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July 6, 2016

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Tom Howard, Executive Director
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Matthew Quint
Division of Water Rights
State Water Resources Control Board
P.O. Box 2000
Sacramento, CA 95812-2000



**Re: SUPPORT for Comments on Preliminary Staff Recommendation to
Modify Cease and Desist Order – WR 2009-0060**

Dear Ms. Marcus, Mr. Howard and Mr. Quint:

The Monterey Peninsula Chamber of Commerce, representing more than 800 businesses and organizations in the region, strongly agrees with the comments contained in the letter dated June 29, 2016 submitted by the California American Water Company (Cal Am), the Monterey Peninsula Water Management District (MPWMD), the Monterey Peninsula Regional Water Authority (Authority), City of Pacific Grove and the Pebble Beach Company. We are an active member of the Coalition of Peninsula Businesses that advocates for water supply solutions.

We appreciate the efforts of the State Water Resources Control Board (SWRCB) to work with our community to modify the Cease and Desist Order (CDO) No. WR 2009-0060 as we navigate through complex processes for building a regional desalination plant and ground water replenishment project. The five-year extension is critical for the successful completion of these projects.

The SWRCB Staff (Staff) recognizes the ongoing efforts of our community agencies, governmental entities and businesses to establish a safe, secure and affordable water supply to reduce illegal over-pumping on the Carmel River and comply with the law. We approved of the April 28, 2016 draft CDO amendments that were the result of extensive negotiations. However, some of the Staff's latest revisions threaten water rationing and could have extremely detrimental consequences to our community.

- Our biggest issue is with water quantity. The reduction of the Effective Diversion Limit (EDL) in the amended CDO from 8,310 acre feet per annum (afa) to 7,990 afa does not take into account the additional return of water to the Carmel River through the Trust of Public Land Forbearance Agreement. As cited in Attachment A, page 5, Figure 1 Bar Graph provided in the above referenced letter, the Monterey Peninsula would be on the razor's edge of rationing given another year or two of severe drought. The proposed targets would most likely be missed. The 8,310 afa level is critical to our community's safety and economic health.

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- Our community has demonstrated the highest level water conservation in the State. It does not make sense to adopt a CDO modification plan that causes rationing and rate penalties, which is why we urge setting the EDL at 8,310 afa level as well as maintaining the flexibility of carryover credits in order to acknowledge ongoing best conservation practices and to create temporary allowances during extremely low water years.
- Permitting the EDL to expand by 50% for any additionally obtained water rights and water flows would continue to encourage investment in supplemental water supplies during this challenging time.
- As the above referenced letter recommends, we urge you to consider changing the milestone for the Ground Water Replenishment (GWR) project to—California Public Utilities Commission (CPUC) approval by December 31, 2016. As it stands, the time allotted for the first milestone is insufficient, if not impossible, to meet given the expected CDO modification approval date. Reasonable measures should be implemented from the onset to promote compliance.

A threat of extreme water rationing is looming when there is little room for significant conservation action. Local water use has been curtailed by nearly 50% over the past ten years. Exemplary best practices have already been implemented by businesses throughout the Peninsula region. Given the extensive negotiation and compromises proceeding this CDO modification, further reductions and restrictions are punitive because they will unleash undue hardship on businesses and residents who are doing the right things to reduce their overall water use. The negative impact on our quality of life could be devastating.

We join our representatives from government, public agencies and other business organizations in respectfully requesting that SWRCB Staff modify its proposed amended CDO in accordance with these and other referenced comments. Thank you for your consideration.

Sincerely,



Jody Hansen
President and CEO