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10-01-12

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of Application of California-
American Water Company (U210W) for
Approval of the Monterey Peninsula Water
Supply Project and Authorization to Recover All
Present and Future Costs in Rates

A.12-04-019

(Filed April 23, 2012)

**MONTEREY PENINSULA REGIONAL WATER AUTHORITY'S AND COUNTY OF
MONTEREY'S COMPLIANCE FILING RE PROPOSAL FOR PUBLIC
PARTICIPATION**

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COUNTY OF MONTEREY AND
THE MONTEREY COUNTY WATER
RESOURCES AGENCY

Dated: October 1, 2012

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On August 29, 2012, Administrative Law Judge Weatherford issued a ruling in this proceeding titled "Administrative Law Judge's Directives to Applicant and Ruling on Motions Concerning Scope, Schedule and Official Notice." Section 3.2.1 of that ruling invited proposals to be made to the California American Water Company ("Cal-Am"), by October 1, 2012, concerning public participation in the Monterey Peninsula Water Supply Project. The Monterey Peninsula Regional Water Authority ("Authority") and the County of Monterey ("County") hereby submit this Compliance Filing to inform the California Public Utilities Commission ("Commission") of proposals, submitted jointly by the Authority and the County, to Cal-Am

concerning potential public participation respecting the governance and financing of the desalination component (“Project”) of the Monterey Peninsula Water Supply Project. The proposals are set forth in a letter from the Authority and the County to Cal-Am, attached hereto as Exhibit A.

The proposals described in the letter will allow for public participation in Project decisions that occur after a Certificate of Public Convenience and Necessity (“CPCN”) is issued by the Commission. This provides a means for public input and accountability with respect to decisions that will significantly affect the public interest. This public participation will also help to mitigate public concerns and yield greater support for the Project.

The Authority notes to the Commission that the Authority has not yet determined whether it will support Cal-Am’s proposed Project, or one of two proposed alternative desalination projects: the People’s Moss Landing Water Desal Project and DeepWater Desal’s Moss Landing Project. The Authority has retained the consulting engineering firm, Separation Processes, Inc. (“SPI”), to review the proposed Project in comparison to the alternative projects to determine which project is most likely to be completed in a timely and cost-effective manner. Once SPI issues its final report to the Authority, which is expected by the end of this month, the Authority will then determine which of the three projects it intends to support within this CPUC proceeding. The Authority intends to present evidence to the Commission derived from SPI’s report in the context of this proceeding. If the Commission determines that a CPCN should be granted for the Cal-Am proposed Project, then the Authority intends to request that the CPCN include provisions pertaining to Project governance and financing that are consistent with the proposals set forth in the attached letter.

Dated: October 1, 2012

Respectfully submitted,

/s/ Russell M. McGlothlin

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REGIONAL WATER AUTHORITY

/s/ Charles McKee

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County Counsel

County of Monterey