

**EXHIBIT BB-B**

**SECOND AMENDMENT TO THE AMENDED AND RESTATED AGREEMENT TO FORM THE MONTEREY PENINSULA WATER SUPPLY PROJECT GOVERNANCE COMMITTEE**

THIS **SECOND** AMENDMENT ("**Second** Amendment"), dated ~~April 30~~ July 20, 2014~~6~~, supplements and modifies the terms and conditions of that certain **Amended and Restated Agreement to Form The Monterey Peninsula Water Supply Project Governance Committee**, dated November 5, 2013 ("**Agreement**"), by and between the **MONTEREY PENINSULA REGIONAL WATER AUTHORITY** ("**MPRWA**"), the **MONTEREY PENINSULA WATER MANAGEMENT DISTRICT** ("**MPWMD**"), the **COUNTY OF MONTEREY**, and the **CALIFORNIA-AMERICAN WATER COMPANY** ("**Cal-Am**") (collectively, the "Parties"), as amended by Amendment dated April 30, 2016. The Parties agree to further amend the Agreement as set forth below.

1. Section II.R., defining the term "Value Engineer," is deleted in its entirety and replaced with the following:

R. Value Engineer. The professional engineer(s) to be retained by MPRWA or MPWMD upon the selection of the Governance Committee to perform a value engineering analysis for one or more components of the Desalination Project, excluding the Source Water Infrastructure, to potentially lower the costs of, or maximize the value of, the Desalination Project to Cal-Am's ratepayers, including matters concerning the cost effectiveness, performance, reliability, quality, safety, durability, effectiveness, or other desirable characteristics of the Desalination Project. A value engineering analysis will not be performed on the Source Water Infrastructure.

2. Section V.D., Category A, Paragraph 1., concerning the selection of the Value Engineer, is deleted in its entirety and replaced with the following:

1. The Governance Committee shall select, and shall request that the MPRWA or MPWMD shall retain, a Value Engineer(s) to facilitate and report on the proposed value engineering for one or more components of the Desalination Project. In selecting the Value Engineer(s), the Governance Committee shall consider any recommended engineer submitted by any member of the Governance Committee. This matter shall be ripe for decision for the Desalination Infrastructure component before Cal-Am accepts the 30% Design from the contractor retained for the design of the Desalination Infrastructure, ~~or and~~ at any other time that Cal-Am ~~intends to retain~~ advises a Value Engineer should be retained for any other infrastructure constructed as a component of the Desalination Project. Cal-Am shall reimburse the MPRWA or the MPWMD respectively for all payments made by MPRWA or MPWMD to the Value Engineer for expenses reasonably incurred in the Value Engineer's performance of the value engineering services for the Desalination Project up to, but not to exceed, two hundred forty thousand dollars (~~\$204~~0,000). Cal-Am shall make such reimbursement payments within 60 days following Cal-Am's receipt of a valid invoice, with supporting documentation, from MPRWA or MPWMD.

~~3. In Section IX, concerning the term and termination of the Agreement, the first sentence of this section is deleted in its entirety and replaced with the following:~~

~~This Agreement shall continue in effect until the earlier of (1) March 8, 2053, or (2) the date that Cal-Am ceases to operate the Desalination Project, the earlier such date to be known as the "Expiration Date."~~

~~4. Section X.F., concerning the Parties bearing of costs, is deleted in its entirety and replaced with the following:~~

~~Except as expressly set forth in this Agreement, each Party shall bear its own costs relating to the rights and obligations of each Party arising from this Agreement and its participation in the Governance Committee and, therefore, no Party shall be entitled to any reimbursement from another Party as a result of any provision of this Agreement.~~

~~5.3.~~ All provisions of the Agreement other than the provisions expressly amended above are unaltered by this Second Amendment.

~~6.4.~~ This Second Amendment may be executed in two or more counterparts, each of which shall be deemed and original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the Parties have executed this Second Amendment as of the date first stated above.

California-American Water Company

By: \_\_\_\_\_  
Robert MacLean,  
President

Monterey Peninsula Regional Water Authority

By: \_\_\_\_\_  
~~Chuck Della Sala~~ Bill Kampe  
Interim President

Agreed as to form:

By: \_\_\_\_\_  
Donald Freeman  
General Counsel

Monterey Peninsula Water Management District

By: \_\_\_\_\_  
Jeanne Byrne ~~David Pendergrass~~  
Chair

Agreed as to form:

By: \_\_\_\_\_  
David Laredo  
General Counsel

|  
County of Monterey  
|

By: \_\_\_\_\_  
~~Fernando Armenta~~ Jane Parker  
Chair of the Board of Supervisors

Agreed as to form:

By: \_\_\_\_\_  
Charles McKee  
County Counsel