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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
CIRCULATING WORKSHOP AGENDA**

This ruling circulates the agenda, appended as Attachment A, for the July 26 - 27, 2012 Workshop. The agenda reflects changes made in response to comments received from some of the parties on July 12, 2012.

The Workshop will be facilitated by Peter Allen of the Legal Division and Ravi Kumra of the Division of Water and Audits. Plans are being made for both days of the Workshop to be viewable on the Commission website via video webcast (www.californiaadmin.com/cpuc.shtml).

IT IS RULED that the July 26 - 27, 2012 Workshop, starting at 10:00 a.m. each day, at the Commission Auditorium, State Office Building, 505 Van Ness Ave., San Francisco, CA 94102, will follow the agenda set out in Attachment A, subject to any changes deemed appropriate by the facilitators.

Dated July 18, 2012, at San Francisco, California.

/s/ GARY WEATHERFORD

Gary Weatherford
Administrative Law Judge

ATTACHMENT A

**Agenda for July 26 - 27, 2012, Technical Workshop
in Application 12-04-019
to be held at: Commission Auditorium, State Office Building
505 Van Ness Ave.
San Francisco, CA 94102
(Start Time: 10:00 a.m.)**

The technical workshop will cover the following topics:

1. Demand projections;
2. Available water supply;
3. Project sizing, costs and ratepayer impacts;
4. Project governance; and
5. Contingency planning in light of possible impediments to project completion and to meeting the December 2016 deadline.

Substantive discussion of legal issues will not be within the ambit of this workshop.

The following sub-issues, among others that undoubtedly will arise during the workshop discussion, should be addressed within the above topics.

Demand projections

- What are the current, short-term and long-term demand projections for the Monterey District?
- How do the demand projections compare with various filings at the Commission?
- What assumptions concerning growth, conservation, infrastructure improvements and better management of non-revenue producing water underlie the demand projections?
- How might changes in demand projections affect the sizing of the Monterey Peninsula Water Supply Project?

Available water supply

- What possible impediments lie in the path of receiving water from the following sources?
 - Recycled water;
 - Aquifer Storage Recovery System (ASR) Replenishment;
 - Sand City Desalination Plant;
 - Slant wells; and
 - California-American Water Company (Cal-Am) owned Desalination plant facilities.

Project Sizing, costs and ratepayer impacts

- Based on the net demand and available supply, what is the optimal size of the project and estimated cost of the project and Cal-Am only facilities?
- What is the cumulative impact on ratepayers if all current Cal-Am requested rate increases were approved by the Commission?

Project governance

- What are Cal-Am's plans for governance related issues on the project?
- How will project oversight and governance ensure participation by ratepayers?
- What possible impediments face Cal-Am's proposed governance structure?

Contingency planning in light of possible impediments to project completion and to meeting December the 2016 deadline

What are potential issues that could delay or derail the project?

- What are Cal-Am's contingency plans, and related cost and scheduling implications, if:
 - State Revolving Funds are not available or are significantly limited or delayed?
 - ASR replenishment water is significantly limited or not available?

- Grey water is not available for recycling?
- Slant wells do not meet project technical criteria?
- Environmental issues require relocation of desalination facilities or slant wells?
- Capacity or availability of outfall is insufficient?
- Amended Ocean Plan sets brine disposal standards that are incompatible with the project as proposed?
- Dynamics of sea water intrusion change in unexpected manner?
- Project delays occur due to water rights related issues; ownership related issues; permitting; location & acquisition of land for slant wells; location & acquisition of land for desalination facilities.

(END OF ATTACHMENT A)