



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

**FILED**  
7-28-15  
04:59 PM

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)

**RESPONSE OF CALIFORNIA-AMERICAN WATER COMPANY TO ADMINISTRATIVE  
LAW JUDGE WEATHERFORD'S RULINGS REQUESTING DATA ON  
RATEMAKING AND GEOSCIENCE PATENTS**

Sarah E. Leeper  
Nina Suetake  
California-American Water Company  
333 Hayes Street, Suite 202  
San Francisco, CA 94102  
(415) 863-2960  
sarah.leeper@amwater.com

Attorneys for Applicant  
California-American Water Company

Dated: July 28, 2015

**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)

**RESPONSE OF CALIFORNIA-AMERICAN WATER COMPANY TO ADMINISTRATIVE  
LAW JUDGE WEATHERFORD’S RULINGS REQUESTING DATA ON  
RATEMAKING AND GEOSCIENCE PATENTS**

**I. INTRODUCTION**

On July 14, 2015, Administrative Law Judge (“ALJ”) Gary Weatherford issued a ruling requesting information about Geoscience Support Services, Inc. (“Geoscience”), a subcontractor to California-American Water Company (“Cal-Am”) for the Monterey Peninsula Water Supply Project (“MPWSP”) and to the California Public Utilities Commission (“Commission”) in its preparation of the Draft Environmental Impact Report for the same project.<sup>1</sup> The ruling requested information from Geoscience and Cal-Am on patents held by Geoscience and ratemaking issues connected to those patents. In a subsequent ruling dated July 15, 2015, ALJ Weatherford clarified that the requested information shall be filed and served within fifteen days of the date of the July 14<sup>th</sup> ruling.<sup>2</sup> Both of these rulings are referred to together as the “Rulings.”

**II. REQUEST FOR DATA**

In response to the Rulings, Cal-Am provides the following data to the Commission as set forth below and in Attachments 1-4 hereto.

---

<sup>1</sup> *Administrative Law Judge’s Ruling Requesting Data on Ratemaking and Geoscience Patents*, issued July 14, 2015, in A.12-04-019, pp. 2-3, Item 2.

<sup>2</sup> *E-mail Ruling with Errata for Ruling Filed July 14, 2015 Regarding Data on Ratemaking and Patents*, issued July 15, 2015, in A.12-04-019. This ruling also made minor clarifications to the July 14, 2015 ruling.

- a. Provide a copy of the signed and executed contract between Cal-Am and Geoscience, along with any supplemental documents that accompanied the signed and executed contract (e.g., scope of work, amendments, modifications, extensions) and any written communications related to that contract and those documents;**

**Answer:**

Cal-Am's interaction with Geoscience began when Cal-Am retained RBF Consulting ("RBF") and its team of sub-consultants in March of 2004 to assist with the Coastal Water Project.

Geoscience was listed as a member of the RBF team and formally retained as a sub-consultant to RBF in July of 2004. Cal-Am submitted the Coastal Water Project Application (A.04-09-019) to the Commission in September of 2004. During the period between 2004 and the present day, the majority of work performed by Geoscience for Cal-Am has been done through a sub-consulting arrangement with RBF. With regard to the MPWSP (A.12-04-019), Cal-Am has never directly contracted with Geoscience. For projects other than A.12-04-019, there are two engagements where Cal-Am directly contracted with Geoscience. Attached hereto as Attachment 1 are 1) agreements between Cal-Am and Geoscience for modeling work on the previous Coastal Water Project (A.04-09-019 between 2007 and 2009), and related correspondence; and 2) an agreement unrelated to the MPWSP for the evaluation of the Pearce and Begonia wells in the Carmel Valley (2015). See also the subcontracts described in response "II.b" below.

- b. Provide a copy of the signed and executed subcontract between RBF Consulting ("RBF") and Geoscience, along with any supplemental documents that accompanied the signed and executed contract (e.g., scope of work, amendments, modifications, extensions), and any written communications related to that contract and those documents;**

**Answer:**

As indicated above, Cal-Am's first interaction with Geoscience began in 2004 when Cal-Am retained RBF and its team of sub-consultants to assist with the Coastal Water Project.

Geoscience was a member of the RBF team, which reported to Cal Am. Attached hereto as Attachment 2 are the agreements between RBF and Geoscience.

- c. Provide a copy of any and all patents held by Dennis Williams, as well as any related illustrative documents, that were exchanged between Geoscience and Cal-Am and/or RBF, and any written communications related to such patents;**

**Answer:**

Attached hereto as Attachment 3 is a copy of two patents held by Geoscience—U.S. Patent No. 8,056,629, titled “Slant Well Desalination Feedwater Supply System and Method for Constructing Same” (“‘629”) and U.S. Patent No. 8,479,815, titled “Desalination Subsurface Feedwater Supply and Brine Disposal” (“‘815”), and written communications to Cal-Am, RBF, and RMC Water and Environment (“RMC”) from Geoscience related to such patents. Also attached hereto as Attachment 3 is a copy of a patent application filed by Geoscience for a half-moon well screen design, which is pending with the United States Patent and Trademark Office as U.S. Patent Application No. 62/158,382.

### **III. REQUEST FOR RESPONSES**

Cal-Am provides the following responses to the Commission’s requests for information, as set forth below.

- d. Detail whether Williams, as patent holder, has entered into any agreements with Cal-Am or RBF regarding collecting on patents and/or licenses with regards to the MPWSP.**

**Answer:**

Dennis Williams (“Williams”)/ Geoscience obtained the ‘629 patent in 2011 and ‘815 patent in 2013. In 2011, Williams, president of Geoscience, notified RMC of the existence of a patent application and in 2013 notified RBF and Cal-Am of the ‘629 patent and a second patent application. Williams has consistently maintained that he never intended to seek royalties or payments regarding his patent for slant wells in connection with the Coastal Water Project or MPWSP. Our work with Geoscience has been conducted with this understanding throughout the Coastal Water Project and more recent work related to the MPWSP. Nevertheless, to provide the Commission and our customers surety on this issue, we entered a Patent License and Non-

Assertion Agreement (the “Agreement”) with both Williams, in his personal capacity, and Geoscience, on July 27, 2015.

The Agreement grants Cal-Am and its authorized licensees a full, royalty-free, license to use the slant well technology that Geoscience has provided and is providing to Cal-Am in connection with the MPWSP, including the technology disclosed and claimed in the patents (and pending application) described in response “II.c” above. As described in the Agreement, both Geoscience and Williams covenant not to assert any claim of patent infringement or for royalties against Cal-Am and its authorized licensees with respect to the slant well systems and methods being made to and used in connection with the MPWSP. As such, our customers will never be charged for current and future patent rights belonging to Geoscience and Williams.

- e. Explain if Williams, as patent holder, has executed any contracts or agreements with Cal-Am and/or RBF with respect to limiting patent and/or licensing claims;**
- i. If so, is this only for current claims?**
  - ii. If so, does this include future claims?**
  - iii. If so, produce all documents related to such contracts or agreements.**

**Answer:**

As described in the Agreement, attached hereto as Attachment 4, both Geoscience and Williams agree to not assert any claim - *current* or *future* - of patent infringement against Cal-Am and its authorized licensees for the MPWSP, respecting the slant well systems and methods being made and used in connection with the MPWSP.

- f. Determine and explain if Williams, the patent holder, has patents pending or intends to file future patents that may assert claims that MPWSP infringes upon:**
- i. Has Williams indicated to Cal-Am that he intends to claim patent infringement in the future?**
  - ii. Has Williams entered into any contract or agreement with Cal-Am and/or RBF promising not to make future claims of patent infringement?**

**Answer:**

The Agreement, attached hereto as Attachment 4, covers existing patent rights, including the patents and patent application described in response “II.c” above, and rights obtained through any new patent applications that Geoscience and Williams obtain related to the MPWSP.

- g. Explain what steps, if any, Cal-Am has taken to ensure that Williams’ patents are not relevant to the MPWSP and state when those steps were taken;**

**Answer:**

Cal-Am determined that the Geoscience patents and patent application described in response “II.c” above are relevant to the MPWSP and entered into the Agreement, attached hereto as Attachment 4.

- h. State whether Cal-Am has examined and analyzed the potential for Williams to later contend that the MPWSP infringes on his patents and that he will therefore seek a license and, if so, provide a copy of that examination and analysis and any documents related thereto;**

**Answer:**

See response “III.d” above.

- i. State the degree, if any, to which ratepayers may be asked to pay any costs related to the patents of Williams, and identify those costs and produce any documents related to any such assertion;**

**Answer:**

In short, our ratepayers will not be charged for current and future patent rights belonging to Geoscience and Williams for the MPWSP. The Agreement ensures that ratepayers will not be subject now or in the future to royalties or patent infringement claims for the MPWSP related to these patent rights. A copy of the Agreement is attached hereto as Attachment 4.

- j. State the steps Cal-Am has taken to ensure that ratepayers will not be subject to any future impact from patents held by Williams and produce any documents related to any such assertion;**

**Answer:**

Cal-Am entered into the Agreement, attached hereto as Attachment 4.

- k. State the steps Cal-Am is prepared to take to ensure that ratepayers will not be subject to any royalties or future impact from patents held by Williams;**

**Answer:**

The Agreement ensures that ratepayers will not be subject to royalties or patent infringement claims for the MPWSP related to current and future patent rights belonging to Geoscience and Williams.

- l. State anything else necessary for a reasonably complete statement regarding the relationship of William's patents to the MPWSP, and costs related to those patents that Cal-Am may seek to recover from ratepayers.**

**Answer:**

We are not aware of any information that would be helpful that has not been provided in the prior responses.

Dated: July 28, 2015

Respectfully submitted,

By: /s/ Sarah E. Leeper  
Sarah E. Leeper

Attorney for Applicant  
California-American Water Company