

EXHIBIT 10-B

California American Water Comments to Revised Draft Ordinance No. 137

- The Draft Ordinance 137 directs California American Water to act in several instances that require California Public Utilities Commission (“Commission”) approval. Notably, the purpose (p.5) requires California American Water to amend its Rule 14.1 Water Conservation and Rationing Plan. California American Water cannot amend this Rule without prior Commission approval. Similarly, the Draft Ordinance includes several directives for California American Water to provide confidential information to MPWMD. However, the disclosure of confidential information is an open issue before the Commission in A.07-12-010, and California American Water cannot disclose confidential information until the Commission has resolved this issue.
- On page 2, Finding 11 states that Ordinance 137 will eliminate the Unaccounted for Water Use exemption for California American Water subsystems. California American Water opposes this action. MPWMD cannot retroactively apply this new standard, and MPWMD gives no support for the decision to eliminate the exemption.
- Page 5, Section 2 notes the date of the settlement agreement as August 11, 2008, amended October 10, 2008. The dates should reflect the correct dates.
- On pages 5 and 6, the Draft Ordinance defines the Bishop, Hidden Hills, and Ryan Ranch subsystems according to the purchase agreements at the time California American Water acquired the subsystems. California American Water objects to these definitions of the individual subsystems because they may not reflect potential changes since the time of acquisition. The subsystem definitions should be tied to California American Water’s tariffs, not the original purchase agreements.
- On page 8, Section Four, subsection I includes language regarding the nature of Cease and Desist Orders under Regulation XV. This language is unclear and needs to be revised. It is unclear how Ordinance 137 would operate under this provision.
- Page 14, subsection F should read, “Without further action of the Board of Directors, Stage 2 shall sunset for that Water Distribution System(s), and water use restrictions shall revert to Stage 1 upon that Water Distribution System’s compliance with the year-to-date at month-end production goal for two (2) consecutive months in the subsequent water year.”
- On page 15, subsection H requires California American Water to provide monthly consumption reports. As noted above, this information is confidential, and California American Water will not release such information absent a Commission order.
- On page 16, Sections B and C include cross-references to prior sections. These cross-references should be updated.
- On page 19, Section 2(b) triggers Stage 4 when “year-to-date targets for a consecutive seven (7) day period during the months of April, May or June.” California American

Water proposes changing the seven day period to a three day period. California American Water should be allowed to act more quickly to move to Stage 4.

- On page 19, subsection 3 describes the regulatory trigger for a Water Distribution System that does not rely on production from the Main California American Water System. This section should parallel other sections such that it also includes a discussion of the trigger for those Water Distribution Systems that do rely on the main system.
- On page 22, Section D requires California American Water to notify customers who use an average of twelve units or more per month. California American Water opposes this requirement. This provision would require notice to a very large number of customers, and there is no justification for this additional noticing requirement.
- The top of page 23, Section E on Wastewater appears to contain a typo and/or unclear language. California American Water suggests reworking the paragraph to clarify that the enforcement efforts are for Water Waste and non-essential use.
- On page 26, Section D, the language should be revised to indicate that requirements will need to go through different stages based upon triggers. Also, the language should indicate that requirements of all previous Stages (1-4) remain in effect during Stage 5.
- Page 51 describes requirements that California American Water must follow regarding water banking. Such activities are subject to Commission approval.
- On page 55, subsection 2 indicates that MPWMD shall have access to California American Water survey forms. California American Water notes that these forms are confidential. As such, access to both the forms and the information contained in the responses is subject to prior Commission order authorizing the disclosure of confidential information.