

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



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In the Matter of the Application of California-American Water Company (U210W) for an Order Authorizing the Collection and Remittance of the Monterey Peninsula Water Management District User Fee.

Application 10-01-012
(Filed January 5, 2010)

**COMMENTS OF CALIFORNIA-AMERICAN WATER COMPANY (U 210 W) ON THE
PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE BUSHEY**

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Pursuant to Rule 14.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, California-American Water Company (“California American Water” or “Company”) hereby submits its comments on the proposed decision of Administrative Law Judge Bushey, mailed April 6, 2012 (“PD”). The PD authorizes the Company to construct Aquifer Storage and Recovery (“ASR”) Well #4, record those costs in a memo account, and submit a Tier 2 advice letter to transfer the reasonable and prudent costs, up to \$4.7 million, to rate base. Of that \$4.7 million, \$500,000 was added to the original cost estimates to fund an expedited construction schedule, in the hope of having Well #4 operational by September 2012. The PD allows the Company to request rate recovery of costs over \$4.7 million via a Tier 3 advice letter or in the Company’s next general rate case. The PD also authorizes California American Water to modify its existing Monterey Peninsula Water Management District (“MPWMD”) surcharge to recover costs paid, or to be paid, between May 2011 and December 31, 2014 up to \$1.6 million annually.

California American Water appreciates the Commission’s attention to the water supply challenges in the Company’s Monterey service area. California American Water and the MPWMD continue to work cooperatively to implement the ASR program, and to that end, have held multiple meetings since the Prehearing Conference to discuss the construction schedule of Well #4. Based on the latest construction schedules, it is very unlikely that Well #4 could be operational before September 2012 (this is when the 2012-2013 school year at Seaside Middle School commences and construction work

must stop). Accordingly, California American Water cannot assure the Commission of that result at this time. To the extent that Well #4 is not completed by September 2012, the cost of the well may be lower.

Respectfully submitted,

Tim Miller

Timothy J. Miller
Attorney for California American Water.