



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

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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)

**OPENING BRIEF OF
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

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WATER MANAGEMENT DISTRICT**

July 11, 2012

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**OPENING BRIEF OF
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

The Monterey Peninsula Water Management District (Water Management District or MPWMD) hereby submits its Opening Brief in this proceeding in accord with Administrative Law Judge Gary Weatherford’s Ruling dated June 1, 2012, and Rule 13.11 of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure.

I. INTRODUCTION

California-American Water Company (Cal-Am) seeks the Commission’s approval of the Monterey Peninsula Water Supply Project (Project) and authorization to recover its costs in rates. The scope of the proceeding is confined to resolving whether the Project is a reasonable and prudent means of securing replacement water for the Monterey District of Cal-Am, and whether the granting of the application would be in the public interest.

II. BACKGROUND/HISTORY

The California Legislature created the Water Management District in 1977¹ and expressly granted it authority to regulate all local water systems within its jurisdiction, including the Cal-Am system. Presently, MPWMD regulates Cal-Am under a

¹ Chapter 527 of the Statutes of 1977, as amended (Water Management District Law), found at West’s Water Law Appendix Section 118-1, et. seq.

comprehensive water management program. Cal-Am is required by law to obtain a permit from the Water Management District to add the Monterey Peninsula Water Supply Project, or any project alternative, as a source of supply to its water distribution system. Also, Water Management District Rule 165, in concert with Cal-Am Rule 14.1 as authorized by the CPUC, regulates and imposes rationing and conservation measures upon Cal-Am and customers that use water from the Cal-Am main system.

III. ISSUES

In the June 1 Ruling, ALJ Weatherford requested the parties brief the following issues: 1) Is the County Ordinance governing desalination and limiting desal plant ownership and operation to public agencies preempted by Commission authority; and 2) Does or will Cal-Am, or another entity participating in the separate groundwater replenishment and aquifer storage projects of Cal-Am's proposal for replacement water, possess adequate rights to the slant well intake water, groundwater replenishment water and to the outfall for purposes of Project feasibility?

IV. MPWMD RESPONSE

MPWMD is cooperating with Cal-Am and the Monterey Regional Water Pollution Control Agency (MRWPCA) as project partners for Groundwater Replenishment (GWR). MPWMD strongly supports GWR, as it could be highly beneficial to the Monterey Peninsula. However, MPWMD respectfully contends it is neither necessary nor appropriate to evaluate water rights issues related to the GWR project as part of this proceeding. Further, as MRWPCA will address water rights and GWR in its opening brief, MPWMD defers to MRWPCA on this issue.

MPWMD is also cooperating with Cal-Am in the joint Aquifer Storage and Recovery (ASR) project. MPWMD and Cal-Am co-own and operate a permit from the State Water Resources Control Board (SWRCB) to appropriate water from the Carmel

River.² This water right (SWRCB Permit 20808A) is used to provide water for the joint Cal-Am-MPWMD ASR project. The Monterey Peninsula Water Supply Project may provide an additional source of supply for the ASR project.

Cal-Am will address the status of the County Ordinance with respect to regulation of any desalination project in its opening brief. Accordingly, MPWMD defers to Cal-Am on this issue. MPWMD notes that it is able to meet the “public partner” requirement should one be required of Cal-Am.

V. CONCLUSION

MPWMD respectfully emphasizes that time is of the essence, and lengthy exploration of convoluted legal contentions may frustrate timely compliance with the SWRCB mandate.

Dated: July 11, 2012

Respectfully submitted,

/s/ David C. Laredo

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² SWRCB Permit 20808A derives from Decision 1632 (Application 27414) and SWRCB Permit 20808.