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EXHIBIT MCHA-001

BEFORE THE STATE WATER  
RESOURCES CONTROL BOARD

In the Matter of the State Water Resources  
Control Board (State Water Board), Order  
No. 2008-00XX-DWR: Hearing to  
Determine Whether to Adopt a Draft Cease  
and Desist Order Against California  
American Water from the Carmel River in  
Monterey County Under Order WR 95-10

Hearing Date: July 23, 2008  
Carmel River in Monterey County

TESTIMONY OF BOB MCKENZIE

NOLAN D. HAMERLY, ETIENNE & HOSS  
ATTORNEYS AT LAW  
SUNNYVALE, CALIFORNIA

1 My name is Bob McKenzie. I am the Government Affairs Director of the Monterey  
2 County Hospitality Association (MCHA), a position I have held since 1996. I have been a  
3 California-licensed Certified Public Accountant continuously since 1970. From 1988 to 1995 I  
4 was chief of staff to a state senator, and from 1990 to 1995 I was also coordinator (staff director)  
5 for the California Senate Republican Caucus.

6 I also participated as an MCHA representative on two Monterey Peninsula Water  
7 Management District Citizen's Advisory Committees. The first, in the late 1990s, was charged  
8 with crafting a new water conservation and rationing plan. The district's Board of Directors  
9 adopted the work of the committee in January 1999 as Ordinance 92, Expanded Water  
10 Conservation and Standby Rationing Plan. That ordinance was modified by California American  
11 Water Company as its own water conservation and rationing plan and submitted to, and approved  
12 by, the California Public Utilities Commission. The second committee, styled a Community  
13 Advisory Committee, was established by the Monterey Peninsula Water Management District  
14 Board of Directors in December 2006 and appointments to the committee ratified by that board in  
15 January 2007. The group was charged with analyzing seven water supply options/projects and  
16 providing to the district a "community perspective" on those projects. The final report of the  
17 group was delivered to the district's Board of Directors in September 2007.

18 I was and am personally involved in the activities I describe in this testimony.

19 MCHA has been engaged in water use conservation efforts since Order 95-10 was issued.  
20 MCHA works on its own and in collaboration with the Monterey Peninsula Water Management  
21 District, California American Water Company, the Monterey County Water Awareness  
22 Committee and others in the following activities:

- 23 ❖ Distribution of water conservation promotion materials, including bathroom mirror  
24 stickers, table tents, and children's placemats/crayons, to association members and other  
25 Peninsula hospitality facilities and establishments;
- 26 ❖ The availability of these conservation materials is promoted through association  
27 newsletters and announcements at membership luncheons and events;

1 ❖ Collaborated in late 2007 with California American Water Company, Monterey Peninsula  
2 Water Management District and the Association of Monterey Bay Area Governments to  
3 create new water conservation materials; children's placemats are dropped but bed linen  
4 options cards and bath linen options cards are included in this next generation of  
5 materials. California American and Monterey Peninsula Water Management District paid  
6 for production of the new materials and MCHA will act as the distribution center for the  
7 materials.

8 MCHA has distributed tens of thousands of these kinds of water conservation promotion  
9 items.

10 MCHA also engaged in intensive water conservation promotion efforts with association  
11 members and others in the hospitality industry. MCHA sponsored forums and provided briefings  
12 and briefings materials for MCHA members, for members of the Monterey County Travel and  
13 Tourism Alliance (now styled the Monterey County Convention and Visitors Bureau), for the  
14 General Manager's Roundtable, for the Monterey Commercial Property Owners' Association, for  
15 the Monterey Peninsula Chamber of Commerce, for the Seaside-Sand City Chamber of  
16 Commerce, for the Pacific Grove Chamber of Commerce, for the general public and for other  
17 groups and associations. In some of those forums and briefings MCHA collaborated with  
18 California American Water Company, Monterey Peninsula Water Management District,  
19 Monterey County Water Resources Agency, Marina Coast Water District, Monterey County  
20 Water Awareness Committee and California Water Service Company. MCHA and California  
21 American Water Company jointly coordinated Water Awareness Days at various properties  
22 during 2000.

23 As a part of MCHA's efforts to accomplish reductions in water use, I conducted water use  
24 research, some of the results of which are shown on Exhibits MCHA-002 through MCHA-007.  
25 The research was conducted with the full cooperation of California American Water Company  
26 and the Monterey Peninsula Water Management District. The research shows that the hospitality  
27 industry has accomplished dramatic water use savings. I also prepared briefing materials on  
28 water waste rules and water conservation requirements for hospitality facilities and other

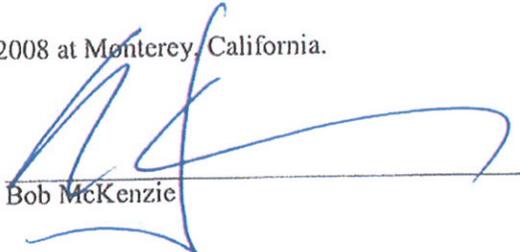
1 businesses and business facilities; these materials were used for the MCHA membership,  
2 MCHA's collaborators, and for the public at all the forums and meetings mentioned above, and  
3 also distributed on request to other interested organizations and groups. Copies of contemporary  
4 newspaper articles from the Monterey Herald discussing my research are submitted as Exhibits  
5 MCHA-008 and MCHA-009. Both of these articles accurately portray my findings.

6 Because of the hospitality industry's outstanding record of water use savings, MCHA has  
7 been and continues to be in a good position to promote water conservation efforts throughout the  
8 California American Water Company service area and beyond.

9 But also because of the hospitality industry's early and vigorous embracing of the need to  
10 reduce water use and adoption of state-of-the-art, best management practices, conservation  
11 equipment and methods, further efforts to conserve on water use are limited and would not yield  
12 any further significant water use reductions. Rather, any increased requirement to reduce water  
13 use would damage and possibly cripple the Monterey Peninsula's number one economic driver.  
14 The consequences would be dire not only to the industry but to the local governments, most of  
15 which rely on the unencumbered revenues they receive from Transient Occupancy Taxes and  
16 visitor-generated and paid sales taxes, and the residents of the area who look to those local  
17 governments for services.

18 I, Bob McKenzie, declare under penalty of perjury that I have read the foregoing  
19 "Testimony of Bob McKenzie" and know its contents. The matters stated in it are true of my  
20 knowledge except as to those matters which are stated on information and belief, and as to those  
21 matters I believe them to be true.

22 Executed on JULY 9, 2008 at Monterey, California.

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25 \_\_\_\_\_  
26 Bob McKenzie  
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