



**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)

**PREHEARING CONFERENCE STATEMENT OF
THE COUNTY OF MONTEREY AND
THE MONTEREY COUNTY WATER RESOURCES AGENCY**

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Pursuant to Ordering Paragraph 2 of the Administrative Law Judge’s Ruling Setting a Prehearing Conference and Inviting Prehearing Conference Statements filed May 11, 2012 (“5/11 Ruling”), the County of Monterey (“County”) and the Monterey County Water Resources Agency (“Agency”) file this Prehearing Conference Statement.

After discussing the interest of the County and the Agency in this Application, this Prehearing Conference Statement addresses four subjects on which comments were invited in Ordering Paragraph 2 of the 5/11 Ruling:

- a. Issues that should define the scope of the proceeding.
- b. The value or not of holding a workshop for the parties.
- c. The prospects, if any, for timely and productive settlement discussions, with or without facilitation/mediation.
- d. Comments on the Schedule proposed in the California-American Water Company Application at 26.

A. Interest of the County and the Agency

On May 10, 2012, the County and the Agency moved to be granted party status in this Application, a motion granted in the Administrative Law Judge’s Ruling of June 1, 2012 (“6/1 Ruling”). As was explained in that motion, the County and the Agency both have been active participants over the years in efforts by California-American Water Company (“CalAm”) to develop a replacement water supply for the customers in CalAm’s Monterey District.

The County is the entity with general governmental and police powers and the responsibility for implementing land use and health and safety regulations applicable to the proposed Monterey Peninsula Water Supply Project (“Project”), including the Local Coastal Program certified by the California Coastal Commission. The County is uniquely capable of analyzing the local and regional water supply issues and environmental impacts of the Project. Of significant importance is the fact that the County represents the community most affected by the Project, since both the Project and the area it will serve are located within Monterey County. The Agency is a countywide organization whose boundaries are coextensive with the boundaries of the County. The Agency has broad responsibilities for water supply planning under the Monterey County Water Resources Agency Act. (California Water Code, Appendix, Chapter 52.) This Commission has previously recognized that the County in combination with the Agency have “responsibility and jurisdiction over, and the closest nexus with, a range of practical

project issues involving land use implementation, water resource management, development, construction and operation” and that the Agency “has the authority to manage and protect water supply quality and quantity in Monterey County.” (D.03-09-022, slip op., p. 11.)

Both the County and the Agency are deeply interested in the acquisition of the vitally necessary replacement water supply which CalAm seeks through the Application. Both continue to work with CalAm to advance the goal of obtaining such a water supply. At the same time both the County and the Agency are concerned that such a supply be reliable and safe while being provided at just and reasonable rates. The County and the Agency will participate in this Application proceeding with all those interests in mind.

B. Response to Subjects Listed in the 5/11 Ruling

1. Issues that should define the scope of the proceeding.

The core issue that drove A.04-09-019 and will drive this Application is obtaining a clean and reliable potable water supply for CalAm’s Monterey Peninsula customers at just and reasonable rates. The need for such a water supply has existed for decades and is complicated by the State Water Resources Control Board’s Cease and Desist Order and December 31, 2016 deadline.

The County, the Agency and CalAm continue to seek to resolve differences between them in the best interest of their respective constituents. The County and the Agency have been and remain willing to work with any responsible interest to obtain such a water supply, and to consider any combination of solutions which allows the goal to be met. The County and Agency believe their support will be critical to obtaining such a water supply.

The County and the Agency assert that the issue of obtaining such a water supply is the sole issue that should define the scope of this proceeding. The County and the Agency are gratified the 6/1 Ruling declares that unresolved issues concerning the Regional Desalination Project will not be addressed in this proceeding and recognizes the “overarching public interest in finding a source or sources of replacement water for the Monterey Peninsula as soon as practicable, . . .” (6/1 Ruling, pp. 2-3.) The County and the Agency urge the Commission in this proceeding to maintain its focus on obtaining the requisite water supply.

2. The value or not of holding a workshop for the parties.

During the prehearing conference, the parties are to discuss the advisability of a two-day workshop to “discuss technical and other non-legal concerns and questions relating to the Application.” (6/1 Ruling, p. 4.) The County and the Agency suggest that among matters related to the workshop to be discussed at the prehearing conference are the following:

- a. Will the workshop be facilitated and if so, by whom?
- b. Will a workshop report be prepared and if so, who will prepare it, and will a draft be available for review and comment by parties before it is finalized?
- c. May topics to be addressed at the workshop be determined with greater specificity at the prehearing conference or failing that at a point far enough in advance of the workshop to assist in determining party representatives to attend the workshop?

3. The prospects, if any, for timely and productive settlement discussions, with or without facilitation/mediation.

The County and the Agency have noted above their continued discussions with CalAm and their willingness to work with any responsible interest to obtain the necessary water supply, and to consider any combination of solutions which allows the goal to be met. At the same time, the County and the Agency note inclusion of the words “timely and productive” in this topic for discussion. The County and the Agency suggest if the Commission desires the parties to engage in settlement discussions, the Commission appoint Administrative Law Judge Peter Allen or Executive Director Paul Clanon to facilitate such discussions.

4. Comments on the Schedule proposed in the California-American Water Company Application at 26.

The County and the Agency request two changes to CalAm’s proposed schedule:

As to the Proposed Schedule for the Overall Proceeding, due to other scheduling conflicts, the County and the Agency request that DRA/Intervenor testimony be served on July 27, 2012. The County and the Agency do not suggest revision of any other dates in the overall schedule.

