

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

In the Matter of the Application of)	Application No. 04-09-019
California-American Water Company)	
(U210W) for a Certificate of Public)	(Filed September 20, 2004)
Convenience and Necessity to)	
Construct and Operate its Coastal)	Amended July 14, 2005
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.)	
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**RESPONSE TO MOTION FOR TEMPORARY ABEYANCE
OF MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**

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WATER MANAGEMENT DISTRICT**

March 2, 2009

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

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**RESPONSE TO MOTION FOR TEMPORARY ABEYANCE
OF MONTEREY PENINSULA WATER MANAGEMENT DISTRICT PHASE 2**

In accordance with Administrative Law Judge Angela K. Minkin's Ruling of October 30, 2009, Monterey Peninsula Water Management District ("Water Management District" or "MPWMD") submits its Response to the joint Motion for Temporary Abeyance for the Coastal Water Project proceedings made by California-American Water Company ("Cal-Am"), Monterey County Water Resources Agency, and Marina Coast Water District.

Joinder in Motion for Temporary Abeyance

The Water Management District joins in the Motion for Temporary Abeyance of the procedural schedule for this proceeding insofar as additional time is required for parties to engage in efforts to settle all issues in this proceeding, but requests the Ruling granting the request be conditioned so that all Parties may participate in settlement

discussions, and further provided an ALJ be assigned to participate and provide oversight of the settlement.

Water Management District Interests

The California Legislature created the Water Management District in 1977¹ and expressly granted it authority to regulate all local water systems, including the Cal-Am system. Presently, MPWMD regulates Cal-Am under a comprehensive water management program. Cal-Am shall require a permit from the Water Management District to operate the Coastal Water Project. MPWMD is a responsible agency for the Coastal Water Project pursuant to the California Environmental Quality Act ("CEQA").

MPWMD and Cal-Am also co-own and operate a permit to appropriate water from the Carmel River.² This water right (SWRCB Permit 20808A) is used to provide water for the joint Cal-Am-District Aquifer & Storage Recovery (ASR) project.

The Water Management District, through its Rule 165 and in concert with CPUC Rule 14.1, regulates and imposes rationing and conservation measures upon Cal-Am and the customers that use water from the Cal-Am main system.

These interests are directly affected by the Coastal Water Project, and by any settlement of issues in this proceeding.

Water Management District Is An Essential Party to Settlement

MPWMD operates under existing Memorandums of Agreement with both Marina Coast Water District³ and Monterey County Water Resources Agency⁴ that address issues

¹ Chapter 527 of the Statutes of 1977, as amended (Water Management District Law), may be found at West's Water Law Appendix Section 118-1, et. seq.

² SWRCB Permit 20808A derives from Decision 1632 (Application 27414) and SWRCB Permit 20808.

³ Memorandum of Agreement Between the Marina Coast Water District and the Monterey Peninsula Water Management District.

⁴ Memorandum of Agreement Between the Monterey Regional Water Pollution Control Agency and the Monterey Peninsula Water Management District.

of overlapping jurisdictions, and encourage communication and cooperation to ensure governmental effectiveness and efficiency.

Although MPWMD has not heretofore been invited to participate in settlement discussions held by Cal-Am, Monterey County Water Resources Agency, and Marina Coast Water District related to this proceeding, the Water Management District is ready and willing to engage in those discussions in an attempt to reach a good faith settlement of all Coastal Water Project issues.

An All-Party, All-Issue Settlement for this Proceeding Must Be Encouraged

On October 20, 2009 the State Water Resources Control Board (SWRCB) adopted final Order WR 2009-0060 ("Order"), dramatically reducing water available for use in the Cal-Am main system. Although Cal-Am and MPWMD have each challenged the SWRCB Order,⁵ without a Stay Cal-Am must immediately reduce its Carmel River diversions from 11,285 afa to 10,429 afa, make additional annual reductions beginning October 1, 2011, and each year thereafter, and Cal-Am is required to end all unlawful diversions from the Carmel River no later than December 31, 2016.

The date by which the Coastal Water Project must be ready to deliver water, as set by the SWRCB Order, can best be facilitated by an all-Party settlement of this proceeding. Piecemeal or partial settlement of issues will only delay delivery of alternate water supplies.

For this reason, the Water Management District requests the CPUC require settlement discussions be expanded to all parties, and also that an ALJ be assigned to supervise the settlement.

⁵ *Monterey Peninsula Water Management District v. SWRCB*, Monterey Superior Court Case No. M 101102, and *California American Water v. SWRCB*, Monterey Superior Court Case No. M 102097.

Conclusion

The CPUC should grant the Motion for Temporary Abeyance of the procedural schedule for this proceeding, and should compel all Parties to engage in good faith negotiations in efforts to settle all issues in this proceeding.

It is also requested that an ALJ be assigned to facilitate settlement efforts to keep things moving forward and minimize expense and delay for ratepayers.

Respectfully submitted,

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Water Management District

Dated: November 3, 2009

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