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NOTICE OF ADVICE LETTER FILING 1376 California-American Water Company's Filing to Activate Mandatory Conservation Measures Stage 2 of Rule and Schedule 14.1.1 ADVICE LETTER: Monterey County District's Main System

Why am I receiving this notice?

On June 10, 2022, California-American Water Company (California American Water) submitted Advice Letter 1376 with the California Public Utilities Commission (CPUC). Advice Letter 1376 requests activation of Stage 2 water use restrictions as described in California American Water's Rule 14.1.1, Water Shortage Contingency Plan.

If the CPUC approves the advice letter, mandatory conservation measures will be in effect for California American Water's Monterey service area and customers of the Ryan Ranch, Bishop, and Hidden Hills systems, located in California American Water's Central District. Similar mandatory conservation measures are already in effect through the Monterey Peninsula Water Management District. The above-mentioned advice letter will update California American Water's Water Shortage Contingency Plan. All California American Water customers in the Monterey service area will be governed by the approved advice letter.

California American Water may fine customers for repeated violations of its rules upon proper notice.

California American Water is activating STAGE 2 of its Water Shortage Contingency Plan:

Per Rule 14.1.1 for the Monterey service area, a Stage 2 condition is triggered by certain events, including when California American Water is directed to reduce use by a governmental or regulatory agency.

Why is California American Water activating its mandatory conservation measures now?

On March 28, 2022, Governor Gavin Newsom issued Executive Order N-7-22, calling on all Californians to limit water use and use water more efficiently, and asking the State Water Resources Control Board to consider adopting emergency regulations that require calling on water providers to activate their customized Water Shortage Contingency Plans and move to "Level 2." The Executive Order comes after the driest first three months of a year in recorded California history and follow drought-related proclaimed states of emergency that continue today in all counties across the state.

Water Shortage Contingency Plans, required by state law, are developed by local water utilities to navigate drought. Each plan is customized based on an agency's unique infrastructure and management. Triggering Level 2 of these plans involves implementing water conservation actions—such as mandatory watering/irrigation schedules—to prepare for a water shortage level of up to 20 percent. In response to the Executive Order and in anticipation of the State Water Resources Control Board mandating the move to Stage 2, California American Water is requesting authorization to activate Stage 2 of its Water Shortage Contingency Plan and is asking customers to avoid prohibited uses of water, fix leaks promptly, and reduce water use outdoors.

California American Water will conduct an online public hearing to get input from customers:

Date and Time:	Tuesday, July 19 from 6 – 7 p.m.
Call-in Number:	862-294-2638, Conference ID: 686237540#
Teams Meeting Link:	bit.ly/monterey-2

Note: Type the URL above into any web browser with all lowercase letters and no spaces to join the Teams meeting. Registration is not required.

Protests and Responses to Advice Letter 1376

The deadline to protest these advice letters is July 22, 2022. Please include "Advice Letter 1376" in any response or protest you submit.

The reasons for the protest can be one of the following:

1. The utility did not properly serve or give notice of the advice letter.
2. The relief requested in the advice letter would violate statute or CPUC order or is not authorized by statute or CPUC order on which the utility relies.
3. The analysis, calculations, or data in the advice letter contain material error or omissions.
4. The relief requested in the advice letter is pending before the CPUC in a formal proceeding.
5. The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
6. The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the CPUC).

If you would like to submit a protest or response about this advice letter, please write to:

California Public Utilities Commission
Water Division, 3rd Floor
505 Van Ness Avenue, San Francisco, CA 94102
Email: Water.Division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or email) to California American Water at the following address:

Preet Nagra
California American Water
4701 Beloit Drive, Sacramento, CA 95838
Email: preet.nagra@amwater.com

Where can I get more information?

Customers with internet access may view and download California American Water's advice letter on their website by visiting bit.ly/advice-letters. If you have technical issues accessing the documents through the website, please email preet.nagra@amwater.com for assistance and reference **Advice Letter 1376** in your email.

To request a hard copy of California American Water's Advice Letter, or to obtain more information about the Advice Letter, please write to:

California American Water Advice Letter 1376
4701 Beloit Drive
Sacramento, CA 95838
Attention: Preet Nagra
preet.nagra@amwater.com

Approved Rule 14.1 Water Shortage Contingency Plans

WATER CONSERVATION

1. Customers' Responsibilities
 - a. All Customers shall comply with Rule 14.1.1 and MPWMD Regulation XV (The 2016 Monterey Peninsula Water Conservation and Rationing Plan).
 - b. All Customers shall prioritize the conservation of water at all times.
 - c. All Customers are responsible for notifying the Company whenever there is a change of use from Residential to Non-Residential, or Non-Residential to Residential.
2. "Water Waste" shall mean the indiscriminate, unreasonable, or excessive running or dissipation of water. Water Waste shall include, but not be limited to, the following:
 - a. Waste caused by correctable leaks, breaks or malfunctions. All leaks, breaks, or other malfunctions in a Customer's plumbing or distribution system must be repaired within 72 hours of notification that a leak exists. This loss of potable water may be cited for water waste after the time period established in Schedule 14.1.1 in which a leak or malfunction was to have been corrected. Exceptions may be granted by the General Manager for corrections which are not feasible or practical.
 - b. Indiscriminate or excessive water use which allows excess to run to waste.
 - c. Washing driveways, patios, parking lots, tennis courts, or other hard surfaced areas with potable water, except in cases where health or safety are at risk and the surface is cleaned with a water broom or other water efficient device or method. Water should be used only when traditional brooms are not able to clean the surface in a satisfactory manner.
 - d. Power or pressure washing buildings and structures with potable water, except when preparing surfaces for paint or other necessary treatments or when abating a health or safety hazard.
 - e. Hand watering by a hose, during permitted hours, without a quick acting positive action shut-off nozzle.
 - f. Irrigation between 9 a.m. and 5 p.m. on any day, and irrigation on any day other than Saturdays and Wednesdays, except for irrigation overseen by a professional gardener or landscaper who is available on site and that is not exceeding a maximum two watering days per week. This prohibition applies to hand watering with a hose and irrigation systems, whether spray, drip or managed by a smart controller. Limited hand watering of plants or bushes with a small container or bucket is permitted on any day at any time. Subsurface greywater irrigation systems may also be operated at any time. An exemption may be given to a Non-Residential establishment whose business requires water in the course of its business practice (e.g., golf courses, nurseries, recreational space, among others) with notification by the business owner to the MPWMD, and subject to the approval of the MPWMD General Manager.
 - g. Irrigating during rainfall and for 48 hours after Measurable Precipitation of at least 0.10 inches.
 - h. Use of water for irrigation or outdoor purposes in a manner inconsistent with California Code of Regulations, Title 23, Water, Division 2, Department of Water Resources, Chapter 2.7, Model Water Efficient Landscape Ordinance, where applicable, or in a manner inconsistent with local regulations.
 - i. Operation of fountains, ponds, lakes or other ornamental use of potable water without recycling, and except to the extent needed to sustain aquatic life, provided such animals are of significant value and have been actively managed.
 - j. Individual private washing of cars with a hose except with the use of a Positive Action Shut-Off Nozzle.
 - k. Washing commercial aircraft, cars, buses, boats, trailers or other commercial vehicles with potable water, except at water efficient commercial or fleet vehicle or boat washing facilities where equipment is properly maintained to avoid wasteful use.
 - l. In-bay or conveyor car washes permitted and constructed prior to January 1, 2014, that do not recycle and reuse at least 50 percent of the wash and rinse water. In-bay or conveyor car washes that were permitted and constructed after January 1, 2014, that do not either (1) use and maintain a water recycling system that recycles and reuses at least 60 percent of the wash and rinse water; or (2) use recycled water provided by a water supplier for at least 60 percent of its wash and rinse water.
 - m. Charity car washes.
 - n. Use of potable water for street cleaning.
 - o. Failure to meet MPWMD Regulation XIV water efficiency standards for an existing Non-Residential use after having been given a reasonable amount of time to comply.
 - p. Serving drinking water to any Customer unless expressly requested, by a restaurant, hotel, café, cafeteria or other public place where food is sold, served or offered for sale.
 - q. Visitor-Serving Facilities that fail to adopt and promote towel and linen reuse programs and provide written notice in the rooms, whereby towels and linens are changed every three days or as requested by action of the guest.
 - r. Washing of livestock with a hose except with the use of a Positive Action Shut-Off Nozzle.
 - s. Transportation of water from the Monterey Peninsula Water Resource System without prior written authorization from the MPWMD.

- t. Delivery, receipt, and/or use of water from an unpermitted Mobile Water Distribution System.
 - u. Unreasonable or excessive use of potable water for dust control or earth compaction without prior written approval of the MPWMD General Manager where non-potable water or other alternatives are available or satisfactory.
 - v. Use of unmetered fire hydrant water by individuals other than for fire suppression or utility system maintenance purposes, except upon prior approval of the MPWMD General Manager.
 - w. Water use in excess of a Water Ration.
 - x. Non-compliance with MPWMD Regulations XIV and XV.
3. Non-Essential Water Use shall mean the uses of water that are acceptable during times of normal water availability, as long as proper procedures to maximize efficiency are followed. However, when water is in short supply, Non-Essential Water Uses must be curtailed to preserve limited water resources for essential uses. Non-Essential Water Uses do not have health and safety impacts, are not required by regulation, and are not required to meet the core functions of Non-Residential use.
 4. Prohibitions against Water Waste and Non-Essential Water Use shall be enforced by the MPWMD and its designated agents, unless indicated otherwise.
 - a. If the MPWMD does not enforce Water Waste and Non-Essential Water Use when Stage 2 or higher of this Rule is activated, then that responsibility will lie with either another governmental agency, or the Company.
 5. Each occurrence of Water Waste or Non-Essential Water Use that continues after the Customer has had reasonable notice to cease and desist that type of water use shall constitute a Flagrant Violation, as defined in MPWMD's Rule 167.
 6. Repeated occurrences of Water Waste or Non-Essential Water Use, which continue or occur after the Customer has had a reasonable notice to cease and desist that type of water use, or which continues or occurs after the Customer has had a reasonable opportunity to cure any defect causing that type of water use, shall provide cause for MPWMD to request the placement of a Flow Restrictor with a maximum flow rate of six (6) ccf/month within the water line or water meter. The Flow Restrictor installation and removal shall be made by the Company in accordance with Schedule No. MO-14.1.1.

Schedule 14.1 details how California American Water may enforce the previously detailed prohibition of water uses. Although the company is requesting these authorities, it plans to prioritize education over enforcement:

A. BACKGROUND

As described in Rule 14.1.1, the California-American Water Company ("Company" or "CAW") is authorized to charge emergency conservation rates, fine Customers, temporarily terminate service for water and/or to install flow restrictors for water waste or use above specific conservation levels, and charge fees for the removal of flow restrictors as described in this tariff.

B. APPLICABILITY

1. This Schedule applies to water Customers of the Monterey County District's Main System and Customers of the Ryan Ranch, Bishop and Hidden Hills systems, all of which are served under rate Schedule MO-1, MO-1MU, and MO-1C authorized by the California Public Utilities Commission ("Commission"). This Schedule applies to Customers supplied by water from the Carmel River System and Seaside Basin (including the Ryan Ranch, Hidden Hills and Bishop systems). It does not apply to Customers in Toro, Ambler Park, Ralph Lane, Garrapata and Chualar systems. It is effective at all times, as required by Rule No. 14.1.1, and for the period noted in the Special Conditions section below.
2. This Schedule shall remain dormant until activated by Commission authorization via a Tier 2 advice letter.
3. Once the Schedule is activated, utility can implement Stages 2, 3, and 4, or change levels of the Emergency Conservation Rates, of the Schedule by filing a Tier 2 advice letter.
4. When this schedule is activated, it shall remain in effect until the utility files a Tier 1 advice letter to deactivate a specific stage of the Water Shortage Contingency Plan and such is authorized by the Commission.

C. WATER USE VIOLATION FINE

1. When Stage 2 or higher of the Water Shortage Contingency Plan has been activated by Commission authorization, the water use restrictions of Stage 1 in the Water Shortage Contingency Plan in Section G.2 of Rule 14.1.1 become subject to fines imposed by the utility. The utility will first work closely with local law enforcement and public agencies charged with enforcing the mandatory water use restrictions. However, should the utility find that the local agency is not effectively enforcing the mandatory use restrictions, the utility, after written warnings, such as door hangers and letters, may begin to issue fines. If a Customer is seen violating the water use restrictions, as outlined in Rule No. 14.1.1 and the Special Conditions below, the Customer will be subject to the following fine structure:
 - a. First offense: Written warning, including explanation of penalty for subsequent offense.
 - b. Second offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and \$100 fine.
 - c. Third offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$250 fine.
 - d. Fourth offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and a \$500 fine.
 - e. Fifth offense within 1 year (of the same restriction): Written warning, including explanation of penalty for subsequent offense and service termination pursuant to Rule 11 and a \$500 fine.
 - f. Sixth offense within 1 year (of the same restriction): Installation of a flow-restricting device on Customer's water meter for duration of activation of the Water Shortage Contingency Plan.
2. Offenses for separate water use restrictions will each start at the warning stage.
3. The water use violation fine is in addition to the regular rate schedule charges.

D. APPLICABLE EMERGENCY CONSERVATION RATES

1. Emergency Conservation Rates:
 - a. Level 1 Emergency Conservation Rates comprised of a 25 percent surcharge shall be implemented on the then existing rates for a minimum of 3 months. The surcharge shall not apply to Tier 1 Residential Customers.
 - b. Level 2 Emergency Conservation Rates comprised of a 40 percent surcharge shall be implemented on the then existing rate (without the 25 percent Level 1 surcharge) if after the imposition of Level 1 Conservation Rates for 3 months the monthly production in the California American Water System exceeds the monthly production target for the previous two (2) consecutive months. The surcharge shall not apply to Tier 1 Residential Customers.

E. ENFORCEMENT

1. Letter/Fine: From second violation of the same restriction within a one-year period and onwards, a violation letter will be posted on property and sent to billing address, if different.
2. Aging of violation: Violations will accrue for the period of one year and be considered corrected and expunged one year after the violation occurs. The purpose of this rule is to prevent discrete violations from accruing in the event of a multi-year enforcement of the Water Contingency Plan.
3. Applies to all Enforcement Stages of Water Shortage Contingency Plan.
4. An exemption on flow restrictor installations shall be made for water meters serving three or more multi-family dwelling units by substituting an excess water use charge of \$150 times the number of dwelling units located on the meter during each month in which a violation of the Water Waste has been determined. The excess water use charge shall be separately identified on each bill.

	VIOLATION 1	VIOLATION 2 (of the same restriction)	VIOLATION 3 (of the same restriction)	VIOLATION 4 (of the same restriction)	VIOLATION 5/6 ⁽²⁾ (of the same restriction)
Proof of violation	Employee or customer reports with no additional verification required	Verification with a written report by employee or contractor of California American Water (CAW)	Verification with a written report by employee or contractor of CAW	Verification with a written report by employee or contractor of CAW	Verification with a written report by employee or contractor of CAW
Letter/fine	Warning letter mailed to premise and billing address	Violation letter posted and mailed with \$100 penalty on next bill	Violation letter posted and mailed with \$250 penalty on next bill	Violation letter posted and mailed with \$500 penalty on next bill	Violation letter posted and mailed, shut off per Rule 11 with \$500 penalty on next bill
Fixing leaks All Stages	Customer has: 72 hours	Customer has: 72 hours	Customer has: 72 hours	Customer has: 72 hours	Customer has: 72 hours
Time to correct violation	5 days	5 days	5 days	5 days	5 days
Time customer has to request variance of the alleged violation	14 days to contact CAW in writing	14 days to contact CAW in writing	10 days to file an appeal with CAW in writing	10 days to file an appeal with CAW in writing	10 days to file an appeal with CAW in writing
Time Customer has to request variance of the alleged violation	14 days to contact CAW in writing	14 days to contact CAW in writing	10 days to file an appeal with CAW in writing	10 days to file an appeal with CAW in writing	10 days to file an appeal with CAW in writing
If the customer does not agree with California American Water's resolution ⁽¹⁾ Reference Section K of Rule 14.1	Further reported violations of the same restricted use will not be counted in the determination of further action until one week after the variance request is resolved.	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC.	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC.	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC.	If the Customer disagrees with CAW's resolution, they may file a formal complaint with the CPUC.

⁽¹⁾ If a Customer has appealed the receipt of the fine, the fine will continue to be posted on the Customer's account, but will not result in further service action, until at least 14 days after the resolution of appeals. Once resolved, if in the Customer's favor, the fine will be immediately removed from the account. If not resolved in the Customer's favor, then the fine will be due and payable as part of the next billing cycle and subject to all such further actions as with any other billed charge.

⁽²⁾ For violation 6, instead of shut-off for 3 days and \$500 fine, a flow restrictor will be installed for duration of enforcement.

F. FLOW RESTRICTOR REMOVAL CHARGE

The charge for removal of a flow-restricting device and/or reconnecting water service shall be:

CONNECTION SIZE	REMOVAL CHARGES
5/8" to 1"	\$150
1½" to 2"	\$200
3" and larger	Actual Cost

G. SPECIAL CONDITIONS

1. The Tier 2 advice letter requesting activation of Stage 2 or higher of Schedule 14.1.1 shall include documentation of the overall water shortage justifying activation of that particular stage.
2. This tariff schedule shall remain in effect until the utility files a Tier 1 advice letter to deactivate a specific stage of the Water Shortage Contingency Plan and such is authorized by the Commission.
3. Water use violation fines must be separately identified on each bill.
4. Emergency Conservation Rate surcharges must be separately identified on each bill.
5. Flow restrictor charges are used to offset costs associated with the installation and removal.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
7. All monies collected by the utility through Emergency Conservation Rate surcharges shall be booked to the Water Revenue Adjustment Mechanism ("WRAM") or a memorandum account to offset recovery of lost revenues. All flow restrictor removal charges or fines for water use violations collected by the utility and all expenses incurred by the utility to implement Rule 14.1.1 and Schedule 14.1.1, and the requirements of the California State Water Board Resources Control Board ("SWRCB"), or other agencies, that have not been considered in a General Rate Case or other proceeding, shall be tracked in a memorandum account for disposition as directed or authorized from time to time by the Commission and shall be recoverable by the utility if determined to be reasonable by the Commission.