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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of California American Water Company (U210W) for Authorization to Implement the Carmel River Reroute and San Clemente Dam Removal Project and to Recover the Costs Associated with the Project in Rates.

A.10-09-018

(Filed September 22, 2010)

NOTICE OF EX PARTE COMMUNICATIONS

Sarah E. Leeper
Javier Naranjo
333 Hayes Street, Suite 202
San Francisco, CA 94102
Telephone: (415) 863-2057
Facsimile: (415) 863-0615
Email: sarah.leeper@amwater.com

Dated: January 23, 2012

Attorney for Applicant
California-American Water Company

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NOTICE OF EX PARTE COMMUNICATIONS

Pursuant to Article 8 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), California-American Water Company (“California American Water”) hereby files this notice of an ex parte meeting with the following Commission staff members:

Date	Time	Commissioner and/or Advisor	California American Water representatives in attendance
1/20	3:45-4:15 PM	Charlotte TerKeurst, Chief of Staff to Commissioner Mark J. Ferron.	Sarah E. Leeper, Vice President – Legal, Regulatory. David P. Stephenson, Director of Rates. Richard C. Svindland, Director of Engineering.
1/20	4:30-4:55 PM	Stephen St. Marie, Advisor to Commissioner Catherine J.K. Sandoval.	Sarah E. Leeper, Vice President – Legal, Regulatory. David P. Stephenson, Director of Rates. Richard C. Svindland, Director of Engineering.

All meetings took place at the Commission’s offices at 505 Van Ness Avenue, San Francisco, California. The meetings consisted of oral and written communications. The written communication, a handout entitled *California-American Water Company – A.10-09-018*

Revised ALJ Proposed Decision (“RPD”) – Major Areas of Concern January 20, 2012, is attached as Attachment A.

At both meetings, California American Water representatives discussed their concerns with the current version of the revised proposed decision and also discussed the items enumerated in Attachment A.

Dated: January 23, 2012

Respectfully submitted,

By: /s/ Javier Naranjo
Javier Naranjo
Attorney for Applicant
California-American Water Company

Attachment A

California-American Water Company – A.10-09-018
Revised ALJ Proposed Decision (“RPD”) – Major Areas of Concern
January 20, 2012

I. \$49 Million Rate Recovery Cost Cap/One-Way Balancing Account

- \$49 million cost estimate is preliminary in nature (RPD, fn 177, citing CAW’s Exh. 4, Schubert Rebuttal, p. 36).
 - DRA agrees “could be vast list” of items outside CAW’s control that could increase costs (RPD, fn 178, citing RT 481:28-482:29 (Hoglund/DRA))
- First priority needs to be safe removal of dam and sedimentation, not least cost

II. Disallowance of Over 99% of Historical Project Costs and Charges

- RPD: Adopts DRA’s recommendation to approve only \$100,654 of \$26,802,658 (and states “no material uncertainty” (p. 25) justifying CAW’s actions)
- CAW submitted over 1400 invoices with detailed supporting testimony. RPD does not address any of this testimony
- DSOD’s safety concerns required CAW to spend millions addressing dam buttressing; CAW acted prudently in making safety a priority (e.g., installing emergency seismic monitoring system at Dam)
- Many of disallowed costs were legally required:
 - California Division of Safety of Dams (DSOD)
 - CEQA/NEPA requirements re alternatives
 - NOAA environmental requirements
 - “Public gifts” doctrine
- Historical expenditures allowed development of the current Project
 - Dam buttressing led to dam removal led to current Project
 - CAW funded alternatives consideration in EIR/EIS documents
 - CAW funded studies for interagency group

III. Denying CAW an Equity Return

- Project provides continuing benefit to customers
- RPD Rate impact discussion