



May 17, 2017

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: Comments Regarding Proposed Amendments to Rule 15c2-12

Dear Mr. Fields,

East Bay Municipal Utility District (EBMUD) provides retail water service and wastewater treatment service to approximately 1.4 million and 685,000 residents of the eastern San Francisco Bay Area, respectively. The District is the 12th largest retail water provider in the nation by population served. The financial operations of the District are complex and extensive, and include management of a portfolio of more than \$3 billion in various debt obligations. Administration of this amount of debt carries with it significant ongoing disclosure and reporting requirements, to which the District adheres completely. The District prepares both audited financial statements and Comprehensive Audited Financial Reports, files required annual disclosure documents, and also files voluntary unaudited financial reports. The District is committed to maintaining exemplary credit quality, reporting standards, and disclosure practices.

The proposed amendments to SEC Rule 15c2-12 would cause significant undue additional burden on the District's staff and would increase cost to District ratepayers. These amendments would not provide bond holders with substantial additional security.

The District's financial reporting is excellent, and provides extensive financial information on elements of interest to bond holders. The proposed amendments and definition of reportable "financial obligations" could include office leases, copier and equipment leases, as well as many other operational leases that are part of the ordinary course of business. These types of operational transactions are not discussed in depth in the District's financial reports, as the District does not believe the minutiae of day to day operations would be helpful information for bond holders. Additionally, providing extensive information about such operating expenses would create a substantial new financial and time burden for an agency as large and complex as EBMUD. Even the mere evaluation of such a broad range of financial obligations to determine materiality would itself be a massive and ultimately meaningless burden, particularly without further SEC guidance on materiality. The proposed requirement to report any material changes to

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these financial obligations further complicates this issue. Given the lack of clarity regarding materiality of any financial obligation, conservative issuers such as the District would be forced to take a cautious approach when defining materiality on their own. This would likely result in an extraordinarily large number of items to be identified, tracked, and reported. As a result, the new reporting requirements would be expensive to comply with, inundate the market with useless data, and add little to the goal of transparency in the municipal debt market.

Standard legal requirements set forth in bond documents sufficiently address the worry that issuers will enter into financial obligations that affect bond holders' rights. Current regulation also ensures that significant financial events are disclosed and reported. The proposed amendments to Rule 15c2-12 are therefore unnecessary. Additionally, the proposed amendments are excessively broad and overly vague. If implemented as proposed, the amendments to the rule would cause an enormous and unnecessary burden for all issuers.

The District respectfully offers these comments on the proposed amendments to Rule 15c2-12 in the hope that the proposal will be substantially altered. Taking into consideration the added issuer time and cost of adhering to such broad new regulatory mandates, it is critical to weigh these against the benefits of such regulation. The District believes the proposed amendments would cause substantial and undue burden on issuers while providing little, if any, benefit to bond holders.

Sincerely,



Sophia D. Skoda
Director of Finance

SDS:TJ