

From: Prosper, Terrie D.
Sent: 10/21/2010 4:34:01 PM
To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: CPUC Information Alert: Proposals Issued in Cal-Am's Application to Participate in Regional Water Desalination Project

CPUC Information Alert:

**Proposed Decision and Alternate Proposed Decision
Issued in California American Water Company's Application to Participate in
Regional Water Desalination Project ([A.04-09-019](#))**

The California Public Utilities Commission (CPUC) today issued a Proposed Decision (<http://docs.cpuc.ca.gov/efile/PD/125337.pdf>) by an Administrative Law Judge (ALJ) and an Alternate Proposed Decision by CPUC Commissioner John A. Bohn (<http://docs.cpuc.ca.gov/efile/ALT/125343.pdf>) approving a request by California American Water Company (Cal-Am) to join with several local agencies on the Monterey Peninsula to form a public-private partnership to build, own, and operate a regional water desalination project.

The proposed regional project would allow Cal-Am to continue to supply water to customers in the Monterey Peninsula while complying with the State Water Resources Control Board's orders to reduce its diversion of water from the Carmel River. The project would consist of a regional desalination plant capable of producing up to 10 million gallons per day (mgd) of desalinated water and associated infrastructure.

Both the Proposed Decision, by ALJ Angela Minkin, and the Alternate Proposed Decision of Commissioner Bohn modify various terms of the proposed settlement and implementing agreements entered into by Cal-Am, Marina Coast Water District, Monterey County Water Resources Agency, Monterey Water Regional Pollution Control Agency, the Surfrider Foundation, the Public Trust Alliance, and Citizens for Public Water. While the two proposals are similar in most

respects, they differ on whether Cal-Am ratepayers should pay for any costs above established cost cap ceilings, the role of the municipal agencies on the regional project's Advisory Committee, the amount to be contributed by Marina Coast Water District for its participation in the Regional Project, and the interest rate to be applied during the course of construction.

Regardless of which proposal is ultimately adopted by the CPUC, approval of the regional project will result in a very significant increase in water rates currently being paid by customers on the Monterey Peninsula. However, as noted in both the Proposed Decision and the Alternate Proposed Decision, the regional project is the only feasible alternative given the requirements of the State Water Resources Control Board's orders and the urgency of the water supply need. The rates associated with this project will be determined in a separate phase of this proceeding.

The CPUC is scheduled to consider these proposals at its December 2, 2010, meeting and will be seeking input from parties prior to that time. Parties that have actively participated in Cal-Am's application will have until November 17, 2010, to file comments on the proposals, and until November 22, 2010, to file reply comments. Additionally, an oral argument has been scheduled for November 2, 2010, at which time active parties may comment on one or both proposals before Commissioner Bohn and other Commissioners. Additional meetings may be scheduled at the discretion of individual Commissioner offices, and will be subject to the ex parte rules. Members of the general public may also provide comments on the decisions by sending their comments to the CPUC's Public Advisor's Office: (www.cpuc.ca.gov/PUC/aboutus/Divisions/CSID/Public+Advisor/).

Please let me know if you have any questions.

Terrie

Terrie Prosper
Director, News & Public

Information Office
California Public Utilities
Commission
(415)
703-1366
Visit the CPUC on: [Twitter](#) | [Facebook](#)