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WATER DISTRICT + WATER COMPANY = \$3.5 MILLION CONSERVATION BUDGET

How the Monterey Peninsula Water Management District obtained significant ratepayer funding for conservation programs

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In 2007, California American Water filed a stand-alone water conservation budget with the California Public Utilities Commission (CPUC).

What made the filing unique was that it included funding for conservation programs undertaken in a coordinated effort by both a private (now publicly traded) utility company (Cal-Am) and a local public special district, the Monterey Peninsula Water Management District (MPWMD).




The result was PUC approval of a joint conservation program in the amount of \$3.6 million for three years (2009-2011)

- Cal-Am received \$2.4 million
- MPWMD received \$1.2 million
- Program is managed jointly

Background

- Why did MPWMD apply with Cal-Am?
- How was the proposed budget developed?
- Preparation of testimony
- Settlement discussions
- Education of the parties

Why We Filed a Joint Application

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- **MPWMD Budget Constraints**
 - User fees
 - Property taxes
 - Regulatory limitations on water availability did not match current demand levels
 - Cal-Am's and MPWMD's conservation programs were often duplicative
 - Combining budget/programs increased effectiveness of both agencies


Development of a Combined Budget

- Common goals to maintain regulatory compliance
- Conservation “wish list” developed
 - Examples: Smart Controller Pilot program, Cash for Grass, funding for Landscape Irrigation Audits
- Evaluation of proposed programs (cost/benefit)
- Preparation of initial filing (December 2007)


Written Testimony

- Expert witness has superior knowledge of the subject matter
- Testimony was used to introduce the request for funding
- Follow-up testimony supports initial request with factual details
- Additional testimony may dispute or correct statements made by other witnesses or provide additional facts


Settlement Discussions

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- Settlement discussions refine the terms of the request
 - Identify problem areas and areas of mutual agreement
 - Educate parties
 - Roles of different participants
 - Processes needed
 - Initiate actions to reach settlement


Settlement Discussions

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- Negotiate resolution of problem areas
 - Provide needed information/documentation
 - Amend existing rules and regulations
 - Reduce or amend budget requests
 - Develop agreements to enable decision
 - Prepare and submit final settlement agreement (if possible)

CPUC Hearings

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- One-on-one with Administrative Law Judge
 - Opportunity to educate crucial decision-maker
 - Uniqueness of MPWMD and its role
 - Board oversight
 - Regulatory and enforcement powers
 - Private company (Cal-Am) and MPWMD interaction
 - Opportunity for other parties to challenge

Decision

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- Decision issued May 2009 (17 months)
 - Settlement agreements adopted by Judge
 - Decision approved by CPUC
 - Annual reporting requirements

 - Result: \$3.6 million for conservation