EXHIBIT 9-B

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U210W) for a Certificate of Public Convenience and Necessity to Construct and Operate its Monterey Water Supply Project to Resolve the Long-Term Water Supply Deficit in its Monterey District and to Recover All Present And Future Costs in connection Therewith in Rates	Application No. 12-04-019 (Filed April 23, 2013)

REBUTTAL TESTIMONY OF DAVID J. STOLDT

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March 22, 2016

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I. INTRODUCTION

Q1. What is your name and address?

A1. My name is David Stoldt and my address is 5 Harris Court, Building G, Monterey, CA 93940.

Q2. By whom are you employed and in what capacity?

A2. I am employed by the Monterey Peninsula Water Management District ("MPWMD" or the "District") as its General Manager.

Q3. Have you provided testimony in this California Public Utilities Commission (Commission) proceeding where you have previously state your qualifications?

A3. Yes. I have submitted direct testimony in this proceeding January 22, 2016 where my qualifications and the role of the District were discussed.

Q4. What specific issues will you address in your testimony?

A4. I will provide rebuttal testimony to issues raised in the January 22, 2016 testimony of the following: Jeffrey T. Linam, the Office of Ratepayer Advocates, Jason Burnett, Robert G. MacLean, and Ron Weitzman.

PHASE 2 REBUTTAL TESTIMONY

II. REBUTTAL OF JEFFREY T. LINAM TESTIMONY

Q5. In his response A11, Mr. Linam states that the Large Settlement contemplates a comparison of the "Year 1" revenue requirement. Do you agree?

A5. No. I believe that all the parties have recognized that the significant difference in replacement costs and energy demands over time warrant a lifecycle comparison. In fact, during the December 11th and 12th 2012 cost and financial workshop conducted by the Commission on Application No. 12-04-019, the Commission's Department of Water and Audits ("DWA") determined that additional reporting should be done by Cal-Am and the project proponents on both energy costs and lifecycle net present value analysis. In their January 22, 2016 Supplemental Testimony, the Office of Ratepayer Advocates states "In this specific instance, in addition to evaluating the test-year revenue requirement and ratepayer bill impact, it is also necessary to consider life-cycle analysis of the two alternatives."[1]

The District has always understood the reference in Section 4.2(a)(ix) of the Large Settlement Agreement to mean the annual revenue requirement compared over the 30-year life cycle.

[1] ORA Supplemental Testimony in A.12-04-019, January 22, 2106 page 5.

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Q6. How certain are the desalination project costs against which the GWR project is compared?

A6. In his testimony A12 on page 7, Mr. Linam states the financing for both the large and small desalination plants "includes the use of State Revolving Fund ("SRF") loans, surcharge during construction, securitized debt, and equity." This capital structure is presently uncertain as to cost – the SRF loan rate cannot be predicted, nor has the Company demonstrated that it will qualify for SRF loan funding, and the securitized debt has not been approved by a Commission financing order, nor can its interest rate be predicted to occur at the 3.60% interest rate assumed in the model. Small changes in the Company's borrowing rates can significantly change the comparison to GWR. Further, other presently unknown factors could affect the cost of the desalination facilities – litigation, amount of the "return water" requirement, environmental mitigations, etc. In other words, we are comparing GWR to uncertain costs of desalination alternatives. One element of certainty for GWR: the GWR facilities have now been approved for a 1.0% interest rate for 30 years.

Q7. In his A12 (page 8) of his Supplemental Testimony Mr. Linam cites the Year 1 cost for purchased water of $1,811 per AF for the GWR "Median Case." Has this value changed?

A7. Yes. The GWR costs continue to be updated, but presently projected GWR costs are in the range less than $1,500 per AF to a soft cap of $1,720 per AF. The proposed soft cap is discussed under A11 herein.

Q8. In his Supplemental Testimony A16 – A19, Mr. Linam discusses the Company's results for a variety of scenarios. Does the District agree with the results as presented?

A8. No. We found two errors in the model which makes all results as presented in Mr. Linam's responses incorrect. While we agree with the model's methodology, it is only as good as its inputs. Here, the two errors in the Company's analysis are (1) the energy costs escalate at 3.0% per year for the desal plants of either size, but the Company inadvertently left the GWR energy costs escalating at 4.8% - an apples to oranges comparison; and (2) the energy rates used by the Company for the desal plants of either size appear to be from 2011 or 2012 and were not updated to current 2015 levels with the December 15, 2015 testimony submittal.

On this second point, in the actual Excel spreadsheet model, the Fuel & Power O&M Cost as of December 15, 2015 is found in cell B8 of the "O&M Summary" worksheet. From there it is escalated to the first year of service and then escalated annually thereafter. However, that amount is derived from cell F298 of the "O&M 9.6 MGD" worksheet or cell F288 of the "O&M 6.4 MGD" worksheet. The Fuel & Power O&M Cost for 2015 is based on $0.11334 per kWh summer rate and $0.08403 winter rate. I believe those rates are out of date. The September to December 2016 Pacific Gas and Electric E-20 secondary firm rates were $0.13916/kWh summer and $0.09739 winter. The Pure Water Monterey GWR assumption used in the comparisons was $0.132/kWh. The starting point for energy rates should be similar for an accurate comparison.

Once these two errors are corrected, the $33.0 million cost differential cited by Mr. Linam in line 15 of page 10 drops to $17.2 million. Further, as you may recall from my earlier testimony, we believe a 3.0% assumption in the escalation of energy is too low. If a 4.8% escalation is used, the net present value cost differential drops to $8.3 million and the overall (gross) difference is a positive savings by utilizing GWR and a 6.4MGD desal plant. All other results of the sensitivity analysis presented in Mr. Linam's testimony should be revisited and corrected for these two errors.

Q9. Have there been changes in Pure Water Monterey costs that affect the comparison?

A9. Since its submittal on January 22, 2016 the Pure Water Monterey team has affirmed that it will receive a 1.0% interest rate, 30-year SRF loan. The Monterey Regional Water

Pollution Control Agency has also negotiated an energy purchase agreement with the Monterey Regional Waste Management District beginning at $0.0939/kWh which is a significant advantage to the Pacific Gas and Electric tariff schedules. Finally, the Fort Ord Reuse Authority Board authorized their Executive Director to negotiate terms to provide up to $6 million in funding for the conveyance pipeline, of which about 72-percent would be applied to the GWR pipeline costs. Further, some cost elements and contingencies have changed. These items were not known to the Company at the time of their Supplemental Testimony. Based on this information, the range of purchased water for GWR is shown below:

Cost of Water Alternatives for Pure Water Monterey (GWR)

Variable	**Scenario A**	**Scenario B**	**Scenario C**	**Scenario D**
Cal-Am Revenue Requirement[1]	Updated	Updated	Updated	Updated
Outfall Rental	Same as Jan	Same as Jan	Same as Jan	Same as Jan
Replacement Costs	Same as Jan	Same as Jan	Same as Jan	Same as Jan
Energy Escalation	4.80%	4.80%@72%	4.80%@72%	4.80%@72%
Non-Labor Escalation	1.90%	1.90%	1.90%	1.90%
Labor Escalation	1.74%	1.74%	1.74%	1.74%
Project Cost (excl. Pipeline)	$57.53 mil	$57.53 mil	$57.53 mil	$57.53 mil
Project Cost General Contingency	29%	29%	20%	20%
SRF Loan Rate & Term	1.0% / 30 yr	1.0% / 30 yr	1.0% / 30 yr	1.0% / 30 yr
SRF Grants to Project	$0	$0	$0	$7.50 mil
Reimbursement of Pre- Costs	$5.00 mil	$5.00 mil	$5.00 mil	$5.00 mil
MCWRA Contribution	$3.90 mil	$3.90 mil	$3.90 mil	$3.90 mil
Pipeline Cost	$26.97 mil	$26.97 mil	$26.97 mil	$26.97 mil
Pipeline Cost Contingency	30%	30%	30%	30%
SRF Loan Rate & Term	1.8% / 30 yr	1.8% / 30 yr	1.8% / 30 yr	1.8% / 30 yr
SRF Grants to Pipeline	$0	$0	$0	$2.50 mil
FORA Grants to Pipeline	$4.62 mil	$4.62 mil	$4.62 mil	$4.62 mil
GWR NPV Advantage/(Disadvantage)	($7.77) mil	$1.14 mil	$3.02 mil	$8.69 mil
GWR Overall Advantage/(Disadvantage)	$2.14 mil	$22.72 mil	$26.39 mil	$37.4 mil
GWR Cost of Water – Yr 1	$1,802	$1,710	$1,675	$1,569
6.4 MGD Cost of Water[2] – Yr 1	$6,318	$6,318	$6,318	$6,318
9.6 MGD Cost of Water – Yr 1	$4,532	$4,532	$4,532	$4,532
6.4 MGD + GWR Cost of Water – Yr 1	$4,697	$4,664	$4,652	$4,614

Q10. In his Supplemental Testimony, Section V "Water Purchase Agreement Rate Recovery Process & Debt Equivalence" it appears Mr. Linam believes debt equivalence could still be an issue, but its impacts minimized. Do you agree?

A10. No. I believe it is completely a non-issue. In a conversation I had with a Standard & Poor's rating analyst I learned that none of American Water Works water purchase agreements nationwide are treated as debt equivalent. Further, based on the fact that the Company has no obligation to make any payments if water is not delivered, the financial risk to the Company is zero, irrespective of the "practical reality" cited by Mr. Linam on page 18, line 18. By committing to a soft cap as discussed in A11 herein and allowing annual increases in variable cost to be recovered directly from ratepayers through the advice letter process, I believe Standard & Poor's would assign a risk factor of zero, hence no adjustment for debt equivalence.

III. REBUTTAL OF OFFICE OF RATEPAYER ADVOCATES TESTIMONY

Q11. The Office of Ratepayer Advocates (ORA) states on page 6 lines 26-28 that "A WPA with a purchase price or defined methodology for calculating prices for water from GWR with an associated price cap would provide significantly more cost certainty." Do you agree with that?

A11. Yes. And the District is willing at this time to establish a $1,720 per AF "soft cap" on the year 1 cost of water. However, should construction costs result in amortization of fixed costs resulting in a cost per acre foot higher than this soft cap, we respectfully request that the Company be given the opportunity to apply to the Commission for recovery of said costs through rates. If the first year GWR cost of water is under the proposed cap, then in subsequent years changes in the cost of water due to escalation in the variable costs would be passed on to ratepayers through the advice letter process.

Q12. ORA has suggested on page 9, line 1, that the water purchase agreement provide " 'most favored nation status', whereby prices ultimately borne by Cal Am ratepayers for GWR water are assured to be equal to or better than prices offered to other customers." Do you agree to such a condition?

A12. We can agree to it in principal, but ORA needs to recognize that another customer may have a different delivery point and use fewer of the GWR facilities, hence the price of water to another customer may be different based on amortization of facility costs.

IV. REBUTTAL OF JASON BURNETT TESTIMONY

Q13. Do you agree with Mr.Burnett's statement A10 that "the inclusion of GWR will likely result in a cost premium to the Cal-Am ratepayers in most years."

A13. No. This has not been proven. In fact, the testimony I have provided above, as well as that submitted on January 22, 2016 shows that there are outcomes where there will be ratepayer savings as a result of GWR. Furthermore, once replacement cycles begin in the future, GWR plus a 6.4 MGD desal plant is likely to be less expensive annually thereafter than a 9.6 MGD plant. It is in the long-term financial interest of the ratepayer to have a smaller desal plant coupled with GWR.

V. REBUTTAL OF ROBERT G. MACLEAN TESTIMONY

Q14. Mr. MacLean states on page 4, line 14 of his January 22, 2016 testimony that "GWR has received significant support from local elected officials", but he does not name any in particular. Can you name some of them here?

A14. The Pure Water Monterey project has received letters of support from the following:

Senator Diane Feinstein
Congressman Sam Farr
State Senator William Monning
Assemblymember Mark Stone
County Supervisor Dave Potter
County Supervisor John Phillips
State Water Resources Control Board Felicia Marcus, Chair
Fort Ord Reuse Authority Resolution

The Pure Water Monterey GWR project was specifically included as a listed project in Senator Feinstein's drought relief bill introduced in February 2016. I believe the letters of support are included as an exhibit to the testimony of Margaret Nellor submitted simultaneously with this testimony, March 22, 2016. The Felicia Marcus letter was submitted with the Jason Burnett testimony on January 22, 2016. There are many other local officials who have voiced public support for the project.

VI. REBUTTAL OF RON WEITZMAN TESTIMONY

Q15. Did you find factual errors in the testimony of Mr. Weitzman?

A15. Yes, two are enumerated below:

1) At line 124 Mr. Weitzman states the pollution control agency would "submit sewer water already treated for agricultural use to further treatment" and goes on to describe that the growers will not give permission to use it elsewhere. Mr. Weitzman is mistaken. The project is based upon newly identified source waters, does not treat any water already treated for agricultural use, and is not in conflict with the rights of others. A signed agreement between the Pollution Control Agency and the County Water Resources Agency describes all of this.

2) At line 145 Mr. Weitzman says the combined project could cost $1,000 per acre-foot more than the stand-alone desalination project. He cites a 2013 study which is woefully out of date. The testimony of Mr. Linam and myself submitted now and on January 22, 2016 show that at the worst the combined cost might be $82 to 165 per AF worse in the first year, and then outperforming the stand-alone desal plant every year later in the lifecycle. Mr. Weitzman also in lines 224 and 226 cites an old, no longer used value for the cost of GWR water.

Q16. Does that conclude your direct testimony?

A16. Yes, it does. Thank you.