



June 17, 2008

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Paul Murphey
Division of Water Rights
State Water Resources Control Board
1001 I Street
Sacramento, California 95814

Re: Monterey Peninsula Chamber of Commerce Public Policy Statement in the matter of the Draft Cease and Desist Order against California American Water Company

Dear Mr. Murphey:

The Monterey Peninsula Chamber of Commerce submits the enclosed Public Policy Statement for consideration by the State Water Resources Control Board in its proceedings on the Draft Cease and Desist Order against California American Water Company.

If you have any questions, please contact us.

Sincerely,

Dan Leimsand, Government Affairs Committee Chair

Astrid Coleman, President and CEO

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Public Policy Statement of the Monterey Peninsula Chamber of Commerce

For consideration by the State Water Resources Control Board in the matter of the Draft Cease and Desist Order against California American Water Company June 17, 2008

The Monterey Peninsula Chamber of Commerce (MPCC) urges the State Water Resources Control Board (SWRCB) take its public policy points and issues into account should it chose to issue a Cease and Desist Order (CDO) against California American Water Company (CAW) operations in the Monterey Peninsula area. MPCC and its almost 1,000 members and their almost 27,000 employees have contributed significantly to the dramatic conservation of water use in the CAW service area.

The water supply cutbacks and the timing of the cutbacks in the Draft CDO are not good policy for several reasons. If SWRCB issues a CDO, the amount of the supply cutbacks must be reduced and the timing of the cutbacks altered to take into account these facts and issues.

All water users in the CAW service area have rallied to the need to conserve on water use; per capita water use within the CAW service area is among the lowest, if the not the lowest, in California.

The supply cutbacks and the timing of the cutbacks are unrealistic in light of the water use reductions already accomplished; while some further marginal conservation is certainly possible, conservation of the magnitude proposed in the draft CDO simply cannot be accomplished without serious injury to the public health, safety and welfare of residents, businesses and local governments.

The economy of the CAW service area is tourism-driven; the cutbacks proposed, if implemented, would force tourism-oriented businesses to severely reduce operations and result in enormous job layoffs in those businesses. As a direct result of the tourism-based business cutbacks the rest of the area's economy and workforce will also suffer drastic reductions and job layoffs and the area's local governments will suffer millions of dollars of revenue reductions from losses of Transient Occupancy Taxes and local share of sales taxes. The loss of jobs, the loss of services provided by local businesses, and the loss of services provided by local governments will seriously impair the quality of life of everyone within the CAW service area and beyond.

The dramatic water supply cutbacks and timing of cutbacks proposed in the draft CDO cannot be accomplished through water conservation alone. A replacement source of water must be found or developed. The current collaborative water supply solutions effort sponsored by the Department of Ratepayer Advocates of the Public Utilities Commission offers the best hope of a timely source of supplemental water supply for the CAW service area. Even though that proposed set of water supply projects enjoys broad community and local governmental support, even in a best-case scenario the estimated time for actual construction and delivery of supplemental water supplies is 2012.

If SWRCB chooses to issue a CDO against CAW, it must take the foregoing facts and issues into account and adjust the schedule of water supply cutbacks and the timing of the cutbacks.