



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**FILED**

10-07-10  
04:59 PM

In The Matter Of The Application Of California-American Water Company (U210W) For A Certificate Of Public Convenience And Necessity To Construct And Operate Its Coastal Water Project To Resolve The Long-Term Water Supply Deficit In Its Monterey District And To Recover All Present And Future Costs In Connection Therewith In Rates.

A.04-09-019  
(Filed September 20, 2004)

### **NOTICE OF *EX PARTE* COMMUNICATION OF THE DIVISION OF RATEPAYER ADVOCATES**

Pursuant to Article 8 of the California Public Utilities Commission's Rule of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") files this Notice of an *ex parte* communication.

On October 4, 2010, at approximately 10:30 a.m., DRA supervisor Diana Brooks made a three minute statement in response to a panel presentation on the status, cost and impediments to seawater desalination in California at the California Foundation on the Environment and the Economy ("CFEE") Roundtable Workshop on Ensuring Reliability and Sustainability for California's Water Supply, at the Silverado Conference Center, Napa, California. In attendance at the conference were the following Commissioner Advisors: Stephen St. Marie, Lester Wong, Matthew Tisdale, Sepideh Khosrowjah and Jason Reiger.

Ms. Brooks' comments referred to the Monterey Regional Desalination Plant and the proposed public-private partnership between California American Water Company ("Cal Am"), Marina Coast Water District ("MCWD") and the Monterey Country Water Resources Agency ("MCWRA") and were in response to

a short presentation by Rob MacLean, President of Cal Am as part of the panel. Ms. Brooks noted that project governance and accountability, cost controls and cost allocation were issues before the Commission on this Desalination Plant.

Ms. Brooks explained that because Cal Am ratepayers are responsible for the vast majority of project costs, the governance issue was of key concern to ratepayers, particularly in light of the high cost estimates for the project and the nature of the proposed partnership where all costs are deemed prudent and reasonable and passed through to customers.

Ms. Brooks noted that the Regional Desalination Project capital cost estimates were close to a half a billion dollars for a 10 MGD project: \$297.5 million for the desalination facilities, \$107 million for conveyance and other facilities owned by Cal Am, and possibly \$100 million for interest during construction. Ms. Brooks noted the per unit cost estimates for the Monterey Regional Desalination Project ranged from \$3200 to \$5600 per acre-foot for desalinated water, (and one estimate from Cal Am as high as \$8000 per acre-foot) and \$1500 per acre-foot for conveyance. She contrasted this with cost estimates presented by panelists for proposed seawater desalination projects in California ranging from \$1265 to \$2340 per acre-foot and the actual cost of the small Sand City desalination plant of \$2900 per acre-foot as reported by Mr. MacLean. Ms Brooks also stated that Cal Am's and DRA's rate impact analysis showed that the price for water in the highest tier, under the current rate design model, would be approximately \$76 per Ccf assuming a mid-range cost estimate.

Mr. Brooks indicated that DRA has made recommendations on these issues to the Commission for its consideration. She also noted that the City of Monterey and the Monterey Peninsula Water Management District, both directly elected by Cal Am ratepayers, have asked the Commission to modify the proposed partnership agreement to add them both as voting partners to the project governance structure with equivalent decision-making authority to Cal Am, MCWD and MCWRA.

Copies of this Notice can be obtained by calling or sending e-mail to Sue Muniz at (415) 703-1858 or [sam@cpuc.ca.gov](mailto:sam@cpuc.ca.gov).

Respectfully submitted,

/s/ MONICA MCCRARY

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October 7, 2010

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of “**NOTICE OF EX PARTE COMMUNICATION OF THE DIVISION OF RATEPAYER ADVOCATES**” in **A.04-09-019** by using the following service:

**E-Mail Service:** sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

**U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on October 7, 2010 at San Francisco, California.

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/s/ ALBERT HILL  
ALBERT HILL

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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