



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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.

Application 12-04-019
(Filed April 23, 2012)

**ADMINISTRATIVE LAW JUDGE'S RULING FOLLOWING SECOND
PREHEARING CONFERENCE**

Summary

This ruling directs California-American Water Company (Cal-Am) to: provide an updated project description on its website and at the Public Participation Hearings (PPH) on January 9, 2013; include certain subjects (see Attachment A) in its Supplemental Testimony due on January 11, 2013; and follow a specified protocol in making discovery documents accessible to Parties. It also determines that the issues of rate design and low income rate relief will be considered in a second phase of the proceeding.

Discussion

Subjects to Include in Supplemental Testimony

This will memorialize my e-mail ruling of December 18, 2012 that provided a list of subjects to be among those addressed by Cal-Am in its January 11, 2013 Supplemental Testimony. That list is appended to this Ruling as Attachment A.

Access to Discovery Documents

The current procedure of accessing data requests and responses requires logging into a Cal-Am contracted website and downloading the files. Accessibility has been given to the Division of Ratepayer Advocates staff, Marina Coast Water District and Monterey Peninsula Water Management District. Parties wishing to retrieve these documents have to contact either Cal-Am for access to the site or the authorized parties who may obtain documents for them. Cal-Am should grant access to the site, data requests and responses to interested parties in this proceeding if so requested by them.

Shifting of Rate Design and Low Income Assistance Issues to a Second Phase

To promote greater focus on the aspects of Cal-Am's Application that are essential to a Commission decision whether the Peninsula Water Supply Project can receive a certificate of public convenience and necessity, the issues of rate design and low income assistance will be shifted to a second phase of the proceeding and therefore need not be covered in the Supplemental Testimony or Intervenor Testimony.

Updating Project Description on Website and at PPHs

To foster public access to information concerning the proposed Peninsula Water Supply Project, Cal-Am should establish and keep up-to-date on its web site a description of the physical features, costs, financing, time line and current status of the Project. At the outset of the PPHs on January 9, 2013 in Monterey, Cal-Am shall provide an up-to-date description of the Project.

IT IS RULED that:

1. Included among the subjects California-American Water Company (Cal-Am) addresses in its January 11, 2013 Supplemental Testimony shall be those listed in Attachment A appended to this Ruling.
2. Cal-Am shall grant access to all interested parties to a web site that contains all data requests and responses associated with this proceeding if so requested by them.
3. The issues of rate design and low income assistance are hereby shifted to a second phase of the proceeding and therefore need not be covered in the Supplemental Testimony or Intervenor Testimony.
4. Cal-Am shall establish and keep up to date on its web site a description of the physical features, costs, financing, time line and current status of the Project. At the outset of the Public Participation Hearings on January 9, 2013 in Monterey, Cal-Am shall provide an up-to-date description of the Project.

Dated December 26, 2012, at San Francisco, California.

/s/ GARY WEATHERFORD
Gary Weatherford
Administrative Law Judge

ATTACHMENT A

ATTACHMENT A

- 1) Updates from Technical Conference
 - a. Conservation
 - i. Impact of external factors on elasticity
 - ii. Cost of social injury
 - iii. determine price elasticity within separate tiers
- 2) Project Costs
 - a. Updated costs of components
 - b. Net present value analysis
 - c. Clarify cost of electricity
 - d. Factors of contingency
 - e. Impacts on project capacity
- 3) Cost Impacts of Contingencies
 - a. Mitigation costs
 - b. Moss Landing Power Plant intake/outfall pipeline useful life
 - c. Timelines, permitting, cost estimates, financial impacts
 - d. Consider O&M costs
 - e. Reduce pipeline length in contingency plans
 - f. Discuss impacts of not meeting deadline
 - g. Address rationing
 - h. Other advice letters on penalties

- i. Status of permits
 - j. Parallel processing of permits
- 4) Financial Modeling
- a. Project Financing
 - i. Address public financing options
 - ii. Cover financing contingency options
 - iii. Update slides to reflect new schedule and plant capacity
 - iv. Timing and impact of recovery of cost
 - v. Disposition of surcharge 1
 - vi. Interaction with surcharge 2
 - b. Financial Model
 - i. Cal-Am to revise model
 - 1. Include net present value analysis, new plant sizing and expenses
 - ii. Cal-Am to assist users of model

(END OF ATTACHMENT A)