

NOTICE OF PUBLIC PARTICIPATION HEARINGS ON THE APPLICATION OF CALIFORNIA AMERICAN WATER COMPANY TO CONSTRUCT AND OPERATE THE MONTEREY PENINSULA WATER SUPPLY PROJECT AND TO RECOVER ALL PRESENT AND FUTURE COSTS IN RATES (A. 12-04-019)

September 1, 2016, at 3:00 p.m.

Sunset Center – Carpenter Hall
San Carlos Street at Ninth Avenue
Carmel-by-the-Sea, CA 93921

ABOUT PUBLIC PARTICIPATION HEARINGS

The California Public Utilities Commission (CPUC) wants to hear from you! A Public Participation Hearing (PPHs) is scheduled on the date and time underlined above **to receive your comments** on the application of California American Water Company.

The hearing's location is wheelchair accessible. If you need a non-English language interpreter or special assistance, please contact the CPUC's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date. If you cannot attend the PPH you may submit your comments via a letter or email to the PAO.

A CPUC Administrative Law Judge (Judge) will preside at this PPH to listen to your concerns, comments, and opinions on the application. Your comments will be transcribed and included in the record of this proceeding. One or more Commissioners may attend, but no decisions will be reached at this hearing. All public comments from this PPH are public record.

ABOUT THE APPLICATION AND BACKGROUND

On April 23, 2012, California American Water filed Application 12-04-019 (A. 12-04-019) with the CPUC requesting authority to construct and operate the Monterey Peninsula Water Supply Project (MPWSP) and to recover costs. A key component to the project (Phase 1) will be a proposed 6.4 million gallon per day seawater desalination plant located in Marina, CA. This proposal will also include the expansion of storage in the Seaside Groundwater Basin. This expansion will provide storage for excess winter flows from the Carmel River. The company is also requesting approval to enter into a water purchase agreement for the Monterey Regional Water Pollution Control Agency's (MRWPCA) and the Monterey Peninsula Water Management District's (MPWMD) Pure Water Monterey project. The water purchase agreement would also include the construction of a Monterey pipeline and pump station to deliver the water to customers (Phase 2). California American Water is seeking to construct the MPWSP in order to comply with the State Water Resources Control Board's Cease and Desist Order mandating that production from the Carmel River, the Monterey Peninsula's current major water source, be reduced to comply with legal limitations.

Average Monterey Residential Customer Impact

The impact to an average three-person household residential customer on a ¼ acre lot in the Monterey District is shown in the chart below. All amounts are based on current rates and assume approval by the CPUC of California American Water's full request.

Customer Class	Meter Size	Usage	Current Average Bill ¹	Projected Increased Average Bill: June 1, 2017 ²	Projected Increased Average Bill: Jan 1, 2018 ²	Projected Increased Average Bill: Mar 1, 2018 ³
Residential (Under Current Rate Design)	5/8"	37 cgl	\$46.16	\$49.37	\$63.81	\$66.94

The proceeding in which California America Water is requesting to modify rate design is still pending before the CPUC (A.15-07-019). A decision is expected at the end of this year which may change rates from the example shown in the chart.

¹ Current bill reflects the following rates: 2016 step rates and low income surcharge update per Advice Letter (AL) 1097, expiration of 2012 WRAM/MCBA surcharge on May 9, 2016, inclusion of 2013 and 2014 WRAM/MCBA surcharges per ALJ Ruling on March 2, 2016, in A.15-07-019, and the Consolidated Expense Balancing Account surcharge per AL 1115-A.

² Projected bills assume a 3% annual inflation factor on the base revenue requirement for 2017 and 2018 and current authorized surcharges and an estimate for the pre-construction cost surcharge that has been requested to fund a portion of the MPWSP Phase 1 costs, also referred to as Surcharge #2. This surcharge is designed to lower the costs of financing the project.

³ Projected bills reflect the purchased water costs associated with the Pure Water Monterey project (Phase 2).

TO OBTAIN A COPY OF THE APPLICATION

If you would like a copy of California American Water's application and exhibits, please write to California American Water at the address below:

California American Water
511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950

You may also visit the Monterey Peninsula Water Supply Project website to view and obtain electronic access at:
<http://www.watersupplyproject.org>

A copy of California American Water's application and exhibits is also available for review at the CPUC's Central Files Office by appointment. For more information you may contact aljcentralfilesid@cpuc.ca.gov or 415-703-2045.

WORKSHOP

Prior to the PPH the Commission will hold a workshop to update parties and interested persons on important elements of the ongoing environmental review. The workshop could also include peer review comments of the Ground Water Model by Lawrence Berkeley National Laboratory; along with an introduction to the revised Ground Water Model and the incorporation of test well data. The workshop will be on the same date and in the same location as the PPH (listed at the top of this notice). However, **the workshop will begin at 9:00 a.m.**

If you have questions about the workshop you may contact Ken Lewis in the CPUC's Energy Division at KL1@cpuc.ca.gov.

CPUC PROCESS

As a party of record, the Office of Ratepayer Advocates (ORA) has reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov or visit the Office of Ratepayer Advocate's website at: <http://ora.ca.gov>

This application has been assigned to a Judge. The Judge will hear from the public and the parties, including the receipt of formal evidence and related documents necessary to establish an evidentiary record upon which the Commission can base its decision. Evidentiary Hearings (EHs) will be held where utilities, consumer advocacy groups, and other entities which have been given official status as "parties," will present their testimony and may be subject to cross-examination by other parties. These EHs are open to the public, but only those who are parties may participate. The hearings and documents submitted in the proceeding become part of the formal record that the Judge relies upon when writing a proposed decision to present to the Commissioners for their consideration.

After considering all proposals and all evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision, determining whether to adopt California American Water's request, modify it, or deny it. Any of the CPUC's Commissioners may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled Commission Voting Meeting.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov>.

If you would like to learn how you can participate in this proceeding, have informal comments, or if you have questions about the CPUC process, you may access the CPUC's Public Advisor's webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the Public Advisor as follows:

Write: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
1-866-836-7825 (toll-free) or TTY 1-415-703-5282

Please reference **California American Water's Application No. 12-04-019** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.