

1 Table 2 below shows a comparison of Cal Am's proposed budget and
 2 DRA's recommended budget. DRA's recommended budget for each of the
 3 conservation programs listed in this table is discussed in the Discussion Section,
 4 Section C of this testimony.

5 **Table 2: Cal Am's Proposed Budget and DRA's Recommended Budget**

Programs	Cal Am's Proposed Budget	DRA's Recommended Budget	Difference
	2012-2014	2012-2014	
Conservation Coordinator & Training	\$135,000	\$45,000	\$90,000
Public Information Program	\$1,027,670	\$472,797	\$554,873
School Education Program	\$51,000	\$24,600	\$26,400
Residential Plumbing Retrofit	\$96,000	\$22,500	\$73,500
Rebates (CII, Large Landscape, Residential-Toilet & Clothes Washer)	\$2,150,525	\$2,143,775	\$6,750
CII Audits	\$375,000	\$187,500	\$187,500
Rain Sensor Installation Program	\$150,000	\$75,000	\$75,000
Large Landscape Upgrade Grant Program	\$300,000	\$49,500	\$250,500
Sub-Total	\$4,285,195	\$3,020,672	\$1,264,523
	MPWMD's Proposed Budget	DRA's Recommended Budget	
	2012-2014	2012-2014	
Water Auditor Training (CLIA)	\$15,000	\$10,000	\$5,000
Conservation Representative	\$270,000	\$270,000	\$0
Conservation & Efficiency Workshops/Training	\$180,000	\$42,000	\$138,000
Gardensoft WaterWise Gardening for Monterey County License	\$15,000	\$15,000	\$0
Supersaver Recognition	\$15,000	\$0	\$15,000
Water Audits/Budgets - Stage 2	\$610,000	\$475,000	\$135,000
Linen/Towel Reuse Program	\$3,000	\$3,000	\$0
CIMIS Station Annual Maintenance	\$7,200	\$7,200	\$0
School Retrofits	\$450,000	\$225,000	\$225,000
Water Conservation Devices	\$45,000	\$45,000	\$0

Water Conservation Printed Material	\$30,000	\$0	\$30,000
Rainwater/Greywater Education/Demonstration	\$20,000	\$20,000	\$0
Sub Total	\$1,660,200	\$1,112,200	\$548,000
Total	\$5,945,395	\$4,132,872	\$1,812,523

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2 **2) One-Way Balancing Account**

3 DRA recommends a one-way balancing account to track conservation
4 expenses with any unspent funds refunded to ratepayers. A one-way balancing
5 account will track the dollars spent on conservation programs and dollars collected
6 for conservation in rates. Any unspent funds should be refunded to the ratepayers.

7 **3) Memorandum Account**

8 DRA opposes Cal Am's request to track additional conservation spending
9 in a memorandum account since this memorandum account does not pass the
10 Commission's four (4) pronged test.⁴

11 1. *The expense is caused by an event of an exceptional nature that is*
12 *not under the utility's control;* In this case there is no precipitating
13 event that leads Cal Am to need to conserve; the need to conserve
14 has been present for decades and continues to be a need of the
15 community.

16 2. *The expense cannot have been reasonably foreseen in the utility's*
17 *last GRC and will not occur before the utility's next scheduled rate*
18 *case;* In this situation, Cal Am is aware of the need to conserve
19 water concurrently with the rate case, has presented a budget and

⁴ The Commission articulated its four (4) pronged test for the appropriateness of memorandum accounts in D.04-06-018 and in D.02-08-054.