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July 13, 2016

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

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

RE: State Water Resources Control Board Staff's Preliminary Recommendation regarding California-American Water Request to Modify Cease and Desist Order WR 2009-0060

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

I appreciate that SWRCB staff recommends extending the CDO deadline for five years, but I oppose two of staff's recommendations on the grounds they are unjust and environmentally harmful.

First, as stated in my June 3 letter, I think the recommendation in paragraph 3 of the proposed modification, which prohibits altered water demands resulting from land use changes, including changes that would *not cause water demands to exceed the effective diversion limit*, will block the two potentially most environmentally beneficial projects currently proposed for the Monterey Peninsula — the proposed LEED platinum Bella hotel in Pacific Grove that will utilize world-class engineers to recycle water, plus the Monterey Bay Aquarium's proposed expansion.

Second, as stated in my June 29 letter, the fact that the financial consequences of the CDO will harm residents and businesses while Cal Am shareholders will be CPUC-immunized from financial loss, incentivizes Cal Am to continue inefficient equity acquisition with impunity for not solving the Carmel River extraction problem. Cal Am impunity is unjust.

Therefore, I respectfully request two changes in the staff-proposed CDO modifications:

1. The SWRCB should enlist the CPUC in enforcing the CDO. There is a precedent for the PUC ordering water utility compliance with SWRCB regulation and imposing financial penalties for non-compliance at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M150/K959/150959235.pdf>. That precedent should be extended so the CPUC can financially penalize Cal Am shareholders, rather than penalizing Cal Am customers, for **Cal Am** missing CDO milestones. Please see George Riley 7/12/16 *Monterey Herald* comments.
2. The SWRCB should not usurp the discretion of the Monterey Peninsula Water Management District pertaining to land use changes, provided the MPWMD keeps Peninsula water use within the effective diversion limit.

Sincerely,

Jane Haines