



March 3, 2016

Mayor:  
CLYDE ROBERSON

Councilmembers:  
TIMOTHY BARRETT  
LIBBY DOWNEY  
ALAN HAFFA  
ED SMITH

City Manager:  
MICHAEL MCCARTHY

California Public Utilities Commission  
Public Advisor's Office  
505 Van Ness Avenue  
San Francisco, CA 94102

RE: California American Water's Application 15-07-019 (Filed July 16, 2015)

Dear President Picker and Commissioners of the California Public Utilities Commission:

By unanimous vote of the City Council of the City of Monterey ("City"), the City hereby opposes Cal Am's application to modify its rate design, to change its water revenue adjustment mechanisms ("WRAM") and modified cost balancing account ("MCBA") surcharge collection, and to implement an annual consumption true-up mechanism ("sales reconciliation mechanism" or "SRM").

On March 1, 2016 the City conducted a public hearing regarding Cal Am's proposed changes. After receiving and considering public input from residents, the hospitality industry, and Cal Am, the Council deliberated and decisively objects to many aspects of Cal Am's proposal because it results in inequities to its ratepayers. The City firmly supports the detailed and comprehensive analysis and recommendation of the Office of Ratepayer Advocates (ORA) expressed in its report to the CPUC dated February 16, 2016.

The City agrees with ORA's recommendation that the CPUC should disallow \$17.39 million in WRAM balance, as this portion of the balance is reasonably attributable to Cal Am's lack of management oversight of the allotment system, and not by reduced consumption.

Consistent with ORA's recommendation, the City concurs that Cal-Am should be required to amortize \$17.39 million over five years rather than 20, and most importantly disallow charging ratepayers any interest.

The City also supports ORA's recommendation to require Cal-Am to make future WRAM balance recovery requests through the normal application process and not through the informal process of filing advice letters with the Commission. Furthermore, the City is concerned that the method of calculating costs between classes of ratepayers must be fair and transparent.

Thank you for your consideration of this informal comment letter. Should you have any questions, please do not hesitate to contact me at (831) 646-3760.

Sincerely,

Clyde Roberson  
Mayor

c: [Public.advisor@cpuc.ca.gov](mailto:Public.advisor@cpuc.ca.gov)  
CPUC Legal Division  
State Senator Bill Monning  
Assemblyman Mike Stone  
Monterey Business Associations  
Monterey Neighborhood Associations  
Mayors of the Cities of Carmel by the Sea, Del Rey Oaks, Marina, Pacific Grove,  
City of Sand, Seaside  
Monterey Peninsula Water Management District  
Monterey Peninsula Regional Water Authority  
California American Water Company  
Public Trust Alliance  
Water Plus  
Public Water Now  
Coalition of Peninsula Businesses  
Regulatory Liaisons, Inc.