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Received at 4/21/08  
Board Meeting

April 21, 2008

Board of Directors  
Monterey Peninsula Water Management District  
5 Harris Court, Building G  
Monterey, CA 93940

Re: CAC Final Report

Dear Sirs,

First, let me say that it was an honor to once again serve on the District's Community Advisory Committee. I truly appreciate the opportunity to participate in the public process.

In reading the Executive Summary, I find that clarification is necessary. The first paragraph states the following (*emphasis added*):

"The Community Advisory Committee (CAC) agreed that the draft Cease and Desist Order (CDO) should be modified. We believe revisions in the percentage reductions from the Carmel River should be requested. These reductions should allow for an implementation timeline to complete water supply solutions. *Any fines resulting from failure to comply with the CDO should not be passed on to the ratepayers.*"

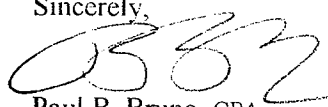
I am concerned that the statement implies there was agreement. There was not. Specifically, I take issue with the last line. I do not agree that the fines should not be passed along to the ratepayers.

As written, the CAC is recommending that 100% of the fines be borne by Cal American Water (CAW). This would only be appropriate if CAW had 100% control over what it takes to meet the requirements of the CDO. They don't! Transferring absolute liability to one party without transferring absolute control would not be fair.

One of the primary components of the Draft CDO is a staged reduction in water consumption. It will take concerted efforts by the ratepayers to ensure compliance with this requirement. A potent tool to facilitate this result is the risk of personal financial consequence, i.e. fines. Fines should only be used as a last resort – I hope that it never comes to that.

In the end, we must recognize that we are all in this together. CAW, the MPWMD, the CPUC, the community, etc., all play an important role in meeting the requirements of the CDO. We cannot ignore this reality – passing the buck just won't work. It is time to stop the blame game and focus on working together to find a solution.

Sincerely,

  
Paul B. Bruno, CPA