family—Gobiidae. This Family included the unidentified gobies, bay goby, blackeye goby, and longjaw mudsucker.

EXHIBIT G

UNIVERSITY OF CALIFORNIA

SANTA CRUZ

AN EVALUATION OF THE NURSERY ROLE OF ESTUARIES FOR FLATFISH
POPULATIONS IN CENTRAL CALIFORNIA

A dissertation submitted in partial satisfaction
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

in

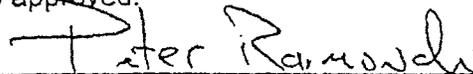
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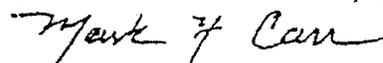
Jennifer Ann Brown

March 2003

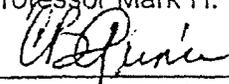
The Dissertation of Jennifer Ann Brown
is approved:



Professor Peter T. Raimondi, Chair



Professor Mark H. Carr



Dr. Churchill Grimes



Frank Talamantes

Vice Provost & Dean of Graduate Studies

**AN EVALUATION OF THE NURSERY ROLE OF ESTUARIES FOR FLATFISH
POPULATIONS IN CENTRAL CALIFORNIA**

JENNIFER ANN BROWN

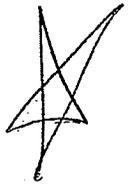
ABSTRACT

The purpose of this research was to determine if estuaries in central California are higher quality juvenile habitats than coastal sandy habitats and, thus, function as nurseries by contributing more individuals to the adult populations than an equivalent area of coastal habitat. I evaluated the nursery role of estuaries for two species of flatfish - the English sole (*Pleuronectes vetulus*) and the speckled sanddab (*Citharichthys stigmaeus*).

I assessed relative habitat quality by comparing growth rates of juveniles in estuarine and coastal habitats using two methods: 1) a caging experiment in which juveniles of each species were held for 28 days in August 2000 Elkhorn Slough and Monterey Bay; and 2) a comparison of the width of daily increments in otoliths from juvenile speckled sanddab collected from estuaries and coastal areas in four regions in 1999 and 2000. Results from both the caging experiment and the comparison of daily increments indicated that juvenile flatfish grow faster in estuaries. Thus, based on comparisons of growth rates, estuaries were determined to be the higher quality juvenile habitat.

I directly assessed the nursery role of estuaries by determining the proportion of the adult population that recruited from estuaries. The chemical composition of otoliths (Sr/Ca and Li/Ca) was used to differentiate between fish that had resided as juveniles in either estuaries or sandy coastal habitats. Classification models based

on juveniles collected in both habitat types were used to assign juvenile and adult fish to either the estuarine or coastal habitat group. Juveniles were assigned to the habitat type where they were captured with approximately 80% accuracy. The proportion of adult fish that were assigned to the estuarine habitat group was estimated to range between 45% and 57%. This is a much higher level of contribution than would be expected based on the relative area of estuarine and sandy coastal habitats in central California. These results indicate that estuarine habitats are an important source of new individuals for adult flatfish populations and conservation of estuaries may help maintain high levels of recruitment to harvested populations in central California.



INTRODUCTION

Many coastal fish species have juvenile and adult life stages that occupy spatially separated habitats. The juveniles often recruit to nearshore habitats where they reside for months to years before migrating to offshore habitats to join the adult population. In addition, juveniles of many species with this life history pattern recruit to more than one type of nearshore habitat, for example estuaries and shallow sandflats, and those different habitats are likely to vary in quality. The highest quality juvenile habitats are often referred to as 'nursery' habitats. Recently, the definition of a nursery habitat was clarified by Beck et al. (2001): "A habitat is a nursery for juveniles of a particular species if its contribution per unit area to the production of individuals that recruit to adult populations is greater, on average, than production from other habitats in which juveniles occur." Determining which juvenile habitats are functioning as nursery habitats is important to both understanding the ecological roles of the different juveniles habitats and managing harvested fish populations and coastal resources. Identification of nursery habitats is particularly important when some of the habitats used by juvenile fish are vulnerable to degradation or loss.

Along the Pacific coast of the United States estuaries are few in number, small in size and vulnerable to degradation from surrounding human activities and industries. Though many species of fish and invertebrates have juvenile stages that occur in these estuaries, very few species are estuarine-dependant. Most species that use estuaries also occur in other, more abundant, habitats such as sandy bottom or rocky reef. The purpose of this dissertation research was to evaluate the nursery role of the estuarine habitats for two species of flatfish – the

English sole (*Pleuronectes vetulus*) and the speckled sanddab (*Citharichthys stigmaeus*). This evaluation was composed of two parts: 1) a comparison of the quality of estuaries and subtidal sandy coast as juvenile habitats; and 2) an estimate of the proportion of the adult population that recruited from estuarine and coastal habitats.

The relative quality of juvenile habitats is often assessed by comparing the density, survivorship rates, or growth rates of individuals residing in alternative habitat types. I focused on growth rates because higher growth rates during the juvenile phase can have a marked influence on an individual's success in both the juvenile and subsequent adult phases. For example, rapidly growing juveniles will be less vulnerable to size-selective mortality and will attain a larger size at the end of the juvenile period, which may improve recruitment success to the adult habitat. Therefore, a habitat that promotes higher growth rates may act as a nursery habitats by contributing more and larger juveniles to the adult population.

In the first chapter of this dissertation, I employed two methods for measuring habitat-specific growth rates: a caging experiment and a comparison of the widths of daily increments in otoliths (bones in the inner ear of fish that can record age and growth rate). In the caging experiment, juvenile English sole and speckled sanddab were held in cages for 28 days in Elkhorn Slough estuary and in the surrounding coastal habitats of Monterey Bay. I found that both species experienced faster growth rates in the estuary, but for one species – the speckled sanddab – the growth advantage of the estuary diminished as the size of the fish increased. In the second method, I compared the width of daily increments in the otoliths of juvenile speckled sanddab that were collected in 1999 and 2000 from estuarine and coastal

habitats in four regions along the central coast of California. I found that daily increments were wider in fish collected from estuarine habitats, and that this pattern occurred in all four regions and in both years of the study. Comparison of the results from both methods indicates that estuaries support faster growth rates than coastal habitats. Thus, estuaries are higher quality habitats for juvenile flatfish and may be functioning as nursery habitats for these two species.

The second objective my research was to directly evaluate if estuaries were nursery habitats by measuring the proportion of the adult population that recruited from estuarine and coastal habitats. Determining which juvenile habitats are contributing more individuals to adult populations requires identifying the juvenile habitats in which the adults once lived. One way to determine prior residence of adult fish is to manually tag fish in all the alternative juvenile habitats and, subsequently, recover those tagged individuals as adults. An alternative method to manual tagging requires that juveniles incorporate markers (e.g., elements, isotopes) characteristic of and specific to the habitat in which they reside and that these natural "habitat tags" that can be used to identify individuals from different juvenile habitats. Such natural habitat tags have been found in the otoliths of fish. The specific purpose of this portion of my research was to: 1) determine if a chemical habitat tag exists in the otoliths of juvenile English sole and speckled sanddab that could be used to differentiate fish collected from estuarine and coastal habitats in central California ; 2) determine if this chemical habitat tag was present in adult English sole collected in Monterey Bay by analyzing the portion of the adult otolith that was laid down when the fish was a juvenile; and 3) determine the proportion of the adults that originated in estuarine habitats. Determining the proportion of the adults that

recruited from estuarine habitats will give insight into whether estuarine habitats are functioning as nurseries for the English sole population in central California.

In my second chapter, I compared the chemical composition of otoliths from juvenile English sole and speckled sanddab collected from estuarine and coastal habitats located along a 500 km section of the California coastline. Multiple estuaries and coastal sites were sampled in each of three years – 1998, 1999, and 2000. I used discriminant function analysis on the elemental composition of the otoliths (Li, Sr, Ba and Mn) to classify fish to groups based on the habitat type in which they were captured.

For each species, the global model, which pooled juveniles collected from all sites over three years, was able to classify fish into estuarine and coastal groups with close to 80% accuracy. Classification success of juveniles was modestly improved in some cases by generating separate discriminant functions for each year. These improvements were due to two elements, Ba and Mn, that differed between habitats in only some years. However, the two main elements in the discriminant models, Sr and Li, differed consistently between habitats over all three years. Given that the years examined in this study differed markedly in oceanographic conditions (e.g., El Niño and La Niña), this chemical habitat tag appears to be robust to temporal changes in environmental conditions. Thus, the chemical habitat tag found in this portion of the study appeared to be promising tool for determining contribution of estuarine and coastal habitats to the central California populations of English sole and speckled sanddab.

In addition, I found that English sole and speckled sanddab had striking similarities in their chemical habitats tags and that, in some cases, one species could be used as a proxy to classify juveniles of the other species without compromising the accuracy of the habitat tag. The ability to use a 'proxy classification model' would significantly reduce the number of juvenile fish that would need to be collected and analyzed in order to classify adults of ecologically similar species.

In my third chapter, I determined whether the habitat tag found in juvenile English sole could be used to classify adult of this species. Adult fish were collected from the Monterey Bay Region in 2001 and 2002 and individuals that were born in 1998-2000 (the years that juvenile fish were collected) were selected for the analysis. The 'juvenile core' of each adult otolith was extracted and its chemical composition determined. The range of Sr/Ca and Li/Ca values in the juvenile cores were similar to the range of Sr/Ca and Li/Ca values found in juvenile otoliths. Therefore, the discriminant functions based on the chemical composition of otoliths from estuarine and coastal juveniles could be used to classify adult fish as having recruited from either estuarine or coastal habitats.

The percentage of the adults that were identified as having resided as juvenile in estuarine habitats was estimated to range between 46% and 57% for the entire study area and 45% and 53% for the Monterey Bay region. That is, estuarine contribution to the central California English sole population was estimated to be approximately 50% even though much less than 50% of the habitat available for use by juvenile English sole is estuarine habitat. For example, in the Monterey Bay region, it was estimated that estuaries comprise approximately 6% of the available juvenile habitat. This result strongly suggests that estuarine habitats in this region



are acting as 'nursery habitats' by contributing more individuals per unit area to the adult English sole population than the adjacent coastal habitats. The disproportionate contribution of estuarine habitats to the adult populations may be due to fish in that habitat having higher densities, higher growth rates (as found in Chapter 1), lower mortality, or more successful recruitment to the adult population.



Many estuarine habitats in California, and around the globe, are vulnerable to loss or deterioration from a variety of processes, including erosion, pollution, and urbanization. Conservation of these estuarine 'nursery' habitats would protect an important source of new individuals to offshore adult populations and appears to be a useful strategy for maintaining high levels of recruitment to harvested flatfish populations in central California.

may be acting as 'nursery habitats' by contributing more individuals per unit area to the adult English sole population than the adjacent coastal habitats (Beck et al. 2001).

The disproportionate contribution of one juvenile habitat to the adult populations may be due to fish in that habitat having higher densities, higher growth rates, lower mortality, or more successful recruitment to the adult population (Beck et al. 2001). Past research on English sole along the coast of North America has found evidence that estuaries can support higher densities (Kygiar and Percy 1986, Rogers et al. 1988, Gunderson et al. 1990) and faster growth rates (Kygiar and Percy 1986, Brown [Ch 2]) than coastal habitats. In addition, one study using parasites as a natural tag of estuarine residence, concluded that the majority of adult English sole had recruited to the adult population from estuarine habitats (Olson and Pratt 1973). These findings suggest that estuarine habitats may be producing more juvenile English sole because they support a higher density of faster growing fish that successfully recruit to the adult population.

Evidence for disproportionate contribution of estuarine habitats to adult flatfish populations have recently been found for two other flatfish species - rock sole in Sendai Bay, Japan (Yamashita et al. 2000) and California halibut in southern California (Forrester and Swearer 2002). These findings combined with those of the current study suggest that estuarine habitats may commonly function as nursery habitats for juvenile flatfish populations. Many estuarine habitats in California, and around the globe, are vulnerable to loss or deterioration from a variety of processes, including erosion, pollution, and urbanization. Conservation of these estuarine 'nursery' habitats may be an important step in maintaining high



levels of recruitment to harvested flatfish populations. To more fully determine the importance of estuarine habitats to the maintenance of English sole populations in California, the contribution of estuaries should be determined over a larger spatial scale. Identifying the regions in which disproportionate contribution occurs would help to determine which estuarine habitats should be targeted for protection.



EXHIBIT H

Otters dying in record numbers

2 have washed up
n California coast
past four months

By Carl T. Hall
CHRONICLE SCIENCE WRITER

Alarming numbers of California sea otters are washing up dead sick from Point Conception to Half Moon Bay, biologists said Tuesday, threatening to undermine efforts to save the playful sea animal from extinction. In April alone, a record 45 dead dying otters were recovered — including one added to the grim tally late Tuesday by marine biologists.



BANDY WILDBER / Monterey Bay Aquarium

An injured female otter and two youngsters are being helped at the Monterey Bay Aquarium.

The month's count is more than twice the expected number of strandings based on a 10-year average. So far this year, 92 otters — known as southern sea otters to distinguish them from a separate population in Alaska — have

washed up on California beaches.

That is a record for any January-April period and 25 percent more than the previous high, set in the stormy El Niño year of 1998.

"This is a serious problem," said David Jessup, a senior wildlife veterinarian with the state Department of Fish and Game in Santa Cruz. "We need to be very concerned. Any continuation of this certainly threatens the recovery of the southern sea otter."

No single cause has been identified to explain the deaths. The mortality rate does not appear to be concentrated in very young or very old animals. Nor are males or

▶ OTTERS: Page A15 Col. 1

Record number of otters found dead on California beaches

▶ OTTERS
From Page 1

females disproportionately affected.

A large number of carcasses of sick animals have been picked up in the Monterey Bay area, but biologists said strandings are being seen in disturbing numbers throughout the otters' range.

Marine biologists speculate that something may be adversely affecting the ability of the animals — listed as a threatened species — to endure parasites, fight off infectious disease, evade sharks and dodge boat propellers.

Whatever the culprit, the die-off is especially worrisome against a backdrop of annual southern sea otter censuses suggesting that the total population, which climbed slowly over several years, has actually declined in recent years.

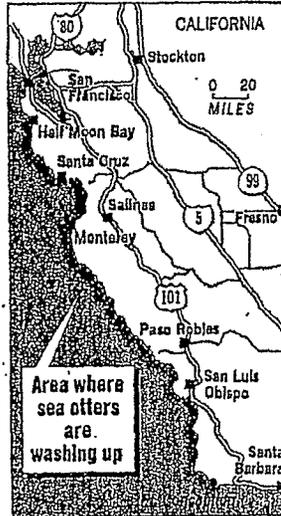
The spring 2002 census counted 2,139 sea otters in California, down 10 percent since the recent peak of 2,377 in 1995. This year's otter count begins in May.

Officials at the U.S. Fish and Wildlife Service are considering whether to issue a formal declaration of an "unusual mortality event" to clear the way for extra resources to investigate the problem.

Biologists said it's all they can do to respond to the unprecedented number of strandings. In most cases, it takes a full necropsy and lab analysis to pinpoint the likely cause of death.

Eight sick animals are undergoing rehabilitation at the Monterey Aquarium. Andrew Johnson, manager of the aquarium's sea-otter recovery program, noted that a record 17 sick animals have been picked up so far this year, compared with the previous high of 12 during the first four months of 1998.

"The numbers have been extraordinary," Johnson said, adding that the problem shows no sign of abating. "We're seeing a range of causes, including some shark bites and a couple hit by



Chronicle Graphics

boats. It's young animals, it's old animals, but the big concern is that we're seeing high numbers of prime-age animals" dying in their peak reproductive years.

Biologists estimate that the bodies of about 60 percent of the total number of California otters that die each year are picked up when they wash ashore. And they said they are certain the apparent increase in mortality is genuine, because nothing has changed of late to increase the percentage of carcasses recovered.

"The concern is it's affecting the population's health as a whole," said Greg Sanders, sea otter recovery coordinator at the U.S. Fish and Wildlife Service.

Biologists are hoping the problem will stabilize of its own accord, and it would not be the first time such a mystery has evaporated. Several marine-mammal stranding episodes, including a recent spate of gray whale strandings in Northern California, remain puzzles years later. Despite extensive study, scientists ultimately gained little insight into what drove the animals ashore.

Sea otters, once ubiquitous off the California coast, were hunted to the edge of extermination for

their luxuriant fur coats. They were added to the threatened species list in 1977.

After much wrangling and many studies, the Fish and Wildlife Service early this month released a final recovery plan, including a target population of about 3,100 animals. The "optimal sustainable population" is said to be far higher, however: about 8,400 animals.

Now, it seems the numbers are going the wrong direction. Just so far this year, the body count represents about 3.5 to 4 percent of the population.

Biologists said some deaths are being attributed to infections in the gut from the parasitic thorny-headed worm, which burrows through intestinal walls. Other types of microscopic parasites also have been implicated, including a toxoplasma common in house cats and afflicting some AIDS patients.

But experts have no idea what could be causing an increased

vulnerability to dangerous microbes among California sea otters this year. There has been some evidence of a food shortage affecting some animals, but that could be caused by foraging problems brought on by some underlying condition slowing animals down.

The equatorial warm-water phenomenon known as El Niño has reappeared this winter, though not with sufficient ferocity to explain the otters' difficulties. Stormy weather indirectly tied to El Niño conditions can increase otter mortality by eliminating some food sources and separating mothers from their pups.

For now, the search continues for any underlying pattern to explain all the deaths.

"We get a lot of answers about what happened to each animal," Jessup said, "but the question is — does it mean anything for the population?"

E-mail Carl T. Hall at
chall@sfnchronicle.com.

EXHIBIT I

Concentrations and Effects of Contaminants on the Health of California Sea Otters

**A Midterm Progress Report submitted to:
Sanctuary Integrated Monitoring Network,
Monterey Bay Marine Sanctuary**

December 8, 2004

Report #2 August 2004 – December 2004

Co-Investigators:
Kurunthachalam Kannan,
Wadsworth Center
Health Research Inc / New York State Department of
Health
Empire State Plaza, PO Box 509
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Nancy J. Thomas,
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Graduate Research Assistant:
Emily Perrotta,
State University of New York at Albany
Albany, NY 12222
Telephone (518) 474-1473
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Project Summary

The decline in the California sea otter population in the late 1990's was accompanied by increased mortality, leading biologists to conclude that mortality, rather than reproduction, was responsible for the decline (Estes et al. 2003). Postmortem examination of carcasses documented that several lethal diseases are present in the California sea otter population and suggests that disease prevalence may be increasing (Thomas and Cole 1996, Kreuder et al. 2003). These disease problems may play an important role in reducing potential population growth and in the recent population decline. To better understand and manage diseases affecting southern sea otters, the potential role of environmental or anthropogenic factors needs to be established. Although diseases are suspected to be a significant factor directly affecting the population and are the proximate cause of mortality, it has been hypothesized that environmental contaminants compromise the otters' immune response or weaken them in some other way, predisposing sea otters to disease mortality.

This hypothesis is based on the high frequency and variety of infectious diseases that are detrimental to California sea otters, and from the observation that many of these diseases are either facultative pathogens or are common in the near shore environment occupied by sea otters. This hypothesis received further support from recent studies on contaminant exposure in California sea otters. Kannan et al. (1998) found that southern sea otters with higher levels of exposure to butyltins were more likely to have died from infectious diseases than from acute traumatic injuries. Bacon et al. (1999) reported that sea otters in California have higher levels of some organochlorine contaminants than otters in more pristine parts of Alaska. Butyltins and certain other environmental contaminants have been shown experimentally to suppress immune function in laboratory animals (Smialowicz 1989, Ross et al. 1996). One class of these other contaminants, the PCBs, was also found in elevated concentrations in California sea otters (Nakata et al. 1998, Bacon et al. 1999). These results have led to concern that environmental contaminants may play a synergistic role in the disease problems affecting California sea otters. At this time, the importance of environmental contaminants relative to the sea otter population decline is unclear. Investigations into contaminant exposure and population impacts are listed as a high priority (Priority Number 1) in the U.S. Fish and Wildlife Service's Final Revised Recovery Plan for the Southern Sea Otter (2003).

Experimental studies of the effects of contaminant exposure in other marine mammal and confamilial species (mink, *Mustela vison*) have found a variety of health effects, including reproductive failure and reduced survival of offspring, associated with PCB's (Wren et al. 1987, Reijnders 1988, Heaton 1995). These experimental observations in surrogate species indicate that contaminants which may be present in sediments (Rice et al. 1993), sea otter prey species (Rice et al. 1993, Kannan et al. In Press), and thus in sea otter tissues (Riedman and Estes 1990, Nakata et al. 1998, Bacon et al. 1999), may reduce not only survival but productivity in some components of the California sea otter population.

Sea otters, especially adult females, have relatively small home ranges and therefore are particularly useful as a tool for the study of spatial patterns for disease and contaminants. The previous, but limited studies, seem to indicate that contaminant levels found in sea otter tissues reflect local sources of contamination. Sea otters are perhaps

EXHIBIT J

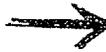
ELKHORN SLOUGH MONITORING AND RESEARCH AGREEMENT

This document sets forth the terms of an agreement between Duke Energy Moss Landing LLC ("Duke") and the undersigned environmental organizations ("Organizations") to resolve concerns of the Organizations regarding the modernization of the Moss Landing Power Plant (MLPP) by creating a program to accomplish the following: 1) provide additional continuing research and monitoring of ecological conditions within the Elkhorn Slough watershed; and 2) create an academic scholarship or grant program to further the study of marine biology in the Elkhorn Slough watershed. In connection with the creation of this program, the parties make the mutual commitments set forth in this letter.

I. Term

This Agreement shall remain in effect until five years following commencement of construction of the MLPP modernization.

II. Funding



Duke will provide a total of one million dollars (\$1,000,000) in payments of two hundred thousand dollars (\$200,000) for each year of the five-year program. This funding will be in addition to any funding or mitigation required by the CEC, the RWQCB or any other requirement of law governing Duke Energy's Moss Landing Power Plant Project. Duke shall provide the funding to the Monterey Bay Sanctuary Foundation who shall administer the funds in conjunction with the Sanctuary Integrated Monitoring Network and the California Ocean Trust established under AB-2387 under the California Ocean Resources Act. The first annual payment shall be due no later than 60 days following commencement of construction of the modernization of the MLPP. Each subsequent payment shall be deposited every twelve months thereafter until the fifth and final payment has been made. If, for any reason whatsoever, Duke does not or cannot proceed with construction of the MLPP modernization project, then Duke shall not be required to fund any activities under this Agreement.

III. The Elkhorn Slough Monitoring Program

A. Regulatory Monitoring

The Parties acknowledge that permit requirements of the CEC, the RWQCB and the Monterey Bay National Marine Sanctuary require Duke, regardless of this Agreement, to monitor the effects of the cooling water system of the MLPP modernization by monitoring the impact of the return of cooling water on the temperatures and ecological conditions in the Bay.

B. Purpose of the Elkhorn Slough Monitoring Program

The Elkhorn Slough environment is a complex ecological system which is affected by changes in weather, ocean currents, harbor dredging, agricultural and other run-off from neighboring land, natural species fluctuations, wetlands restoration activities and many other factors in addition to the Moss Landing Power Plant. The Technical Working Group concluded that it is not feasible to design a study which would, at reasonable cost and in a scientifically verifiable manner, determine the causes of any changes or trends in these ecological conditions. Duke reiterates its agreement with the Technical Working Group consensus that the scientific value of such monitoring for determining either the impacts of the MLPP or the benefits of the wetlands enhancement program associated with the MLPP is very limited. Nonetheless, the Organizations desire that greater information be made available regarding ecological conditions in the Slough and any trends or changes in such conditions. Duke agrees that a better understanding of conditions and trends in the Slough environment is valuable. Accordingly, Duke and the Organizations intend to mutually develop a Elkhorn Slough research and monitoring program for the purpose of further understanding of the ecological conditions in the Elkhorn Slough and identifying trends and changes in such conditions that may occur over the next five years.

C. Use of Information from the Elkhorn Slough Monitoring Program

The information developed in the Elkhorn Slough monitoring program will be public information. No restrictions shall be placed upon its use.

D. Design of the Elkhorn Slough Monitoring Program

The parties agree to design the Elkhorn Slough monitoring program in consultation with one another and the Advisory Team so as to best fill in the gaps in existing and planned monitoring of ecological conditions within the Slough consistent with the purposes stated in this Agreement. The parties agree to advise the Sanctuary Integrated Monitoring Network as to the design of the Elkhorn Slough monitoring program in consultation with one another and the Advisory Team.

IV. Academic Scholarship or Grant Program

As part of the Elkhorn Slough monitoring program described in part III.D of this Agreement, Duke and the Organizations agree that a portion of the funds provided hereunder (the portion to be subsequently agreed upon by the Parties) may be allocated to an academic scholarship or grant program in the name of Duke. This scholarship or grant program will enable students or faculty members at a California educational institution to conduct research and provide analytic support to the Elkhorn Slough monitoring program. Decisions regarding the awarding and funding of the scholarship or grant program shall be made by a representative designated by the Organizations.



V. Settlement of Dispute

Each of the undersigned Organizations agrees that it will not participate in any lawsuit, regulatory challenge, regulatory appeal or any other action of any kind or character that might obstruct, delay, or prevent Duke's construction of the MLPP modernization in a manner consistent with the terms of the CEC permit as approved October 25, 2000. The foregoing shall not limit the right of Organizations to seek remedies for any violation of any operating condition or law applicable to the MLPP once it commences operation. Nothing in this Agreement is intended to imply any agreement or admission by Duke or the Organizations regarding the merit or lack of merit of any potential claims, lawsuits or other actions settled hereunder.



VI. Enforceability and No Third Party Beneficiaries

The parties intend that this Agreement be an enforceable contract between them, and only as between them, based on its terms. The Parties do not intend that this Agreement shall create benefits for or be enforceable by any third party. In any action to enforce this Agreement, the prevailing Party shall be entitled to recover from the other Party or Parties all costs of suit including reasonable attorneys fees.

VII. Affect on Regulatory Requirements

Nothing in this Agreement is intended to limit, alter, amend or affect in any manner any permit condition or regulatory requirement which the CEC, the RWQCB or any other agency has or will impose upon Duke related to the MLPP. Nothing in this Agreement is intended to imply any agreement by Duke that this Agreement or any part of it is required by any law, ordinance, regulation or standard.

VIII. Authority of Signatories

Each person signing this Agreement on behalf of Duke and each Organization represents and warrants that they have the authority to do so and to bind their company or organization to the terms of this Agreement.

Bradley K. Park
Duke Energy Moss Landing, LLC

Date: 1/1/00

W. Chalot
Center for Marine Conservation (now Ocean Conservancy)

Date: 1/2/00

Kick Nichols
Save Our Shores

Date: 1/6/00

Cindy Loung
Friends of the Sea Otter

Date: 1/1/00

[Signature]
The Otter Project

Date: 1/3/00

EXHIBIT K

**MOSS LANDING POWER PLANT
POST-MODERNIZATION THERMAL PLUME EVALUATION**

SUPPLEMENT

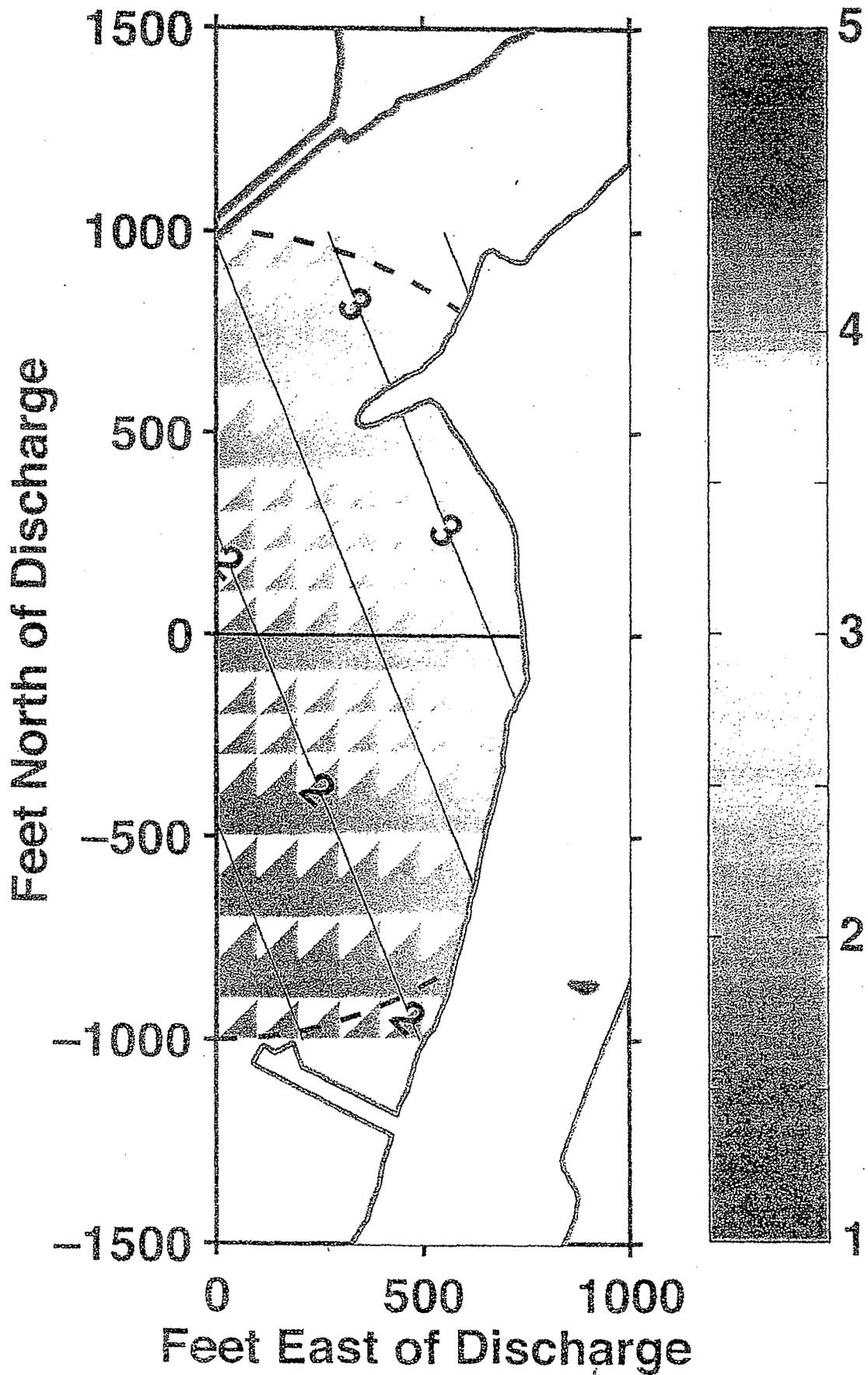
DUKE ENERGY MOSS LANDING, LLC

Moss Landing, CA

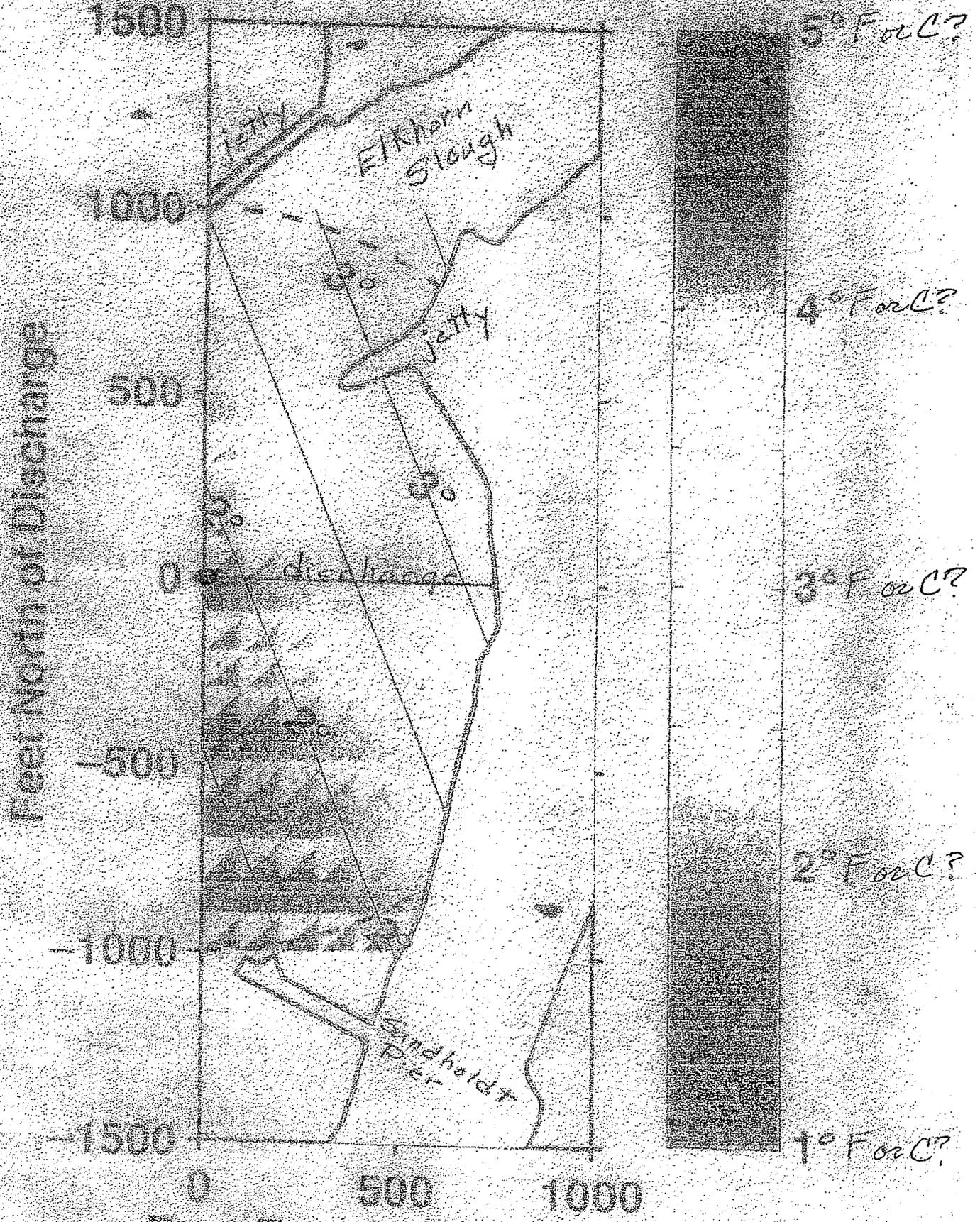
October 7, 2004



20 August 2002 06:00 to 18:00 PST



20 August 2002 06:00 to 18:00 PST



MOSS LANDING POWER PLANT SEAWATER COOLING

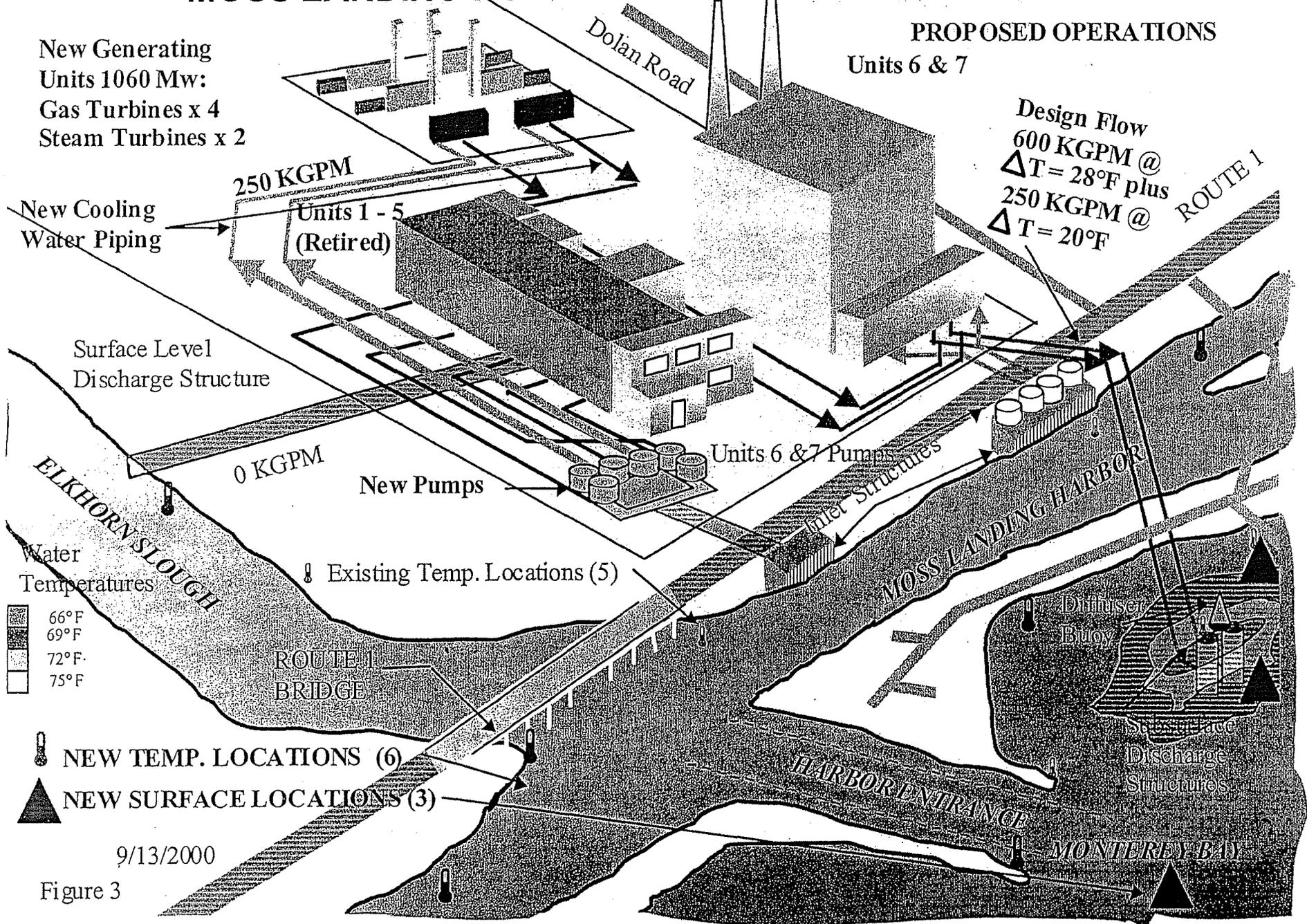


EXHIBIT L

CALIFORNIA ENERGY COMMISSION

8 NINTH STREET
SACRAMENTO, CA 95814-5512

November 21, 2002

Mr. William Douros
Superintendent
Monterey Bay National Marine Sanctuary
299 Foam St.
Monterey, CA 93940SUBJECT: MOSS LANDING POWER PLANT'S PERMIT TO DISCHARGE A
THERMAL PLUME INTO THE WATERS OF THE MONTEREY BAY
NATIONAL MARINE SANCTUARY

Dear Mr. Douros:

The purpose of this letter is to notify you of potential compliance problems with Sanctuary sampling responsibilities for the Moss Landing Power Plant (MLPP) in regard to its thermal discharge into Sanctuary waters. While the discharge of a thermal plume is an activity prohibited by section 922.132(a) (2) through (8) of the National Marine Sanctuary Program Regulations, the Sanctuary does have the ability to authorize a variance to the prohibitions if the Sanctuary authorizes other agencies' permits as provided in Section 922.133 (c).

You spoke at the Energy Commission's Committee Conference of September 21, 2000, on the MLPP and submitted a letter in support of the project dated September 25, 2000. Your support of the project was conditional on Duke Energy providing funding in the amount of \$425,000 to the Monterey Bay Sanctuary Foundation to evaluate the effects of the thermal discharge from Units 1 and 2 will respect to the Sanctuary's permit standard that the discharge have only negligible, short-term adverse effects.

As a result, the Energy Commission Decision issued October 25, 2000, contained a condition of certification, BIO-9, requiring the project owner to provide total funding of \$425,000 to the Monterey Bay Sanctuary Foundation to fund the Coastal Waters Evaluation Program. Funding was to be made in two increments, with \$150,000 for the first two years of the program due within 90 days of the Commission Certification, and the second and final payment of \$275,000 due within 90 days of commercial operation of the first new unit. The condition further required the Sanctuary to commence the Coastal Waters Evaluation Program immediately so as to conduct measurements and monitoring for up to two years immediately prior to Duke Energy's MLPP becoming fully operational. The condition provided that the Sanctuary and Sanctuary Foundation were responsible for the administration of these funds.

Mr. William Douros
November 21, 2002
Page 2

Duke Energy submitted \$150,000 to the Sanctuary on January 24, 2001 to enable monitoring of the pre-operation conditions. On August 15, 2002, Duke Energy submitted the final payment of \$275,000 to the Sanctuary to complete the monitoring.

As of this date, the Foundation has failed to collect data prior to commercial operations which began in July 2002.

The Foundation, without consulting with the Commission, failed to collect any pre-operations data. Instead, the Foundation has concentrated on working with a scientific panel through the Sanctuary Integrated Monitoring Network (SIMoN). On November 1, 2001 SIMoN issued a Request for Pre-Proposals to examine biological effects of the thermal discharge into the Monterey Bay National Marine Sanctuary (see attached Request for Pre-Proposals RFP-01-01). SIMoN intends to fund this study with Duke Energy monies. After reviewing proposals, SIMoN has chosen Moss Landing Marine Labs to study the impacts of the thermal plume as described in the attached proposal from Moss Landing Marine Labs and is currently in contract negotiations with Moss Landing Marine Labs.

As you are aware, in order for the Sanctuary to issue a variance, data must be collected to support the premise that the thermal plume discharge into the Sanctuary results in only short-term negligible impacts. Although we will never have the pre-operation data requested in the Sanctuary's September 25, 2000 letter and in the terms of the Energy Commission permit, we would like you to review the proposed study (attached) to see if it meets your objective of delineating the level of impact from Moss Landing Power Plant Units 1 and 2. We also request a determination of whether you can still authorize a variance based on the results of this study. We will be assessing the effectiveness of the proposal ourselves in light of the potential issues articulated above.

In closing, we intend to contact you in the next two weeks to discuss the nature and extent of the compliance issues. Our technical staff in the biological resources areas will be coordinating the review. Donna Stone is our Compliance Project Manager and will be your contact for any compliance issues. Her number is 916-654-4745, e-mail dstone@energy.state.ca.us.

We look forward to resolving our concerns as expeditiously as possible. If you have any questions please call me at (916) 654-4079.

Sincerely,



Chuck Najarian

Power Plant Compliance Program Manager

The CPM will ensure the Elkhorn Slough Enhancement Plan is completed and approved within 180 days of certification. The CPM will ensure the Elkhorn Slough Foundation accomplishes the goals and objectives of the approved final plan. The project owner will submit an annual report to the CEC CPM, the Regional Board, and any Advisory Team members as desired, within 60 days of the end of the calendar year reported. This report will include: a description of Elkhorn Slough Enhancement Plan projects implemented, a schedule and description of future projects, an analysis of how implemented projects have met the goal of increasing the health and productivity of the Elkhorn Slough watershed aquatic habitat, and a summary of financial account activity. If the project owner has not complied with any aspect of this condition, the CPM will notify the project owner of making this determination. For any necessary corrective action taken by the project owner, a determination of success or failure of such action will be made by the CPM after receipt of notice that corrective action is completed, or the project owner will be notified by the CPM that coordination with other agencies will require additional time before a determination can be made.

BIO-8: The project owner will:

- provide a direct monetary contribution to enable the movement of the Marine Mammal Center (MMC) to the eastern part of the plant site, provide more space for the MMC facility, and assure a long term lease for the operation of this important triage unit for the care of marine mammals in need of medical assistance;
- contribute in kind services necessary to manage the project's permit acquisition and development; and
- develop a long term lease that is free of charge to the Marine Mammal Center (or a comparable organization) that features a renewable option for the operating life of the Moss Landing Power Plant Project.

Verification: The project owner shall provide confirmation of the Marine Mammal Center's relation to the MLPPP in an annual report to the CPM.

BIO-9: The project owner shall:

- Provide total funding in the amount of \$425,000 to the Monterey Bay Sanctuary Foundation to fund the Coastal Waters Evaluation Program. Funding shall be made in increments, with \$150,000 for the first two years of the program due within 90 days of the California Energy Commission Certification of the Moss Landing Power Plant, and the second and final payment

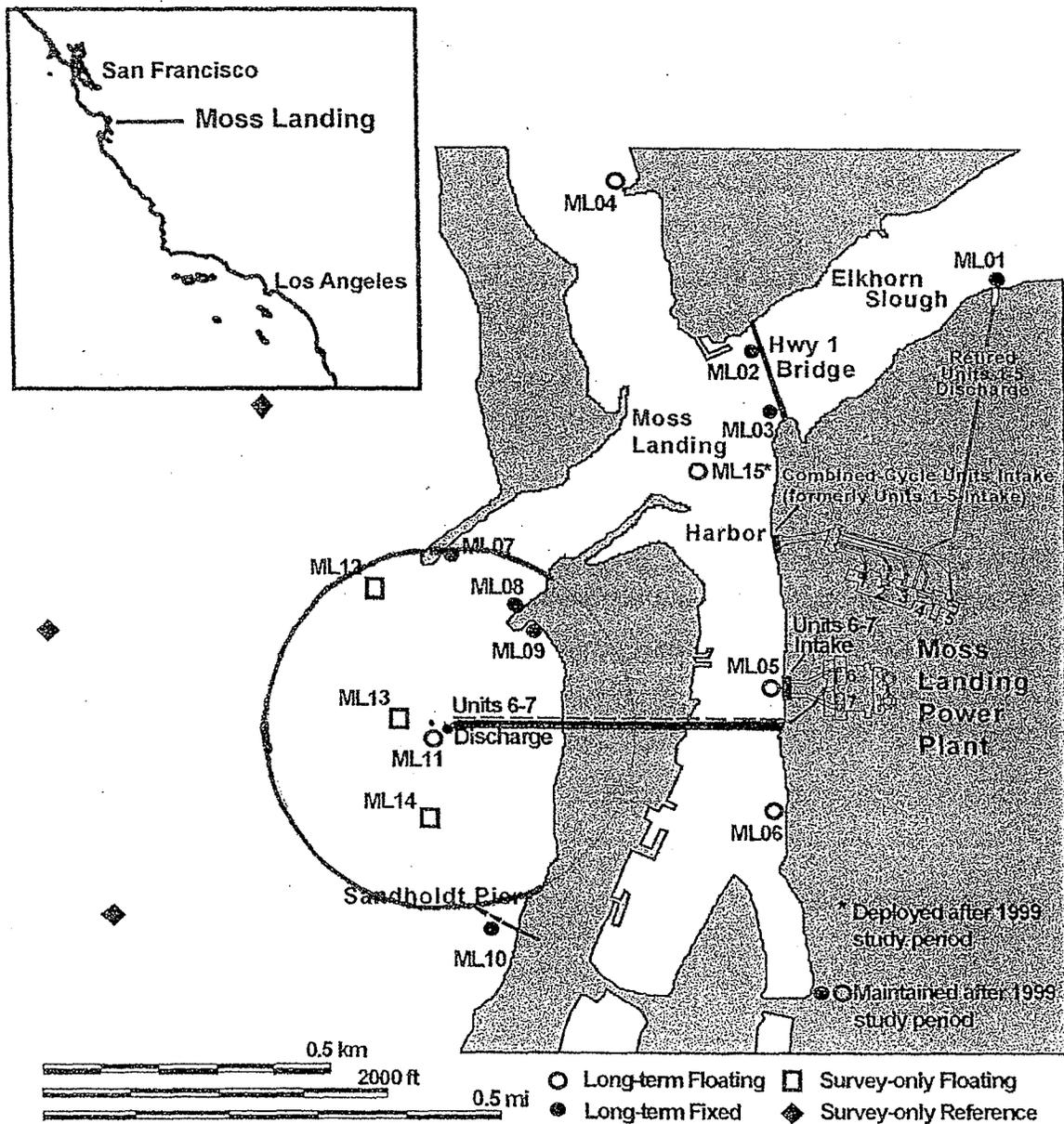
of \$275,000 due within 90 days of commercial operation of the first new unit.

- The objective of the program is for the Sanctuary to use those funds to evaluate the effects of the thermal discharge with respect to the Sanctuary's permit standard that the discharge have only negligible, short term adverse effects. The Sanctuary will evaluate biological effects both within and near the thermal plume and at control sites substantially distant from the thermal plume.
- The Sanctuary will commence the Coastal Waters Evaluation Program immediately so as to conduct measurements and monitoring for up to two years prior to Duke Energy's MLPP becoming fully operational. The Sanctuary and the Sanctuary Foundation are responsible for administration of these funds and will provide a report to the CEC of the findings of the Coastal Waters Evaluation Program within 6 years of Duke Energy's initial payment.
- Duke Energy need not wait for any measurements of monitoring from the Sanctuary to commence operations.

Verification: The project owner shall provide confirmation of payments to the Monterey Bay Sanctuary Foundation in an annual report to the CPM.

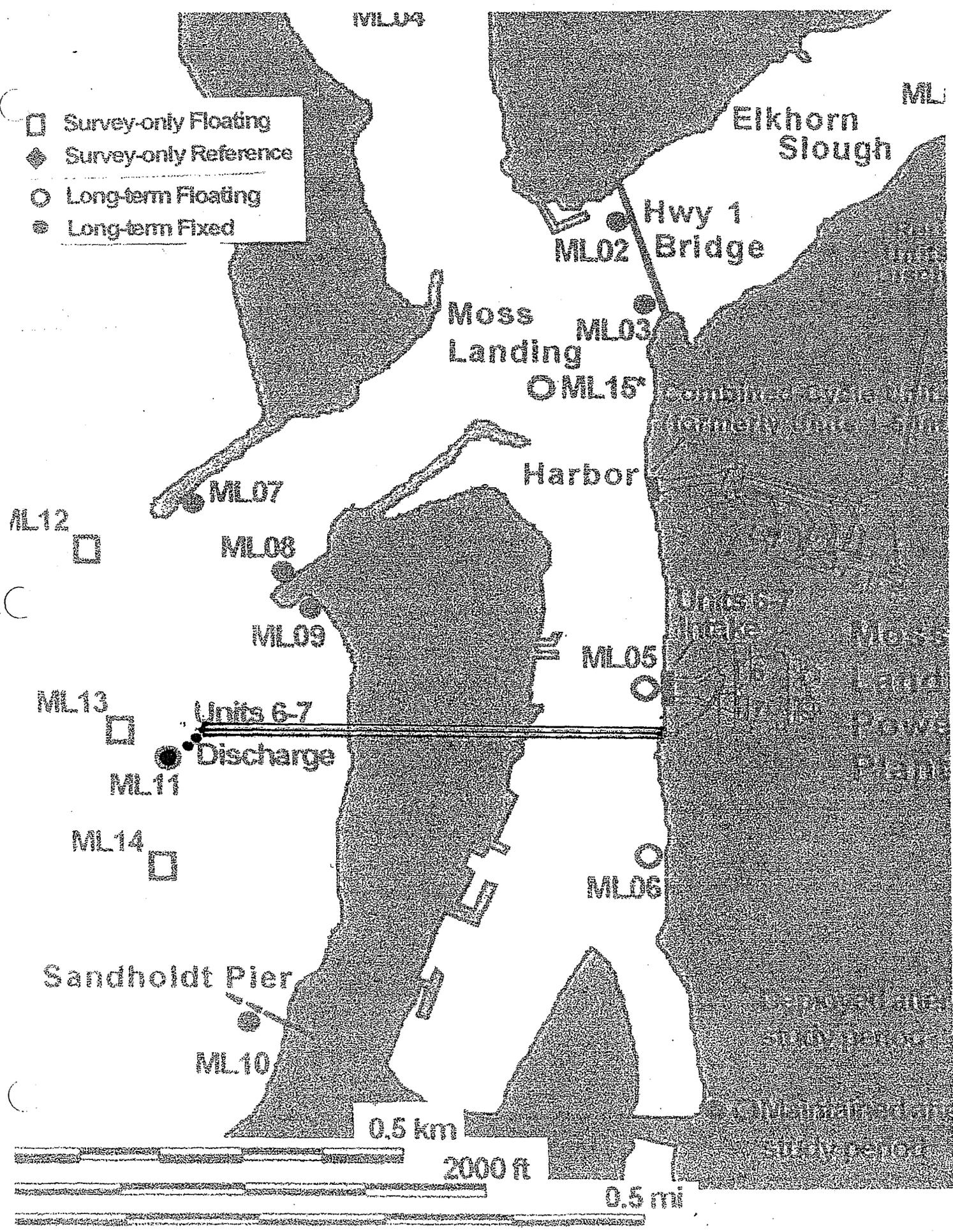


The discharge of elevated temperature wastes shall not result in increases in the **natural water temperature*** exceeding 4 degrees F at (a) the shoreline, (b) the surface of any ocean substrate, or (c) the ocean surface beyond 1,000 feet from the discharge system. The surface temperature limitation shall be maintained at least 50percent of the duration of any complete tidal cycle



* "... temperature measured 10 feet below the navigation buoy (Station ML 11) most closely approximately receiving water temperatures." (**natural water temperature**)

MLPP Thermal Plume Evaluation Plan April 9, 2002



- Survey-only Floating
- ◆ Survey-only Reference
- Long-term Floating
- Long-term Fixed

Elkhorn Slough

Hwy 1 Bridge

Moss Landing

ML15

Harbor

ML12

ML07

ML08

ML09

ML05

ML13

Units 6-7

Discharge

ML11

ML14

ML06

Sandholdt Pier

ML10

0.5 km

2000 ft

0.5 mi

Arlene Tavani

From: George Riley <georgetriley@gmail.com>
Sent: Wednesday, October 17, 2012 10:29 PM
To: Arlene Tavani
Subject: MPWMD Inquiry of CA bill spikes

RECEIVED

OCT 18 2012

To: MPWMD Demand Committee
 Re; Cal Am water bill spikes

MPWMD

These many issues have been identified by ratepayers from many points of view, including the Ratepayers First Town Hall meeting on October 2, 2012. These questions deserve attention. If MPWMD has jurisdiction, it is requested that you initiate an inquiry. If you do not have jurisdiction, please refer this request, and these questions, to the appropriate office of the CA Public Utilities Commission.

The fundamental reason for this requested investigation is that all data, and access to it, are proprietary to Cal Am and not available for public or agency review. All consumer interactions are individual. There is no way for other consumers with similar spike bill experiences to share their research or understandings, except through publicity. This is unfortunate for customers with spike bill problems, and for the image of Cal Am. However Cal Am policy and practices also deserve review, and revision. It is a David vs Goliath interaction. Cal Am too quickly threatens water cut-off when a customer has a serious and very expensive problem, and there is no respect nor trust in Cal Am's response to the problem.

I am summarizing areas of inquiry, but I have not included many questions about current Cal Am procedures on bill spikes, actual interactions between customers and Cal Am call center and local representatives, and ultimate settlements.

1. Cal Am installed a new system-wide computer system in 2009-10. New rates with tiered block rates, went into effect Feb 2010. Could this combination have bugs that have caused errors?
2. Eric Sabolsice's Herald Commentary said similar bill spike problems were reported in 2011. What did Cal Am do in 2011 to investigate and address the problem? Were there any repeat customers in 2011 and 2012, and did Cal Am do anything about it?

3. Cal Am has been replacing meters selectively for several years. About 3500. What is the reason for this, and is there any correlation to meter readings and spikes? These new meters are digital, using remote readers. Wireless readers. Can other remote devices trigger a misreading?
4. A show of hands at the ratepayers Town Hall on October 2, 2012 indicated 12 had spikes, 7 with smart meters and 5 with old meters. Is there any correlation of spike billing with old mechanical vs new digital meters?
5. A landscaper said Cal Am pipe repairs can dislodge small dirt/grain debris that can be pushed into the meter. Is there any correlation of repair work near addresses with bill spikes?
6. Cal Am claims its meters are accurate, and insists in every case that the consumer has a leak or has poor memory regarding excessive water use. Has Cal Am had any meter errors?
7. Cal Am has a meter replacement program for a reason---meters wear out, become unreliable or fail. Is Cal Am on schedule? What are the conditions of replaced meters to give Cal Am assurance that its meters do not fail? How does Cal Am select the next meter to be replaced? Is there any clue here about spike readings?
8. Are meters tested prior to installation or not? Are they tested in any way after a spike problem?
9. Cal Am has new leak detection devices installed, with digital wireless readings. Does this system have any cross signals (accidental triggering) with digital water meters?
10. Cal Am says it reads all meters on a monthly basis, or nearly so. Is there any correlation with spikes and reading schedules? Is there any correlation to projections used for billing and actual readings at a later date?
11. Cal Am said it calls a customer when a spike bill occurs, yet some customers said they received no such call. What is the evidence that Cal Am notices and alerts customers of such spikes?

12. Cal Am resolutions seem without a pattern—some pay with no adjustment, some get new meters, some bills get reduced to 2nd tier, some get reduced to prior month's bill.

13. Any investigation needs to have access to Cal Am proprietary information. Why? Because Cal Am controls, and keeps confidential, every part of the process—meter data, readings, recordings, calculations, billings, customer calls, calls to customers, explanations, resolutions, call records, mistakes, nearby repairs, meter change-outs, meter history, internal reviews, corrective actions, changes in procedures, etc, everything. The customer is left with the assumption to trust Cal Am, when the customer is accused of being wrong. There is no trust with this circumstance.

14. The investigation may require subpoena power, or other jurisdictional authority, to look deeper into Cal Am's proprietary data, reports and actions?

These comments and questions are the result of conversations with Cal Am customers, comments at the RATEPAYERS FIRST Town Hall on October 2, 2012, and personal knowledge. These are submitted to the WMD Demand Committee for review, and to appeal for action on behalf of current Cal Am ratepayers with 'bill spike' problems, and potential future problems.

George Riley, 645-9914

Citizens for Public Water

georgetriley@gmail.com

October 17, 2012

Monterey Peninsula Water Management District
 5 Harris Ct. Big G
 PO Box 85
 Monterey, CA. 93942-0085

RECEIVED

OCT 23 2012

MPWMD

I understand you are serving as ombudsman for water customers' complaints. I had already filed a complaint about the water rates with the PUC on August 20, 2012, but have heard nothing from them. My complaint is not quite the same as those customers with spikes, but rather the rates themselves.

Our water bills have almost doubled in charges in the past year, even though our usage has remained relatively the same or increased a small amount to accommodate landscape (see attached bills). We are a 2-person household with no lawns to water, only shrubbery, on an automatic sprinkler system. We do not live in a hot climate that needs constant watering, so we water only 3X per week in the non-rainy season. We check our sprinkler system regularly and know that there are no leaks. We have an instant hot-water heater so we are efficient on heating our water. I am angry that the water co. is increasing rates so much, and is also asking to increase rates further, through property assessment as well as monthly fees. There is also a new 12% fee attached. I believe they should be responsible for meeting the water needs and if not, they are not managing funds appropriately.

When I contacted them (twice), they just reiterated that rates have increased and that the higher tiers we have fallen into get charged more. They however state that we are within the norm!

I would appreciate if you could check on the allotments for a 2-person dwelling, why they are not enough to maintain our modest property. The Cal Am website states they only allot 75 gallons per day for a 2-person household in summer, per <http://www.amwater.com/files/Rate%20Schedule%20Monterey.pdf> (see "Block Width Adjustment for Number of People"). But the average water usage per PERSON is 70 gallons per day, according to http://www.ehow.com/facts_7208108_average-water-consumption-per-person.html. Also, I would appreciate if you could review their tiered rates for fairness -- the third tier is almost double the second tier. I can understand why they make it higher, but double?

Thank you so much.

Sincerely,



Marilyn Mason

915 Tolo Ct.
 Seaside, CA. 93955

00005052589210000000000014108017



California American Water
 PO Box 7150
 Pasadena, CA 91109-7150

For Service To: 915 Toro Ct



003207 1AV 0.347 32073207/003207 011 1 NCDXHQ

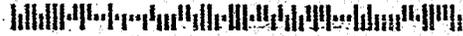
MARILYN MASON
 915 TORO CT
 SEASIDE, CA 93955-5814

ACCOUNT NUMBER	05-0525892-1
AMOUNT DUE	\$141.08
DUE DATE	Aug 14, 2012
Amount Paid	

pay →
pd 8/14/12

Please return this portion with check
 ▼ Payable to the address below ▼

CALIFORNIA AMERICAN WATER
 PO BOX 7150
 PASADENA, CA 91109-7150



Customer Account Information

For Service To: Marilyn Mason
 915 Toro Ct
 Account Number: 05-0525892-1
 Premise Number: 05-0140069

Billing Period & Meter Information

Billing Date: Jul 26, 2012
 Billing Period: Jun 20 to Jul 23 (33 days)
 Next reading on/about: Aug 22, 2012
 Rate Type: Residential

Meter readings in current billing period:

Meter Number 0081176941 is a 5/8-inch meter.
 Present-actual 4702
 Last-actual 4599
 10 Cubic Feet used 103
 10 cu. ft. equals 75 gallons
 Gallons used 7725

Billing Summary

Prior Balance

Balance from last bill
 Payments as of Jul 26, 2012. Thanks!
 Total prior balance, Jul 26, 2012

Current Water Charges

Basic Service	9.72
Water Charge (\$.30060 x 9.09)	2.73
(\$.69790 x 9.09)	6.34
(\$ 1.39600 x 13.03)	18.19
Water Charge (\$.30060 x 20.91)	6.29
(\$.69870 x 20.91)	14.61
(\$ 1.39760 x 29.97)	41.89
Total Use Billed	99.77

Other Current Charges

15% Coastal Wtr. Project Srch#1	14.96
Seaside Basin Surcharge	.37
Mont. S&R Int. Comp. Gen. Meter	.39
12.59% MPWMD Surcharge	14.54
Total other charges, Jul 26, 2012	30.26

Taxes

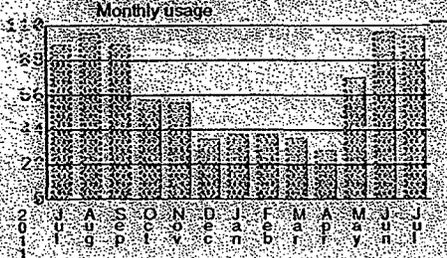
Seaside City Fee	7.80
Seaside Franchise Fee	1.30
PUC Surcharge	1.95
Total taxes, Jul 26, 2012	11.05

\$122.56
 -122.56
 .00

TOTAL AMOUNT DUE

\$141.08

Water Usage Comparison



Messages from California American Water

Tier Allotment	Tier 1 30	Tier 2 30	Tier 3 50	Tier 4 50	Tier 5 All Other Usage
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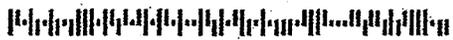
**** NEW CUSTOMER SERVICE COUNTERS HOURS:** Effective Monday, July 30, 2012 California American Water's local customer service counters will be open Monday through Friday from 8:30 a.m. - 4:00 p.m.
**** Starting July 1, 2012 you may notice an increase to your consumption rates on your bill. This increase is to fund the portion of completed work done on the Regional Desalination Project. The increase was made effective by the filing of Advice Letter 944-A and per CPUC Decision (D.) 10-12-016.**

00005052589210000000000007932019



California American Water
 PO Box 7150
 Pasadena, CA 91109-7150

For Service To: 915 Toro Ct



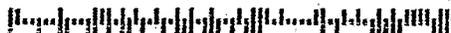
013212 1AV 0.337 1212/13212/001212 048 1 NCD5KY

MARILYN MASON
 915 TORO CT
 SEASIDE, CA 93955-5814

pay
8-11
pd

ACCOUNT NUMBER	05-0525892-1
AMOUNT DUE	\$79.32
DUE DATE	Aug 15, 2011
Amount Paid	
Please return this portion with check ▼ Payable to the address below ▼	

CALIFORNIA AMERICAN WATER
 PO BOX 7150
 PASADENA, CA 91109-7150



Customer Account Information

For Service To: Marilyn Mason
 915 Toro Ct
 Account Number: 05-0525892-1
 Premise Number: 05-0140069

Billing Period & Meter Information

Billing Date: Jul 27, 2011
 Billing Period: Jun 21 to Jul 21 (30 days)
 Next reading on/about: Aug 19, 2011
 Rate Type: Residential

Meter readings in current billing period:

Meter Number 0081176941 is a 5/8-inch meter.
 Present actual 3899
 Last actual 3801
 10 Cubic Feet used 98
 10 cu. ft. equals 75 gallons
 Gallons used 7350

Billing Summary

Prior Balance
 Balance from last bill \$80.35
 Payments as of Jul 27, 2011 Thanks! -80.35
 Total prior balance, Jul 27, 2011 .00

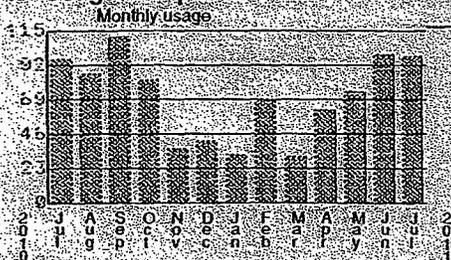
Current Water Charges
 Basic Service 8.90
 Water Charge (\$ 29720 x 9.00) 2.67
 (\$ 43350 x 9.00) 3.90
 (\$ 86710 x 11.40) 9.88
 Water Charge (\$ 29720 x 21.00) 6.24
 (\$ 43420 x 21.00) 9.12
 (\$ 86860 x 26.60) 23.10
 Total Use Billed 98.00 63.81

Other Current Charges
 10% Coastal Wtr Project Srch#1 6.38
 MPWMD Chsm Surch as 10CF Rate .67
 CAW Chsm Surch as 10 CF Rate 1.87
 Seaside Basin Surcharge .37
 Total other charges, Jul 27, 2011 9.29

Taxes
 Seaside City Fee 4.38
 Seaside Franchise Fee .73
 PUC Surcharge 1.11
 Total taxes, Jul 27, 2011 6.22

Prior Balance	\$80.35
Payments as of Jul 27, 2011	-80.35
Total prior balance, Jul 27, 2011	.00
Current Water Charges	63.81
Other Current Charges	9.29
Taxes	6.22
TOTAL AMOUNT DUE	\$79.32

Water Usage Comparison



Messages from California American Water

Tier	Allotment
Tier 1	30
Tier 2	30
Tier 3	50
Tier 4	50
Tier 5	All Other Usage

* An annual water quality report (Consumer Confidence Report) was provided to you earlier this year. Contact us for more information.

From: Brenda Lewis [<mailto:lewis4water@gmail.com>]
Sent: Wednesday, October 17, 2012 2:58 PM
To: Dave Stoldt
Subject: Fwd: Appointee for Division 1 Representative on the Citizens' Oversight Committee

Hello Dave,

My appointee for the position of Division 1 Representation on the Citizens' Oversight Committee is Norman Yassany. His nomination request letter follows.

Regards,
Brenda Lewis

RECEIVED

OCT 17 2012

MPWMD

----- Forwarded message -----

From: <Nyassany@aol.com>
Date: Tue, Oct 16, 2012 at 5:13 PM
Subject: Letter of Interest
To: lewis4water@gmail.com

Norman Yassany
 1597 Lowell St.
 Seaside, CA 93955
nyassany@aol.com

October 16, 2012

Dear Director Lewis &
 MPWMD Board of Directors,

Please accept my submission for nomination to the *Ordinance 152 Citizens' Oversight Committee*.

I do not represent any groups or organizations, and I'd wish to be considered as an individual candidate.

I presently serve as a commissioner on the *Seaside Arts & History Commission*, and have so for a little over a year. Prior to that, I'd served for about seven years with the *Parks & Recreation Commission*. I'm involved with my neighborhood and act as Secretary for our *Martin Park Neighborhood Association*. Beyond that, I'm engaged with Seaside's VIP (Volunteers Impacting Parks) program where we endeavor to assist in the beautification of our city parks. As a member of VIP, I sit on the Nominations Committee for the

President's Council on Service & Civic Participation in where we undertake to identify volunteers for public recognition of the valuable contributions that they make in our communities, and to encourage more people to serve.

I'm pleased to provide you with any other information that you might require.

Respectfully,

Norman Yassany

Rachel Martinez

From: Tilley, John F <john.f.tilley@chase.com>
Sent: Monday, October 15, 2012 2:08 PM
To: Rachel Martinez
Subject: RE: Citizens Oversight Panel

RECEIVED

OCT 15 2012

MPWMD

Hello Rachel,

I would like to serve as an at-large member of the committee. My interest in the water situation on the peninsula has been constant since moving here in 2000. I previously served on the Water District's Citizen Panel about five years ago. As a career banker I have worked with many of the businesses and government organizations involved and impacted by our water situation. Also, as a banker I am very comfortable working with accounting details.

Thank you very much,

John Tilley

Relationship Manager, VP

Chase Business Banking, RM Channel

291 Alvarado St., 2nd Floor

Monterey, Ca 93940

Phone: (831) 754-5360

E-Fax: (855) 898-6991

Mobile: (831) 241-2754

john.f.tilley@chase.com

Arlene Tavani

From: Nyassany@aol.com
Sent: Monday, October 15, 2012 2:48 PM
To: Arlene Tavani
Cc: kecline@sbcglobal.net
Subject: Desal project

RECEIVED

OCT 15 2012

MPWMD Commission,

MPWMD

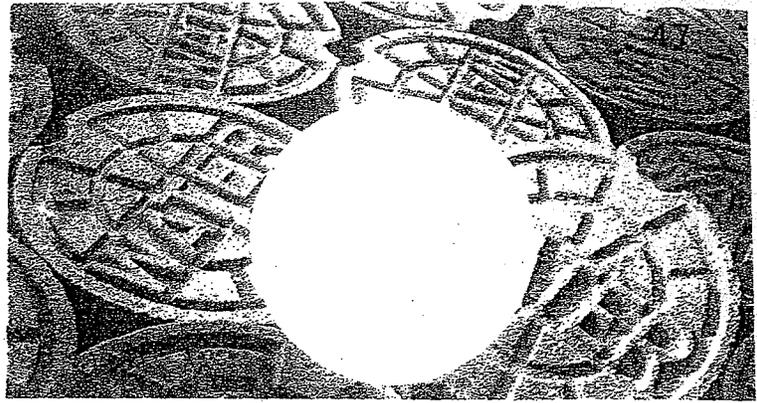
Please consider **public** financing & ownership for the Seaside *desal* project. It seems to me that the overall burden to us will be diminished since the interest rates will be so much less. And, I just don't see how I will benefit from private ownership of this kind of infrastructure where the PUC will be the chief overseer. I'd much rather see our own MPWMD in the driver's seat in this matter. After all, we trust you to be our local representatives and to act in our best interests, always.

I'd also like to ask that you recognize the benefits we might see in negotiating with the Moss Landing *desal* project parties. Rather than accepting the Cal-Am proposals out-of-hand, competition might well bring about a better deal for the ratepayer.

Respectfully,

Norman Yassany
Seaside
nyassany@aol.com

Submitted by Janice
 at 10/15/12 Board Meeting.
 Item 16



My only
 means of
 communication
 from Cal Am →
 On back door - not
 front door - on
 the ground - I phoned
 Cal Am - ~~no~~ No info shared
 5 days later
 came bill.
 Now!

SORRY WE MISSED YOU.

The following services were performed at your property today:

- Read and checked water meter.
 - Billing verification meter reading.
 - Meter reading is correct.
 - Meter reading incorrect. You will receive a new billing amount. Correct reading is _____
 - Investigation results available after two business days.
 - Installed or changed the water meter.
 - Installed or changed the outdoor remote meter reading device.
 - Removed your water meter.
 - Turned your water off for repairs as requested.
 - Turned your water on.
 - Investigated a high water bill.
 - Investigated a water leak.
 - No movement or outside meter observed (leak not indicated).
 - Meter registers movement. Check property for leaks.
 - Obtained your billing information.
 - Customer requested investigation.
 - Due to emergency improvements to the water system, your water will be temporarily shut off on _____ from _____ to _____.
 - Water was turned off at the house valve.
 - Water was turned off at the meter box.
 - Contact the Customer Service Center regarding returned mail/new customer hookups.
 - Checked pressure. Pressure is _____.
- 04-28 = change / sig up
 Oct. 14 = reading

Date of visit: OCT 19, 2010 3:15 P.M

Notes: HIGH CONSUMPTION THIS MONTH DUE TO LEAK ON PROPERTY

It was a pleasure to serve you. J.R



CALIFORNIA
 AMERICAN WATER

SERVICE

CUSTOMER SERVICE

www.californiaamwater.com

24 HOURS A DAY, 7 DAYS A WEEK

1-888-237-1333

Invoice

Date	Invoice #
11/22/2010	334

Bill To

P.O. No.	Terms	Project
	Net 15	

Quantity	Description	Rate	Amount
3	Water leak check which included checking landscape irrigation, main meter, crawling under house to check all water lines and drainage lines, and crawling in attic space to check ceiling radiant heat system and plumbing lines. There were no leaks found of any sort.	75.00	225.00
Total			\$225.00

010942841

0000

Rec'd 10/27
00005047202770000000000264347018

Average = 1,000 gallons = ??

946 units of wh



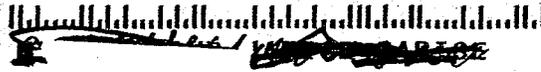
California American Water
PO Box 7150
Pasadena, CA 91109-7150

[Handwritten signature]

For Service To:

ACCOUNT NUMBER	
AMOUNT DUE	\$2,643.47
DUE DATE	Nov 09, 2010
Amount Paid	ELECTRONIC PAYMENT
Please return this portion with check Payable to the address below	

004555 1 AT 0.357 0555/4555/000555 021 1 PCMOB8



California American Water
PO Box 7150
Pasadena, CA 91109-7150

800 794 4350



10/29 Sierra - 10:17 AM 1" meter = which is big rebooted tester wasn't going to tell me about a hr

Customer Account Information

For Service To: ~~XXXXXXXXXX~~
Account Number: ~~XXXXXXXXXX~~
Premise Number: 05-0119275

Billing Summary

Prior Balance: \$41.15
Balance from last bill: -41.15
Payments as of Oct 21, 2010 (thanks!): .00
Total prior balance, Oct 21, 2010: .00

Billing Period & Meter Information

Billing Date: Oct 21, 2010
Billing Period: Sep 24 to Oct 19 (35 days)
Next reading on about: Nov 11, 2010
Rate Type: Residential

Current Water Charges

Basic Service	25.76
Water Charge (\$ 29410 x 70 00)	20.59
(\$ 43170 x 70 00)	30.22
(\$ 86340 x 95 33)	80.58
(\$ 172680 x 95 33)	161.16
(\$ 302180 x 619 34)	1,871.52
Total Use Billed	2,189.83

Meter readings in current billing period

Meter Number X051766099 is a 1 inch meter
Present actual: 1092
Last actual: 86
10 Cubic Feet used: 946
10 cu ft equals 7.5 gallons
Gallons used: 7095.0

Other Current Charges

10% Coastal Wtr Project Surch	218.98
MPWMB Cmsvr Surch as 10CF Rate	6.43
Cannel Riv Dam Surch	3.91
CAW Cmsvr Surch as 10 CF Rate	13.91
Seaside Basin Surch	1.06
Total other charges, Oct 21, 2010	244.29

Water Usage Comparison

Taxes

Pacific Grove City Fee	121.71
Pacific Grove License Fee	2.43
PUC Surch	36.52
Pacific Grove Franchise Fee	48.69
Total taxes, Oct 21, 2010	209.35

TOTAL AMOUNT DUE

\$2,643.47

Do not send payment. Total Amount Due will be deducted from your bank account on Nov 09, 2010

Messages from California American Water

Tier Allotment



California American Water
 PO Box 7150
 Pasadena, CA 91109-7150

For Service To: ~~985 Jewell Ave~~



003235 1AV 0.335 3235/3235/003235 011 1PCMLVN



ACCOUNT NUMBER	
AMOUNT DUE	\$45.49
DUE DATE	Mar 07, 2011
Amount Paid	

Please return this portion with check
 Payable to the address below

California American Water
 PO Box 7150
 Pasadena, CA 91109-7150



Customer Account Information

For Service To:

Account Number:
 Premise Number:

Billing Period & Meter Information

Billing Date: Feb 16, 2011
 Billing Period: Jan 13 to Feb 11 (29 days)
 Next reading on/about: Mar 14, 2011
 Rate Type: Residential

Meter readings in current billing period:

Meter Number X051766099 is a 1-inch meter.
 Present actual 1295
 Last actual 1247
 10 Cubic Feet used 48
 10 cu ft equals 75 gallons
 Gallons used 3600

Billing Summary

Prior Balance

Balance from last bill \$169.42
 Payments as of Feb 16, 2011: Thanks! -169.42
 Total prior balance, Feb 16, 2011 .00

Current Water Charges

Basic Service 22.15
 Water Charge (\$.294900 x 48.00) 14.16
 Total water charges, Feb 16, 2011 36.31

Other Current Charges

10% Coastal Wtr Project Surch 3.63
 MPWMD Cnsvn Surch as 10CF Rate .33
 CAW Cnsvn Surch as 10 CF Rate .71
 Seaside Basin Surcharge .91
 Total other charges, Feb 16, 2011 5.58

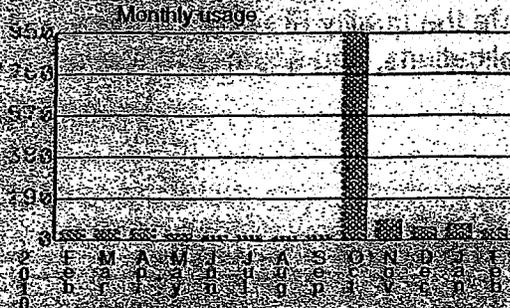
Taxes

Pacific Grove City Fee 2.11
 Pacific Grove License Fee .04
 PUC Surcharge .61
 Pacific Grove Franchise Fee .84
 Total taxes, Feb 16, 2011 3.60

TOTAL AMOUNT DUE

\$45.49

Water Usage Comparison



Customer Account Information

For Service To: _____
 Account Number: _____
 Premise Number: _____

Billing Period & Meter Information

Billing Date: Nov 19, 2010

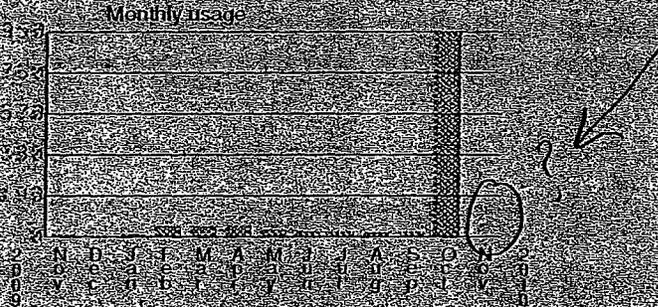
Rate Type: Residential

Billing Summary

Prior Balance	
Balance from last bill	\$2,666.78
Payments as of Nov 19, 2010 Thanks!	.00
Total prior balance, Nov 19, 2010	2,666.78
Adjustments	
Bad Dial Adj Res	-2,117.58
10% Coastal Wtr Surchg	-211.76
CAW Gasvr Surchg	-12.00
MPWMD Gasvr Surchg	-5.55
Total adjustments, Nov 19, 2010	-2,346.89
Taxes	
Pacific Grove City Fee	-117.35
Pacific Grove License Fee	-2.35
PUC Surchg	-35.20
Pacific Grove Franchise Fee	-46.94
Total taxes, Nov 19, 2010	-201.84
TOTAL AMOUNT DUE	\$118.05

Nov 19
3 days
later
mother
bill arrives!

Water Usage Comparison



Messages from California American Water

The due date pertains to current charges only. Any past due balance should be paid immediately. *From 11/16*
 * California American Water employees carry company ID with photo and state driver's licenses. For your safety, ask for this identification before letting anyone who claims to be from our company into your home. If you suspect someone at your door is an impostor, lock the door, call 911 and call us at 1-888-237-1333 to report the incident.
 Contact California American Water's local conservation department at 831.646.3205 to take advantage of rebates, water wise house calls and more! For more information visit www.montereywaterinfo.org.

Customer Service 1-888-422-5261 (24 Hours)
 Emergency 1-888-422-5261 (24 Hours)
 Visit us on the INTERNET at www.calamwater.com

California American Water



AMERICAN WATER

P.O. Box 578, Alton IL 62002
1-888-422-5261

11/17/2010

Account Number: _____

Premise Number: _____

Dear Customer:

2
We have investigated your account and concluded that you are entitled to a credit adjustment. Your account was adjusted on Tuesday, November 16, 2010 in the amount of \$2346.89, which represents a correction to your meter read.

We trust you will find this adjustment satisfactory. Should you have any questions, please feel free to contact our Customer Service Department at 1-888-422-5261. We are available to assist you 24 hours per day, 7 days a week for your convenience.

You may be able to save time by managing your account with My H2O Online, the customer self-service section of our Web site. You can check your account balance, pay your bill, or schedule some service appointments from the comfort of your home. You also can sign up for our free and convenient EFT program that automatically pays your bill directly from your bank account. Please visit www.amwater.com/myh2o.

Sincerely,

Billing Department

*- who?
who do I talk to?
phoned - was told the
mgn. would phone back.
- Never did.
phoned again - would not
talk to me.*

DAY 1

8:00 A.M. CYNTHIA (TL)

Your meter is running - I can see it on my monitor. "click"

Hung up on me.

9:23 A.M. BETH (TL)

TURNING IT OFF IN 3 DAYS IF NOT PAID.

11:21 A.M. BRANDI (TL)

YOU HAVE A LEAK.

SIERRA (TL)

3:14

YOU HAVE A LEAK - NEED TO PAY.

DAY 2

8:13 A.M. SIERRA (TL)

YOU HAVE A LEAK. NEED TO GET A PLUMBER. SUPERVISOR CINDY WILL CALL

CALLED IN TWO PLUMBERS - NO LEAKS.

\$250

12:10 - BRANDI - (TL)

HAVE TO PAY. Hung up on me.

DAY 3

8:04 - HOLLY - PAY YOUR BILL. (FL)

8:59 BRENDA - LISTEN FOR RUNNING

TOILETS - #1 ISSUE. ~~LEAKS~~

9:13 KESHA - YOU HAVE HIGH CONSUMPTION

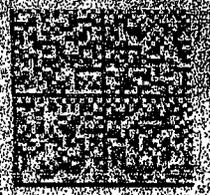
USAGE. NEED TO PAY. (TL)

11:03 NEIGHBORS STEALING IT?

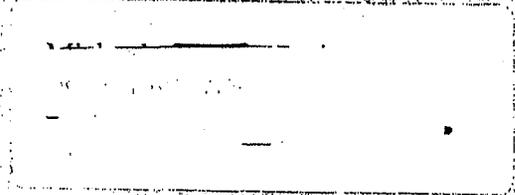
1:20 PAY IT OR WATER WILL BE TURNED OFF IN 1 DAY.

55 American Water
PO Box 578
Alton IL 62002

- Not local



Illinois!



Sent from ..

On Sep 19, 2012, at 11:38 AM, ..

I am going to share some concerns about the overbilling. It really is about the cost to Cal Am where they can save money and pass the consequences to the consumer who will be faulted and become a nuisance.

Some meters cannot be read due to meter read errors, equipment failures, broken or malfunctioning equipment, billing errors or even human errors. Some readers don't even report exactly what they see when visually reading the meters; they punch in whatever in order to make for a quick reading. Some are even reading with other distractions, including i-phones and i-pods which have been observed and shared, but the readers still do it. It's difficult to correct with some.

Other factors can be blamed on unlocked meter lids, register damage, meter interface units not tied properly

Submitted by
Janice at
10/15/12
Board Meeting.
Item 16

Shared
w/ me:
rare at
APWMM

(or at all) to the meter lids, register damage, damage due to transportation or installation (not all guys are good at installing the meters). The meters come in huge lots and are calibrated at the factory, but not here (where they are supposed to be re calibrated). Even some meters (which are claimed to be not working properly) are reused again in another's place.

Some meters have been noted where they cannot be read properly due to the meter base (underneath) not fitting properly to the meter. This can easily result in excessive water bills. One may say 3/4" and another says 1" ~ they just don't fit and yet they are installed anyway.

If there is an air pocket in the line from some ongoing water pipe updating/maintenance work, and the air pocket makes it to your home, it can definitely cause a misreading. There is much water work going on here to be looked at for Cal Am to ignore.

New meters are wireless and not encrypted making them vulnerable to being hacked into or intercepted by other wireless devices or oncoming air waves. And they do become jammed.

There are meters which were installed improperly with external damage to meter compounds and/or severed wires, causing for improper readings and billing processes because the installers were under a time frame.

No one saw to it that whatever usage was recorded that the information was accurately communicated thru an AMR (Automated Meter Reader) for use in the consumers' billing system.

All meter repair work, broken registers, duplicate MIU (Meter Interface Unit) number, missing information, or the mobile data collector (used to receive a signal) are out floating around; no accountability. A huge neglect.

Resolution:

When the meters are correctly maintained, all components will work properly. This would include:
1) Correct size for register and meter (this what Eric

Resolution:

- referred to when mentioning "size" ?)
- 2) Successful transmitted readings to data collection devices make for accurate readings
- 3) Antennae locations should be placed in the meter lid
- 4) Antennas should be upright in the meter box
- 5) System wide audit (by an outside, reputable contractor) where you can evaluate and record proper information to residents and businesses should be in place.
- 6) Serial Numbers should match
- 7) Acct Numbers should match
- 8) Register size and dates
- 9) Register conditions should be noted
- 10) MIU and AMI numbers should match
- 11) Antenna positioning is very important and should not be disturbed
- 12) Water valves on/off
- 13) Location of meters (some are not within reading coordinates/locations)
- 14) Backflow information
- 15) CPS coordinates need to be within 3 meters of the reader (some vehicle readings are further)
- 16) Digital photographs should be taken routinely

I would like to be considered for this consumer team (😊)

Eric said cal Ann comes out - (not really) - should follow up w/ us - did not happen.

Submitted by Lindy ~~2011~~
at 10/15/12 Board Meeting
Item 16

FILING AN INFORMAL COMPLAINT WITH THE PUBLIC UTILITIES COMMISSION (PUC)

Website

www.cpuc.ca.gov/

This website explains how to make an informal complaint on line or in writing.

1. Go to Consumer Information Center, choose the option which reads "I want to file a complaint."
2. Choose "Utility Complaint"

Options

3. Complete the complaint form on line. Scan in supporting documents or
4. Print the complaint form, copy documents and mail to the address shown on the form:

Consumer Affairs Branch
California Public Utilities Commission
505 Van Ness Avenue, Room 2250
San Francisco, CA 94102
Attention: Robert Navarro

or

5. Fax the complaint form and documents to Robert Navarro 415.703.1158
6. Phone for additional help: 415.703.2074

Supporting Documents

1. One or two months of bills prior to the "spiked bill".
2. The "spiked" bill.
3. The following month's bill showing normal usage.
4. Any report from a CalAm water audit.
5. Any report from a plumber or leak specialist showing no leaks.
6. Any offer of a "leak adjustment" from CalAm.
7. Any notice of a water shut off.

What Action Do You Want the PUC to Take

State that you are questioning the accuracy of a bill. Explain that you have received an abnormally high bill without evidence of a leak, meter malfunction or change of usage. CalAm has offered no explanation but holds you responsible for the unexplained water loss. State the terms of the "leak adjustment" that CalAm has offered to you, and make it clear that the amount far exceeds your usual bill. Since the problem appears to be on CalAm's side of the meter, ask that you pay an amount based on historical usage.

Informal Complaint Form

Do you wish to follow-up on a **previously reported complaint**? If yes, enter

Previously Reported
Complaint Number:

Do you wish to file a **new complaint**? If yes, please fill in the form below:

Service Information

First Name:	Last Name:
If the complaint pertains to your business, enter the business name:	
Street:	Unit:
City:	Email:
State:	Daytime Phone:
Zip:	

Contact Information

If the contact information differs from the address provided above, please fill in the information below	
First Name:	Last Name:
Street:	Unit:
City:	State:
Zip:	

Company/Utility Information

Tell us about the company/utility that your complaint involves	
Utility Name:	
Account No.:	

What is the situation that concerns you?

[Empty rectangular box for text entry]

What did the utility say when you contacted them?

[Empty rectangular box for text entry]

What action do you want the CPUC to take?

[Empty rectangular box for text entry]

Attach any documents which pertain to your case.

Mail this form to

Consumer Affairs Branch
California Public Utilities Commission
505 Van Ness Avenue, Room 2250
San Francisco, CA 94102



California American Water
PO Box 7150
Pasadena, CA 91109-7150

For Service To: 6125 Brookdale Dr



000293 1 MB 0.387 03930393000393 002 1 NCDCV2
SUSAN T RAY

ACCOUNT NUMBER	
AMOUNT DUE	\$2,255.78
DUE DATE	Due Upon Receipt
AMOUNT PAID	

Please return this portion with check or money order payable to

CALIFORNIA AMERICAN WATER
PO BOX 7150
PASADENA, CA 91109-7150



Return this portion with payment.

Submitted by
Toni Ray at
10/15/2012 Board Meeting
Item 16

REMINDER NOTICE

Dear Customer:

Your bill for \$2,255.78 is overdue. Because your bill is overdue we will shut off water to your service on or after 8:00 AM on Thursday, December 22, 2011.

WHAT YOU MUST DO TO AVOID THE SHUT OFF OF YOUR WATER SERVICE

1. Pay the total amount overdue.
2. Call 1-866-358-3429 to make a payment agreement, to let us know that you made a payment; or to dispute the overdue bill. 2255.78
3. Call 1-866-358-3429 if you or someone in your home has a serious illness or a medical condition. Read the Medical Emergency Notice at the bottom of this form.

If we shut off your water, you may have to pay the following charges to have your water turned back on.

Overdue Amount	\$2,255.78
Turn-on-Charge	\$10.00
Total Amount Due	\$2,265.78

If you have any questions or need more information, please call us. If you are not satisfied after you talk to us, you may file a complaint with the California Public Utilities Commission Consumer Affairs Branch by calling 1-800-649-7570 toll free, or by writing to California Public Utilities Commission Consumer Affairs Branch 505 Van Ness Avenue Room 2003 San Francisco, CA 94102-3258

California Public Utilities Commission Consumer Affairs Branch will delay the shut off if you file the complaint before the shut off date.

Este aviso contiene información importante sobre su servicio del agua. Por favor, ponerse en contacto con nosotros en 1-866-358-3429 si quisiera tenerlo traducido o necesite cualquier otra ayuda. Gracias.

If you have already mailed your payment, please disregard this notice.

Please note that it is no longer necessary to report that a payment has been made unless you are without water service.

See reverse for additional details.

Sincerely,
California American Water

\$ 560.00-

279.45

MEDICAL EMERGENCY NOTICE

If someone living in your home is seriously ill, we will not shut off your water service during this illness if you do two (2) things:

1. Have a doctor certify by phone or in writing that the illness exists and that the person will be in danger if you do not have water service.
AND
2. Make arrangements to pay your overdue and current bills by calling 1-866-358-3429



AMERICAN WATER

California American Water

P.O. Box 578, Alton IL 62002
1-888-422-5261

AMW003 P0NVSU 00000261

Susan T Ray

12/15/2011

Account Number: [REDACTED]

Premise Number: [REDACTED]

Dear Customer:

This is to confirm our agreement of Wednesday, December 14, 2011. We arranged for 8 payments totaling \$2273.93:

<u>Due Date</u>	<u>Payment Amount</u>	<u>Due Date</u>	<u>Payment Amount</u>	<u>Due Date</u>	<u>Payment Amount</u>
12/18/2011	\$300.00				
01/27/2012	\$281.99				
02/27/2012	\$281.99				
03/29/2012	\$281.99				
04/30/2012	\$281.99				
05/31/2012	\$281.99				
07/02/2012	\$281.99				
08/02/2012	\$281.99				

Note, your scheduled payments must also include any current charges that are issued each month.

This payment arrangement is firm. All amounts due (both current and your payment plan) must be received by the due date. If payment is not received as scheduled your water service may be discontinued. If water service is discontinued, a reconnection fee of \$10.00 will be required, in addition to the full outstanding balance, to restore water service during normal working hours. If your financial circumstances change due to conditions beyond your control and you cannot keep the agreement, please contact Customer Service, to arrange for a new agreement, if eligible.

Please be sure to mail all payments to the address noted below. To ensure proper posting of your payment, we ask that you include the above account number on your remittance.

California American Water
PO Box 7150
Pasadena, CA 91109-7150

Should you have any questions or concerns about your payment agreement, please call our Customer Service Center at 1-888-422-5261. Our Customer Service hours are 24 hours a day, 7 days a week. Thank you for your cooperation.

Sincerely,

Customer Service

November 2, 2011

Susan T. Ray
[REDACTED]

California American Water
PO Box 7150
Pasadena, CA 91109-7150

California American Water
PO Box 578
Alton, IL 62002

Re: Account [REDACTED]

To the Account Resolution Department:

I am in receipt of your letter dated October 27, 2011, applying a credit adjustment to my account in the amount of \$7,349.13. There is still an outstanding balance of \$2,555.78.

That amount reflects water usage for one month. When I first contacted you, I explained that there was no conceivable explanation for the excessive water usage on my part. I requested someone from CAL-AM conduct an internal investigation. There is a possibility of a meter malfunction or inaccurate reading that best explains what happened that month. While I appreciate the adjustment, it is not satisfactory. There is simply no way my water usage spiked that month due to anything on my property. There was no "leak" that I repaired.

There was an old irrigation system that had not been activated in over fifteen years that had some holes in it. However, there were no signs of leakage and the ground was not wet. There is just no way that discovery accounts for the water usage.

I appreciate your working with me on this matter. I have enclosed a payment of \$50.00, which would cover a usual bill for the month in question. If that is not sufficient to cover that bill, I would request that CAL-AM investigate the meter itself or any other CAL-AM procedures to evaluate water usage.

As it stands, the excessive water usage makes no sense. There were no repairs to any leak. I would appreciate your continued assistance to resolve this matter.

Sincerely,

Susan T. Ray

AMOUNT OF WATER (IN THE MANY TENS OF THOUSANDS - MAYBE HUNDREDS OF THOUSANDS OF GALLONS) IN ONE MONTH HER INTERIOR WATER FIXTURES WOULD HAVE TO HAVE BEEN TURNED ON FULL-BORE 24/7 AND/OR ANY OUTDOOR LEAKS OR MIS-USAGE WOULD HAVE TURNED HER PROPERTY INTO A MARSHLAND.

I HAVE BEEN IN THIS BUSINESS FOR 35 YEARS AND I KNOW WHAT MAJOR LEAKS AND/OR EXCESSIVE WATER USAGE DOES TO PROPERTY, AND MS. RAY'S PROPERTY HAS BEEN COMPLETELY DEVOID OF SUCH TELL-TALE SIGNS.

IT IS MY SEASONED PROFESSIONAL OPINION THAT CAL-AM HAS MADE A MAJOR BLUNDER IN CALCULATING MS. RAY'S WATER BILL.

SINCERELY,

JEFF V. MIDDLEBROOK
MIDDLEBROOK PLUMBING AND
HYDRAVIC HEATING SERVICES
831-383-1038

AMOUNT OF WATER (IN THE MANY TENS OF THOUSANDS - MAYBE HUNDREDS OF THOUSANDS OF GALLONS) IN ONE MONTH HER INTERIOR WATER FIXTURES WOULD HAVE TO HAVE BEEN TURNED ON FULL-BORE 24/7 AND/OR ANY OUTDOOR LEAKS OR MIS-USAGE WOULD HAVE TURNED HER PROPERTY INTO A MARSHLAND.

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Sincerely,

JEFF V. MIDDLEBROOK
MIDDLEBROOK PLUMBING AND
HYDRAVIC HEATING SERVICES
831-383-1038

California American Water

AMERICAN WATER

P.O. Box 578, Alton IL 62002
1-888-422-5261

10/27/2011

Susan T Ray
[REDACTED]Account Number: [REDACTED]
Premise Number: [REDACTED]
6125 Brookdale Dr
Carmel CA

Dear Ms Ray:

You recently contacted us to request an adjustment for a leak at your property that has since been repaired. After reviewing your request, we have applied a credit adjustment to your account for \$7,349.13.

If your wastewater charges are provided by another company and based on the amount of your water use, we have provided them with the amount of water adjusted due to your leak. You may wish to contact them for consideration of an adjustment to your wastewater billing.

If California American Water provides your wastewater billing, your account has also been reviewed for a wastewater adjustment. If warranted, the amount of your adjustment also includes a credit toward your wastewater charges.

We hope you will find the adjustment satisfactory and appreciate that you took action to repair the leak at your property. If you have any questions or concerns, please call us at your convenience at 1-888-422-5261. Our representatives are available 24 hours a day to serve you.

Sincerely,

Account Resolution Department

ADHOC

050599482

Customer Account Information

For Service To: Susan T Ray

Account Number: _____

Premise Number: _____

Billing Period & Meter Information

Billing Date: Oct 06, 2011

Billing Period: Sep 06 to Oct 03 (27 days)

Next reading on/about: Nov 01, 2011

Rate Type: Residential

Meter readings in current billing period:

Meter Number X186524439 is a 5/8-inch meter.

Present-actual 4419

Last-actual 4360

10 Cubic Feet used 59

10 cu. ft. equals 75 gallons

Gallons used 4425

Billing Summary

-----Prior Balance-----

Balance from last bill

Payments as of Oct 06, 2011: Thanks!

Total prior balance, Oct 06, 2011

-----Current Water Charges-----

Basic Service

Water Charge (\$.29720 x 30.00)

(\$.48080 x 29.00)

Total Use Billed 59.00

-----Other Current Charges-----

10% Coastal Wtr Project Surch

MPWMD Cnsvn Surch as 10CF Rate

CAW Cnsvn Surch as 10 CF Rate

Seaside Basin Surcharge

Total other charges, Oct 06, 2011

-----Taxes-----

Monterey Co. Franchise Fee

PUC Surcharge

Total taxes, Oct 06, 2011

-----TOTAL AMOUNT DUE-----

69

\$9,838.64

.00

9,838.64

8.90

8.92

13.94

31.76

3.18

.40

1.13

.37

5.08

.36

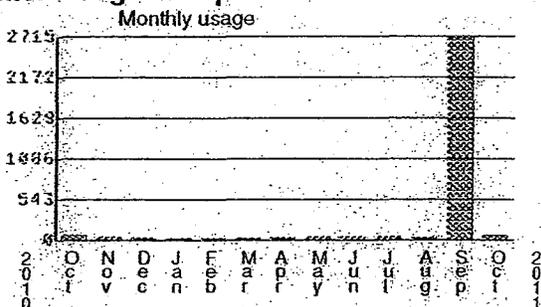
.57

.93

\$9,876.41

Owed:
\$37.77

Water Usage Comparison



Messages from California American Water

The due date pertains to current charges only. Any past due balance should be paid immediately.

Tier	Allotment
Tier 1	30
Tier 2	30
Tier 3	60
Tier 4	60
Tier 5	All Other Usage

**** Did you know? The average cost of a gallon of California American Water is about a penny per gallon. For most customers, the water bill is the lowest utility bill they pay each month. Please see Value of Water informational insert included in your September bill for additional information.**

*** Contact California American Water's local conservation department at 831.646.3205 to take advantage of rebates, water wise house calls and more! For more information visit www.montereywaterinfo.org.**

000314/000314 NCDACO-TAV02 14

Customer Service: 1-888-422-5261 (24 Hours)

Emergency: 1-888-422-5261 (24 Hours)

Visit us online at: www.californiaamwater.com

RAW100AM6231

MIM10 1297

Customer Account Information

For Service To: Susan T Rav

Account Number: _____
Premise Number: _____

Billing Period & Meter Information

Billing Date: Sep 13, 2011
Billing Period: Aug 02 to Sep 06 (35 days)
Next reading on/about: Oct 03, 2011
Rate Type: Residential

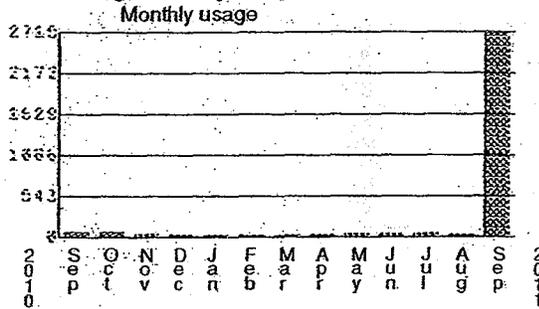
Meter readings in current billing period:

Meter Number X186524439 is a 5/8-inch meter.
Present-actual 4360
Last-actual 1648
10 Cubic Feet used 2712
10 cu. ft. equals 75 gallons
Gallons used 203400

Billing Summary

-----Prior Balance-----		
Balance from last bill		\$26.38
Payments as of Sep 13, 2011 - Thanks!		-26.38
Total prior balance, Sep 13, 2011		.00
-----Current Water Charges-----		
Basic Service		10.38
Water Charge (\$.29720 x 35.00)		10.40
(\$.48080 x 35.00)		16.83
(\$.96190 x 70.00)		67.33
(\$ 1.92350 x 70.00)		134.65
(\$ 3.36620 x 2502.00)		<u>8,422.23</u>
Total Use Billed	2712.00	8,661.82
-----Other Current Charges-----		
10% Coastal Wtr Project Srch#1		866.18
MPWMD Cnsvn Surch as 10CF Rate		18.44
CAW Cnsvn Surch as 10 CF Rate		51.80
Seaside Basin Surchage		.43
Total other charges, Sep 13, 2011		936.85
-----Taxes-----		
Monterey Co. Franchise Fee		.95.98
PUC Surcharge		<u>143.99</u>
Total taxes, Sep 13, 2011		239.97
-----TOTAL AMOUNT DUE-----		\$9,838.64

Water Usage Comparison



Messages from California American Water

Tier	Allotment
Tier 1	30
Tier 2	30
Tier 3	60
Tier 4	60
Tier 5	All Other Usage

**** Beginning September 8, 2011 a new surcharge is being implemented to recover the balances in the Monterey Peninsula Water Management District (MPWMD) User Fee Memorandum Account in the areas of Carmel, Carmel Valley, Del Rey Oaks, Monterey, Pacific Grove, Pebble Beach, Sand City, Seaside, Bishop and Hidden Hills, per CPUC Decision (D.) 11-03-035 and California American Water's Advice Letter 915. The surcharge is based on your size of meter and will remain in effect for up to 12 months. The balance in the Memorandum Account was incurred in lieu of collecting and remitting the Monterey Peninsula Water Management District's User Fee. The funds provided to the Monterey Peninsula Water Management District and recorded in the Memorandum Account were expended as budgeted by the District Board, and included mandatory environmental mitigation work on the Carmel River as well as the Aquifer, Storage and Recovery (ASR) water supply project.**

**** Did you know? The average cost of a gallon of California American Water is about a penny per gallon. For most customers, the water bill is the lowest utility bill they pay each month. Please see Value of Water informational insert included in your September bill for additional information.**

*** Contact California American Water's local conservation department at 831.646.3205 to take advantage of our conservation programs. Customer Service hours call 831.646.3206 (24 Hours) information visit www.montereywaterinfo.org.**

**Emergency: 1-888-422-5261 (24 Hours)
Visit us online at: www.californiaamwater.com**

Customer Account Information

For Service To: Susan T Ray

Account Number

Premise Number

Billing Period & Meter Information

Billing Date: Aug 05, 2011

Billing Period: Jul 01 to Aug 02 (32 days)

Next reading on/about: Sep 01, 2011

Rate Type: Residential

Meter readings in current billing period:

Meter Number X186524439 is a 5/8-inch meter.

Present-actual 1648

Last-actual 1609

10 Cubic Feet used 39

10 cu. ft. equals 75 gallons

Gallons used 2925

Billing Summary

Prior Balance

Balance from last bill

Payments as of Aug 05, 2011. Thanks!

Total prior balance, Aug 05, 2011

Current Water Charges

Basic Service

Water Charge (\$.29720 x 30.00)

(\$.48080 x 9.00)

Total Use Billed 39.00

Other Current Charges

10% Coastal Wtr Project Srch#1

MPWMD Cnsvn Surch as 10CF Rate

CAW Cnsvn Surch as 10 CF Rate

Seaside Basin Surcharge

Total other charges, Aug 05, 2011

Taxes

Monterey Co. Franchise Fee

PUC Surcharge

Total taxes, Aug 05, 2011

TOTAL AMOUNT DUE

71

\$31.57

-31.57

.00

8.90

8.92

4.33

22.15

2.22

.27

.74

.37

3.60

.25

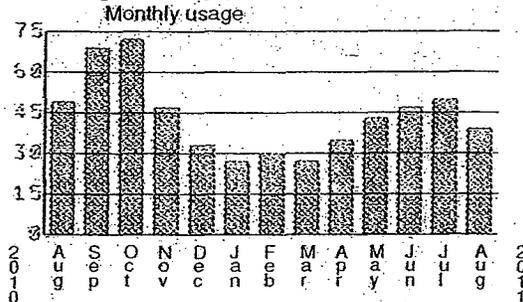
.38

.63

\$26.38

user ID Susan Ray

Water Usage Comparison



Messages from California American Water

Tier	Allotment
Tier 1	30
Tier 2	30
Tier 3	60
Tier 4	60
Tier 5	All Other Usage

** You may notice an increase in your consumption rates beginning July 1, 2011. This increase is being implemented to recover Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) balances. The increase is effective July 1, 2011 and will remain in effect for up to 36 months. This increase is in accordance with the California Public Utilities Commission's Decision (D.) 09-07-021 and California American Water's Advice Letter 903 & 904.

* Contact California American Water's local conservation department at 831.646.3205 to take advantage of rebates, water wise house calls and more! For more information visit www.montereywaterinfo.org.

Customer Service: 1-888-422-5261 (24 Hours)
 Emergency: 1-888-422-5261 (24 Hours) *
 Visit us online at: www.californiaamwater.com

000609/000609 NCD6HC TAV02 12

RAW100AM5921

M1M10 1997


CALIFORNIA
AMERICAN WATER

California American Water - Monterey
511 Forest Lodge Rd, Suite 100
Pacific Grove, CA 93950
amwater.com

RECEIVED

OCT 11 2012

*Submitted to Board
at 10/10/2012 meeting
Item 16*

Mrs. Jennifer Russo

MPWMD

Dear Mrs. Russo:

Thank you for participating in California American Water's Residential Water Use Audit Program to help you save water and money. Enclosed, please find an audit report with information to help you improve the water use efficiency throughout your home to include:

- o Your contact and property information.
- o All indoor water usage and recommendations.
- o Comments & suggestions regarding outside landscaped areas.
- o A Customer Evaluation Survey with a stamped return envelope to send back to the CAW office to provide your input on the quality and benefit of our audit services.

Thank you again for participating in California American Water's residential water audit program and we hope the information provided will help you improve your water use efficiency and save you time and money. Please feel free to contact me via telephone at (831) 646-3225, if you have any questions on the material provided in your audit report or on any of our other incentive programs we offer.

Sincerely,

Pattie Walton

Pattie Walton
Water Conservation Specialist

California American Water
Pattie Walton
511 Forest Lodge Road
Suite 100
Pacific Grove, CA 93950

T (831) 646-3225
F (831) 375-4367
Pattie.walton@amwater.com

www.calamwater.com

CAW's Assessment Report 10/1/2012

CONTACT INFORMATION

Participant I.D. #: 52

Service Area: _____ Date: 9:00 AM 09/18/12 Annual Usage: _____

First Name: Jennifer Last Name: Russo

Address: _____ City: _____ Zip: _____

Phone: _____ Fax: _____ Work #: _____

Email: _____ Account#: 577489 Premise#: _____

Pre-Audit Questions & Confirmation	✓	Comment
1. Confirm Name & Contact Info	X	0
2. Review Audit Form & Task List	X	0
3. Other Issues:	0	0

Vegetation Type & Area

	<u>Area in Square feet (SqFt)</u>		<u>Area in Square feet (SqFt)</u>
Lawn/Turf:	<u>0</u>	Other:	<u>0</u>
Shrubs/Bushes:	<u>0</u>	Total Landscape Area:	<u>-</u>
Groundcover:	<u>0</u>	Total Irrigated Area:	<u>-</u>
Native/Xeriscape:	<u>0</u>		
Slopes / Hillside:	<u>0</u>		
Slope Angle or %:	<u>0.0%</u>	TOTAL PROPERTY SIZE	<u>0</u>

Irrigation Controllers/Valves

Location	Name	Hydrozoned	Total Stations	Stations in Use
On side wall	Rainbird ESP Modular	0	5	5
0	0	0	0	0
0	0	0	0	0
TOTALS			5	5

Participant Name: Russo Auditor Name: Pattie Time & Date: 9:00 AM 09/18/12

CAW's Water Use Assessment Report

Indoor Water Usage

Total Toilets:				Showers/Tubs:			
Master Bath	Guest Bath			Showers/Tubs	Master Bath	Guest Bath	
Original Flush Volume GPF:	1.28	1.28	-	Original Flow Rate (GPM):	3	3.5	-
Comments:	No leak found	No leak found		Comments:			
Potential Annual Water Savings with HET (Gals):				Potential Annual Water Savings with 1.5gpm Showerheads: 10,106			

Sinks:

Water Using Appliances

Faucets	Kitchen	Laundry Room	Master Bath	Guest Bath	Appliances	CW	DW	WH	HWA
Original Flow Rate (GPM):	2	4	1.5	3	Energy Star:	NO	NO		
					Loads/Week:	4			
					Make:	Kenmore	Kenmore	State Censible	
					Model/Name:				
Comments:					Comments:				
Potential Annual Water Savings with CAW's Aerators: 1,470					Potential Annual Savings with (Tier 3) HE Clothes Washer: 1,456				

*** General Comments:**

Initial Recommendations

- Routinely check your fixtures and appliances for leaks. Leaky toilets can waste more water than any other fixture in the house. A slow faucet drip can waste up to 15-20 gallons per day. Most leaks are easy to repair.
- TOILET LEAKS --- A 1/8" toilet leak can lose up to 3,744 gals/day. A 1/4" toilet leak can lose up to 13,248 gals/day. A 1/2" toilet leak can waste up to 38,160 gals/day. Toilet leaks should be repaired ASAP.
- Potential water savings can be realized annually if all water fixtures are replaced with CAW's low-flow devices (.5 gpm bathroom faucet aerators and 1.5 gpm showerheads).

**** Key of Abbreviations**

CW - Clothes Washer DW - Dishwasher WH - Water Heater HWA/RC - Hot Water Adapter / Recirculating System

Participant Name: Russo Auditor: Pattie Time & Date: 9:00:00 AM 09/18/12

CAW's Water Use Assessment Report

Indoor Water Usage

Total Toilets: _____

Showers/Tubs: _____

Toilets					Showers/Tubs				
Original Flush Volume GPF:					Original Flow Rate (GPM):				
Comments:					Comments:				
Potential Annual Water Savings with HET (Gals):					Potential Annual Water Savings with 1.5gpm Showertecous: 12,863				

Sinks: _____

Water Using Appliances: _____

Faucets					Appliances				
Original Flow Rate (GPM):					Type:				
					Make:				
					Model/Name:				
Comments:					Comments:				
Potential Annual Water Savings with CAW's Aerators: 15,619									

Additional Recommendations for Indoor Usage

- Wash full loads in your washing machine. If you must wash less than a full load, match your washer's water level to your load size whenever possible.
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

CAW's Water Use Assessment Report - Outdoor Usage

Description		Watering Schedule <i>(At the time of the onsite audit)</i>			Problems/Issues: (Rated 1 to 5, with 1 = minor, 5 = severe or major, as applicable)											System Type <i>(Low-volume, rotor, spray)</i>	Comments			
		Valve # or Area	Watering Area	Interval (min)	Intervals/Day	Days/Week	Landscape Condition	Soil type	Over spray	Under spray	Leaking or Broken Valve/head	Obstructed/Clogged Head	Runoff	Low Pressure	High Pressure			Dry Spots	Puddles, pooling, etc.	Head in Ground too far
1	Station 1	10	1	1	Poor	Loam												Pop-Up Sprayers		
2	Station 2	10	1	1	Poor	Loam	5		5									Pop-up Sprayers	Leaky Valve: No head to head	
3	Shrubs, Lawn	10	1	1	Good	Loam			5	5								Pop-up Sprayers	Leaky valves, and plant interference	
4	Station 4	10	1	1	Poor	Loam			5							5		Pop-up Sprayers	Leaky valve: Puddles at spray head center	
5	Side Yard	10	1	1	Poor	Loam			5									Pop-up Sprayer	Leaky Valves	

OBSERVATIONS, COMMENTS & RECOMMENDATIONS:

- Repair/fix all flagged problem items found during audit to preclude further unnecessary water loss.
- Plants/shrubs with different water requirements should not be on same watering zone. Example - drought tolerant plants should not be on same system as high water using roses.
- Routinely check your outdoor fixtures for leaks. Most irrigation system leaks occur because a valve fails to shut completely. Irrigation system leaks can vary depending on location and water pressure.
- Recommend utilizing compost and mulching in shrub beds to retain moisture in the soil.

Participant Name: Jennifer Russo Auditor Name: Pattie Time & Date: 9:00 AM 9/18/12

CAW's Water Use Assessment Report - Outdoor Usage

Description		Watering Schedule <i>(At the time of the onsite audit)</i>			Problems/Issues: (Ranked 1 to 5, with 1 = minor, 5 = severe or major, as applicable)											System Type <i>(Drip, Sprinkler, etc.)</i>	Comments	
Valve # or Area	Watering Area	Interval (min)	Intervals/Day	Days/Week	Landscape Condition	Soil type	Over spray	Under spray	Leaking or Broken Valve/head	Obstructed/ Clogged Head	Runoff	Low Pressure	High Pressure	Doughnut Dry Spots	Wet spots, puddles, etc.	Head In Ground too far		

ADDITIONAL OBSERVATIONS, COMMENTS & RECOMMENDATIONS:

- _____
- _____
- _____
- _____
- _____
- _____
- _____

Participant Name: Jennifer Russo

Auditor Name: Pattie

Time & Date: 9:00 AM 9/18/12

Customer Evaluation Form

California American Water (CAW) would appreciate any feedback on our FREE residential water use audit services. Please take a few moments to answer this questionnaire and return it in the pre-stamped envelope provided. Returning the questionnaire will help us learn how we can better serve you. Only this form need be returned.

- 1. Was the auditor(s) on time, courteous, helpful, and knowledgeable? Yes No
Comments: _____
- 2. Were the on-site tips & water saving adjustments helpful & understandable? Yes No
Comments: _____
- 3. Will you be using the information you learned during the audit? Yes No
Comments: _____
- 4. Are you familiar now with how to read your meter? Yes No
Comments: _____
- 5. Was the information in the report packet easy to understand? Yes No
Comments: _____
- 6. Do you intend to implement the recommendations made in the report? Yes No
Comments: _____
- 7. What part of the service do you think was most beneficial to you?
 Water use analysis and report packet Conservation devices/materials All
Comments: _____

- 8. Please rate which components of the gift packet (given to you during the water wise house call) and audit packet were the most and least useful to help you save water.

	Low			High
Audit Form—Indoor Water Usage (Tables showing water use in your kitchen, bathroom, etc.):	1	2	3	4 5
Audit Form—Outdoor Usage (Table with each landscape area & irrigation efficiencies):	1	2	3	4 5
CAW's Information Brochures (To learn about native plants, water saving devices, etc.):	1	2	3	4 5
Rebate Information and Applications (For info or to sign up for our toilet & washer rebates):	1	2	3	4 5
- 9. Overall, how do you rate this service? 1 2 3 4 5

Additional comments, including any ways we can improve this service: _____

Your option to provide:

Your Name: _____

Name of Auditor: _____

Address: _____

Phone Number: _____

Thank you for your comments!



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OCT 11 2012

MPWMD

From: R. J. Roland [mailto:rjayroland@gmail.com]
Sent: Wednesday, October 10, 2012 6:11 PM
To: Dave Stoldt
Cc: R. J. ROLAND
Subject: Spiked Water Bills From CAL AM

Dear MPWMD Board Members;

I am unable to attend the 15 October meeting due to business travel. However, if I were able to attend my question would concern the distribution of the extra money that CAL AM receives above and beyond the base rate for water.

Background: I assume CAL AM's business model is to recover their cost and some % profit from the base rate that is charged to everyone. Once a customer exceeds the base rate the model graduates the fees very rapidly. Given it does not cost CAL AM any more to provide water in excess of the base rate (the pumps, lines, staff are already paid for) then the excess fees must be realized as profit.

My questions are that if my assumption is correct (or close) then why should CAL AM be realizing such excess profit at the community's expense?
Would it not be more fair for the water consumer to be rationed rather than pay CAL AM for "controlling" their use of water?
There are some who can afford whatever the rate is but is that even fair to them?
If water is scarce shouldn't it be rationed by you, the MPWMD, and not under CAL AM control?

Thank you,

Jay Roland

--
Ronald J. Roland, PhD, President
ROLANDS & ASSOCIATES Corporation
120 Del Rey Gardens Drive
Del Rey Oaks, CA 93940
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W: +1.831.373.2025; M: +1.831.402.8607
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President@ROLANDS.com

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OCT 10 2012

3079 Hermitage Road
Pebble Beach, CA 93953**MPWMD**

October 9, 2012

SENT VIA U.S. MAIL AND E-MAILBoard of Directors
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085**SUBJECT: Public Ownership of Water Supply Facilities and Water Rights**

Dear Board of Directors:

Relating to your September 17, 2012 action on Item 15 (Discuss and Recommend District Position on Cal-Am Application re: Governance, Ownership, and Finance), I urge you to diligently pursue public ownership to the maximum extent possible of all water supply facilities developed to resolve the current water supply shortage, including desalination project feedwater intake, treatment plant, brine discharge, storage, and transmission facilities. Aquifer storage and recovery (ASR) facilities and all other new facilities that become components of an overall solution should also be publicly owned. In addition, these facilities should be operated and maintained by public agencies to the maximum extent possible.

Water rights originally obtained by the Water Management District should be maintained in public ownership. Portions of District-owned Permit 20808, issued by the State Water Resources Control Board in 1995 for the New Los Padres Dam and Reservoir Project, were split off to support Phases 1 and 2 of the District's ASR project. The District agreed that the water right permits for the ASR projects, Permits 20808A and 20808C, be issued jointly to the District and California American Water at no cost to Cal-Am. The remainder permit, Permit 20808B, authorizes the total amount of water to be taken from the Carmel River and its associated alluvial aquifer by direct diversion and diversion to storage not to exceed 23,674 acre-feet per annum. This permit, which may be used for additional ASR capacity and other uses in the future, is valuable and should be held by the public and not shared with or transferred to any privately-owned entity.

Sincerely,



Andrew M. Bell



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OCT - 9 2012

MPWMD

October 1, 2012

The Honorable Dave Potter, Chair, and Board
 Monterey Peninsula Water Management District
 P.O. Box 85
 Monterey, California 93942

Re: Ordinance 152 Citizen's Oversight Committee

Dear Chair Potter and Members of the Board:

The Monterey County Hospitality Association volunteers to serve on the Ordinance 152 Oversight Committee as a community group representative.

The Monterey County Hospitality Association represents the hospitality industry throughout Monterey County. Hospitality is the largest industry on the Monterey Peninsula. Hospitality employs more than 20,000 people, generates more than \$2,000,000,000 in direct visitor spending and \$40,000,000 in local taxes. Most of our membership is in the area served by your District.

MCHA has been active in the Peninsula's water issues many years and have developed an in depth understanding of the mission and workings of the District and its issues. We also understand the effect the success of the District and its programs have on the community and our businesses.

We believe we are uniquely qualified to be a member of the Committee. Along with our knowledge of the District, we bring significant business expertise including CEOs, CFOs, CPAs and a range of business managers experienced in the not only day to day management but long range planning and program/budget evaluation. We will also be able to speak to the affect the District's programs have on the Peninsula's largest industry.

Please feel free to contact me if you need any additional information.

Sincerely,

Bonnie Adams, Executive Director
 Monterey County Hospitality Association

ADMINISTRATIVE OFFICE

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 PHONE: 831-626-8636 • FAX: 831-626-4269 • EMAIL: badams@adcomm4.com