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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)

**RESPONSE OF MONTEREY PENINSULA REGIONAL WATER AUTHORITY TO
PLANNING AND CONSERVATION LEAGUE FOUNDATION'S MOTION TO
ESTABLISH CRITERIA FOR DECISION ON DESALINATION PLANT SIZING**

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AUTHORITY

Dated: December 27, 2012

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Pursuant to Rule 11.1(e) of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Monterey Peninsula Regional Water Authority (the "Authority") responds to the Planning and Conservation League Foundation's ("PCLF") *Motion to Establish Criteria for Decision on Desalination Plant Sizing* ("Motion"). The Authority agrees with PCLF that the Commission should establish criteria to guide the decision on the sizing of the desalination plant proposed in California American Water's ("Cal-Am") application based on determinations concerning the progress and cost-effectiveness of the proposed Groundwater Replenishment Project ("GWR Project"), and other relevant factors. However, it is premature to establish such criteria ahead of the submission of all testimony, the evidentiary hearing, and post hearing briefing in this proceeding. Information developed therefrom will help to inform the appropriate criteria pertaining to the GWR Project decision. The Authority also understands that Cal-Am may propose that the Commission hold a short workshop in the spring of 2013 on the subject of establishing criteria for the GWR Project decision. The Authority supports a workshop for this purpose.

The Authority is a joint powers authority comprised of the cities within Cal-Am's Monterey service district and is accountable to the ratepayers that will receive water from, and pay for, the desalination facility and the GWR Project, if developed. As a representative of the Cal-Am ratepayers, the Authority believes that the GWR Project decision should not only be made pursuant to proscribed criteria designed to promote ratepayer interests, but the decision must be made by one or more public entities that are accountable to the ratepayers. The Authority would support the Commission making the decision if there is sufficient progress on the GWR Project in the short-term such that the decision can be made by the Commission as part of a Certificate of Public Convenience and Necessity ("CPCN") issued in this proceeding. However, if there is insufficient information for the Commission to decide the GWR Project decision as part of the CPCN, then the Authority intends to request that the CPCN provide for the decision to be made by one or more local public entities that are accountable to ratepayers, perhaps in conjunction with a process for the Commission's review of that decision by means of a Tier II advise letter, as proposed by Cal-Am. Such a procedure is being discussed within the ongoing negotiations with Cal-Am pertaining to project governance.¹ Fundamentally, the Authority believes that the process must ensure public input and accountability, and also cannot delay the prompt development of replacement water supplies for the Monterey Peninsula. The specifics of a process to achieve these goals can be developed with input from the future proceedings in this matter. The Authority, therefore, respectfully requests that the Commission

¹ The governance proposal submitted by the Authority and the County of Monterey to Cal-Am included a proposal for the GWR Project decision to be made by the governance committee proposed in the submission. (See Monterey Peninsula Regional Water Authority's and County of Monterey's Compliance Filing re Proposal for Public Participation, October 1, 2012.)

postpone developing criteria and procedures pertaining to the GWR decision until later in the proceeding.

Dated: December 27, 2012

Respectfully submitted,

/s/ Russell M. McGlothlin
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