BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U 210 W) for a Certificate of Public Convenience and Necessity to Construct and Operate its Monterey Water Supply 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	Application No. 12-04-019 (Filed April 23, 2012)

SUPPLEMENTAL TESTIMONY OF RICHARD C. SVINDLAND

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I. WITNESS QUALIFICATIONS

Q1. Please provide your name, position and business address.

A1. My name is Richard C. Svindland. I am the Vice President of Engineering for California American Water (CAW). My business address is 4701 Beloit Drive, Sacramento, CA 95838.

Q2. Have you provided testimony in this proceeding and what are your qualifications?

A2. Yes, I provided testimony for this project as part of CAW's original application. My qualifications, prior testimony experience and prior water and wastewater experiences are included with my original testimony.

II. PURPOSE OF TESTIMONY

Q3. What is the purpose of your supplemental testimony?

A3. The purpose of this supplemental testimony is to:

(i) discuss the status and major milestones on the project since CAW's application was filed;

(ii) discuss changes to the project since CAW's application was filed and provide an updated Project Description;

(iii) discuss any updates on the facilities and their location, design, construction, the anticipated capital cost and the anticipated operation and maintenance costs;

(iv) discuss the current project schedule;

(v) discuss the status of water rights for the project;

(vi) discuss various aspects of the public governance proposals by various agencies;

(vii) discuss several small projects that have emerged since CAW's filing;

(viii) provide additional information on CAW's Contingency Plan that was filed on November 1, 2012, and

(ix) Lastly, to address other miscellaneous items identified in the ALJ's ruling on December 26, 2012.

III. PROJECT STATUS SINCE APPLICATION FILING

Q4. What is the status of the slant test well?

A4. CAW has been actively working on the slant test well since its filing in April of 2012 and since the approval to track the costs of the test well in CAW's existing memorandum account. CAW's slant test well work has been focused in two major areas, namely: land acquisition and environmental permitting. Currently the test slant well is scheduled to be constructed in the fall / winter of 2013-2014.

CAW has revised the schedule for the slant test well due to the potential impact to a state and federal threatened bird (snowy plover) that frequents the beach in the area of the slant well that was originally proposed by CAW in its application. There are several stakeholders whom have had different opinions on the location of the slant well and this has affected the schedule. CAW and its project team have met with these stakeholders,

who include California Department of Fish and Game (CDFG), US Fish and Wildlife Service (USFWS), Monterey Bay National Marine Sanctuary, California Coastal Commission, California State Lands Commission, Monterey Peninsula Regional Parks District (MPRPD), the property owner (Cemex) and the City of Marina. Based on these meetings CAW has modified our approach to the slant test well and ultimately to the slant intake well system proposed for the project in order to accommodate the needs of the various agencies.

Q5. What were some of the differing opinions and how have they been addressed?

A5. The City of Marina wanted the slant wells located at the Cemex's north property line so as to avoid impact to recreational beach users who access the beach at the northern end of MPRPD's property which is adjacent to the southern end of Cemex's property. CDFG and USFWS wanted the slant wells to be completely south of the Cemex's property so as to avoid snowy plover habitat. Ultimately, as described in the revised project description attached to this supplemental testimony, we have proposed moving the wells into the wet part of the beach so as to avoid critical snowy plover habitat and we have changed to an all gravity intake system in lieu of the pump system so as to reduce the future need to travel up and down the beach.

Q6. What is the status of land acquisition(s) on the project?

A6. In early December 2012, CAW closed on approximately 46 acres of land located off Charles Benson Road just west of the land fill and the Monterey Regional Water Pollution Control Agency's wastewater treatment plant that will be used for its desalination plant facilities. This land is the tract that was identified in CAW's original application.

Since filing its application, CAW has been and continues to be in active negotiations with Cemex, the property owner that owns 376 acres and 7,000 feet of ocean front property due

west of the desalination plant site. These negotiations have resulted in allowing access to the site on two occasions so environmental work could proceed and most recently we have been working to finalize our permit application to the City of Marina for the slant test well Coastal Development Permit. This permit requires acknowledgment from the property owner. Cemex is currently reviewing the revisions to the project description in light of the recent changes due to snowy plover. Based on these active negotiations, CAW believes it will be able to obtain land rights for its intake system by the fall of 2013.

Q7. Are there any changes to customer demands or supplies?

A7. As part of its application, CAW indicated it needed new supplies of 9,006 acre foot per year (AFY) in order to meet an annual estimated demand of 15,250 AFY. This estimated demand was derived from the last Environmental Impact Report ("EIR") and was the amount agreed upon by the parties in the settlement adopted in decision ("D.") 10-12-016. Since we filed our application, a couple of items have been brought to our attention that merits an adjustment to the estimated annual demand. These changes are as follows:

- A payback schedule for the Seaside Groundwater Basin was set at 25 years. Essentially, this reduces the available supply from the Seaside Basin from 1,474 AFY to 774 AFY.
- The tourism industry pointed to recent reductions in their occupancy rates that will come back and since they are existing customers, the use of a 5 year historical average may not reflect their true demand. We have reviewed past water use by commercial class users and have allocated 500 AFY for this updated demand return.
- With recycle water improvements made by the Pebble Beach Company in the last 5 year period, we have an additional 325 AFY of potable water demand that needs to be included in future demands.

In its application, CAW provided the estimated demands for the Lots of Records (LOR) (1,181 AFY) and the General Plan Buildout (GPBO) (4,545 AFY). During the Technical and Cost Workshops we showed different demand scenarios and how these demands could be met with the facilities sized to meet the 15,250 AFY. As part of this supplemental testimony, we have re-evaluated the plant size to accommodate the above listed supply and demand changes and to accommodate LOR with the assumption that current demands remain equal to the 5 year historical average which is approximately 13,290 AFY.

Summed up, the revised demands are 15,296 AFY, however, due to the reduction in the Seaside Basin supply, the desal plant needs to be sized larger by approximately 700 AFY or 0.6 million gallons per day (MGD) to account for the reduction in supply. Please refer to Attachment 1 which is a plant sizing memorandum from RBF Consulting dated January 7, 2013 that discuses the updated sizing of the desal plant with and without the Groundwater Replenishment (GWR) project.

Q8. How will CAW factor in the City of Pacific Grove's three small projects?

A8. CAW has met with the City of Pacific Grove officials on several occasions with the most recent meeting occurring on January 2, 2013, to discuss the three small projects it has proposed as part of this application. CAW has stated in filings as part of this proceeding that it supports these projects so long as they do not impact existing customers in terms of costs and so long as these three small projects do not detract from CAW's resources needed to implement the MPWSP. With that said, CAW will assist the City and is currently working on a Memorandum of Understanding with the City to provide a framework for how these projects may be factored in to CAW's water supply portfolio. Because these projects are in the development stage, it is speculative to include them in

the sizing of the desal plant; however, if and when they occur we would reduce the operating level of the desal plant, thereby increasing plant reliability.

Q9. Is there an update to the project schedule?

A9. Yes, an updated schedule is attached as Attachment 2. This schedule reflects recent changes to the slant test well, incorporates the CPUC's revised procedural schedule and replaces Appendix B of CAW's original Application.

Q10. Will the revised schedule allow CAW to meet the Cease and Desist Order (CDO) deadline?

A10. No. Based on this revised schedule, the desal plant is not expected to be on-line until December of 2017, a full 11 months past the CDO deadline.

Q11. What is the current status on water rights?

A11. On December 21, 2012, the State Water Resources Control Board issued its report to the Commission on water rights for the MPWSP. In general, this report confirmed the validity of the legal positions that CAW set forth in its water rights brief submitted to the Commission. Some of the important points made by the State Water Resources Control Board include: (1) that no water right is needed to pump and use seawater for the MPWSP; (2) that consistent with California law and the California Constitution, the MPWSP may appropriate brackish water from the Salinas Groundwater Basin, as "developed" or "surplus" water, so long as CAW's pumping does not cause legal injury to Basin users; and (3) that such appropriation would be consistent with the physical solution doctrine.

Moreover, the technical record for the North Marina Alternative of the Regional Project – which is based on the most recent and best available scientific and technical information –

fully supports the position that the MPWSP will not result in legal injury to Salinas Basin groundwater users. CAW expects that the proposed test slant well will reconfirm these conclusions.

Finally, CAW understands that there is controversy as to whether the 180-foot aquifer is a confined or unconfined aquifer, and the attendant effects of MPWSP pumping in light of those conditions. As of yet, CAW has not had an independent hydrogeologist evaluate those claims and has not decided if it will hire its own expert. CAW understands that the Commission may address that controversy in its EIR. CAW has reason to believe, however, that reports claiming the 180-foot aquifer is a fully confined aquifer are based on outdated information.

Q12. How does the Settlement Agreement between CAW, the County of Monterey County, and the Monterey County Water Resources Agency, executed December 4, 2012, ("Monterey County Settlement") impact the project?

A12. Although the Monterey County Settlement is subject to Commission approval and will be considered in a separate proceeding, the settlement spells out requirements for a Groundwater Monitoring Plan. The purpose of the Groundwater Monitoring Plan is to protect water in the Salinas River Groundwater Basin and prevents its export, in furtherance of the Monterey County Water Resources Agency Act. Although not specifically called out in a budget line item, the costs of implementing this Groundwater Monitoring Plan are included in the capital costs and O&M costs for the project.

IV. PROJECT COSTS

Q13. Are there updated costs of components for the project?

A13. Yes. As previously discussed, we have considered a larger desal plant to accommodate the changes in demand and supply. With this larger desal plant, the costs (both capital and O&M) have been updated to reflect the changes needed to build a slightly larger facility.

Please see the Cost Memorandum from RBF Consulting dated January 9, 2013, included as Attachment 3. Furthermore, the Financial Model, recently made available to parties to the service list on January 3, 2013, has been updated to include these updated capital and O&M costs.

Q14. Do you have any concerns using a Net Present Value (NPV) analysis to compare projects?

A14. Yes, as part of the Cost workshop held on December 11-12, 2012, the CPUC staff requested CAW to include a NPV calculation in its Financial Model so as to be able to compare alternative projects and so that parties could compare different projects. Although NPV calculations can be made, incorrect assumptions will lead to an unfair comparison of projects. It is important to note that future capital replacement expenditures can have a large effect on the results of this analysis. Another caution when using this analysis is the comparison of two projects that compare two different elements, one of which may not be permittable. As an example, take the comparison of the Open Ocean Intake versus a series of slant wells. The Open Ocean intake would likely have a lower capital cost and replacement cost than the series of slant wells, but given the fact that the legal and permitting issues associated with this intake could take 2 to 10 years, how would one interpret the results? The supplemental testimony of Mr. David Stephenson addresses a number of concerns regarding the use of NPV analysis to compare different financing and operating scenarios of its proposed project. .

Q15. Have there been any developments with respect to the cost of electricity?

A15. As indicated in the cost memorandum, RBF Consulting assisted CAW in estimating electrical power rates in its April 2012, application using rate estimates developed in 2009 for the Coastal Water Project (CWP) in Application ("A") 04-09-019 and applying an escalation factor to reflect estimated 2012 costs. Power rates presented in that proceeding were developed using applicable tariff or rate schedules from PG&E for each facility.

These estimated power rates were based on using the E-20 Primary voltage schedule for the desalination plant, and using PG&E's E-19 Primary voltage schedule for the desalinated water conveyance and ASR facilities.

As part of this supplemental testimony CAW has updated the assumed average power rates that will be applied to energy consumption at the desalination plant and the intake facilities. CAW worked directly with PG&E representatives to develop a rate analysis based on their December 2012, E-20 rate schedule. Using a monthly electrical load based on an CAW estimated water demand, PG&E developed an estimated average summer and winter rate in dollars per kilowatt-hours ($/kWh) for the three service types on the E-20 rate schedule; E-20 Secondary voltage, E-20 Primary voltage, and E-20 Transmission voltage. Secondary voltage is served from PG&E distribution lines. Primary voltage is also served from distribution lines but without a service transformer. Transmission voltage is served from transmission lines without a service transformer. The analysis showed a reduction in the average summer and winter power rates as compared to those presented in our April 2012 application. For example, on the 9.0 MGD plant the E-20 Transmission voltage schedule for summer usage yielded an average rate of $0.0964/kWh, and for winter yielded an average rate of $0.0764/kWh, which equates to a blended average rate of approximately $0.0867/kWh. For the 9.6 MGD plant the E-20 Transmission voltage schedule for summer usage yielded an average rate of $0.1003/kWh, and for winter yielded an average rate of $0.0771/kWh, which equates to a blended average rate of approximately $0.0888/kWh.

As part of the updated Financial Model, we have included the blended electrical rate for each of the three electric service types based on CAW's interaction with PG&E. The model also reflects the rates estimated by RBF Consulting in their cost memorandums. Attachment 4 to this supplemental testimony includes the analysis prepared by PG&E for

the 9.6 MGD facility. The PG&E analysis was performed for the various plant size scenarios based on the power requirements. The PG&E rates were included in the revenue requirement modeling as reflected in the supplemental testimony of Mr. Jeffrey T. Linam.

Q16. What other actions has CAW taken to try to lower the power costs for customers?

A16. In addition to consulting with PG&E representatives, CAW has explored other Commission approved programs that could result in lower power costs to customers. Those programs include Direct Access (DA) and Community Choice Aggregation (CCA), which are alternative procurement options under PG&E's tariffs. DA would allow CAW to purchase electric power from Energy Service Providers while CCA would require cities, counties or any group of cities and counties to aggregate the electric load of utility end-use customers within their service areas for the purpose of acquiring and providing their electric power needs. CAW continues to explore these options as a way to further lower the power prices to the project and ultimately customers.

Q17. Are you changing any of the contingency factors used in the cost estimates?

A17. No. While we have learned several items since our filing, such as the amount of the land purchase for the desal plant, we have yet to fully permit and design any of the facilities. As such it is premature to reduce any of the contingency factors that we have used to estimate the cost of this project.

Q18. Are there any impacts of the project capacity?

A18. Yes, as previously discussed the size of the plant has increased to account for the Seaside Groundwater Basin payback, tourism bounce back, Pebble Beach and LOR. Please refer to the RBF Consulting Sizing Memorandum in Attachment 1.

Q19. Can you summarize the changes CAW is seeking in this supplemental testimony?

A19. Yes, specifically, CAW is seeking to make the desal plant slightly larger to accommodate the changes in demand and supply. Additionally, much like it did in its application, should the GWR project come on line in time, CAW would also be seeking to make the smaller desal plant slightly larger as well. The slightly large plant is now estimated at 9.6 MGD and the smaller plant accounting for GWR is now estimated at 6.4 MGD. The 9.6 MGD plant would need to deliver 9,752 AFY and the 6.4 MGD plant would need to deliver 6,252 AFY.

V. COST IMPACT OF CONTINGENCIES

Q20. Can you clarify mitigation costs?

A20. The mitigation cost in our capital cost estimate is a line item used to cover various items that are likely to arise during the permitting process of the project. An example would be the cost to pay into a wetland bank for any disturbed wetlands along the project corridor or the additional monitoring that may be required when working around threatened species. Following the discussion of the mitigation cost for the project at the December 11-12, 2012 cost workshops, I confirmed that the mitigation costs for the larger desal plant project is estimated at 1%. For the smaller desal plant project; however, the mitigations cost was kept at the same value as the larger project because it is believed that the smaller amount of capital at the desal plant site would not reduce the overall mitigation cost for the entire project corridor since the project corridor remains essentially unchanged. Thus the mitigation cost is slightly higher than 1% but is less than 2% for the smaller project.

Q21. What is the useful life of the intake/outfall at the Moss Landing Power Plant and the other Moss Landing items used in the Contingency Plan?

A21. We believe the Moss Landing Power Plant was initially constructed in 1950, and it is assumed that the discharge tunnel was constructed at that time as well. Absent any type of

condition survey report or physical inspection report, the useful life of the buried infrastructure (discharge conduit) is unknown at this time; however, based on CAW's experience and from a rate making depreciation standpoint, structures of this type have been known to last 80 - 100 years or more, even in seawater. It is unknown if this conduit was damaged in the Loma Prieta quake or any other previous seismic event and as such a condition assessment is recommended before proceeding with any option that involves use of this conduit.

In a quick survey of available records, we could find no information about when the intake structures for the original plant were constructed, but we can assume that the original intake structures were constructed at the current location of the intakes for Power Generation Units Nos. 1 and 2, so portions of that intake structure may be more than 60 years old.

It appears that Power Generation Units No. 1 and 2 were repowered in 2002, and the Disengaging Basin (a reinforced concrete structure that receives the spent cooling water from Units No. 1 and 2) and associated tail works was also built at that time. An aerial photograph taken in June of 1993 clearly shows that the Disengaging Basin was not there at that time. We can conclude that this structure is between 10 and 20 years old. From personal observation, it appears to be in good condition.

From a strictly ratemaking perspective and based on what we have learned to date, we would estimate that the discharge conduit probably has 40 years of useful life, the concrete structure portion of the Unit Nos. 1 and 2 probably has less than 20 years of useful life, and the Disengaging Basin probably has 50 or more years of useful life. All of these assume that use of once through cooling water continues. If the facilities are not in use, we would expect them to degrade much more rapidly.

As-built drawings of the National Refractories outfall are dated as 1971. The seafloor and the marine environment are very corrosive and it is assumed that the useful life of outfall facilities is 50 years. However, the outfall was visually inspected, as presented in the "Evaluation of Seawater Desalination Projects Proposed for the Monterey Peninsula" by MPWMD dated February 20, 2008, earthquakes have caused joint separation on the National Refractories Outfall and damaged the outfall significantly. We have assumed that the outfall will require rehabilitation and modifications for using either as an intake or an outfall. The contingency plan assumes approximately $3,000,000[1] would be required to convert the outfall into an intake and $4,000,000[2] would be required to modify the outfall for discharge to meet the Ocean Plan requirements. Upon completion of these improvements the useful life of these assets would be expected to be greater than 50 years.

The existing intake at National Refractories site is approximately the same age (40 years), and we expect it is in poor condition, since it has not been used for years. In the contingency plan, we estimated $1,000,000[3] to rehabilitate the structure and install new screens at this facility. Even with rehabilitation of the structure; however, we would not count on a useful life of more than 20 years for this facility without the need to replace or repair the reinforced concrete pier components.

Q22. What are the timelines, permitting issues, cost impacts and financial impacts of the items in your Contingency Plan?

A22. We have spent considerable time since the Cost workshops focusing on timelines and permitting risks for all the options that were presented in our Contingency Plan. In the Contingency Plan we reviewed eight intake options, four discharge options and eight options for plant siting. Looking at different combinations of these options, we conducted

[1] This cost does not include potential litigation costs that may arise during the permitting of these improvements.
[2] This cost does not include potential litigation costs that may arise during the permitting of these improvements.
[3] This cost does not include potential litigation costs that may arise during the permitting of these improvements.

a schedule and permitting risk assessment for twenty three combinations of projects. The results were that twelve would still meet a December 2017 completion date, that seven would not be complete until April 2018 and that four would not be complete until July of 2018, all assuming no length legal challenges. Please refer to Attachment 5 which is a memorandum from RBF Consulting dated January 9, 2013, for the timelines and permitting issues associated with the Contingency Plan filed by CAW on November 1, 2012. The cost impacts of each of these Contingency Plan items was summarized in the November 1, 2012 filing, however, included as Attachment 6 are further details for the costs impacts on the project for each of the items in the Contingency Plan. In terms of financial impacts for each of the items in the Contingency Plan CAW is not easily able to determine this based on the uncertainty and complexity of the issue.

Q23. What are the O&M costs for the various items in your contingency plan?

A23. We have also spent considerable time since the Cost workshops working on the expected O&M costs for all the options that were presented in our Contingency Plan. These O&M costs included changes to items such as: pumping costs, replacement and repair costs, membrane replacement costs, pretreatment costs, etc. As discussed above, in the Contingency Plan we reviewed eight intake options, four discharge options and eight options for plant siting. Of these, six options that had no change in annual O&M costs, five options that had increase O&M costs of less than $1M per year and nine that had increase O&M costs between $1M and $1.4M per year. Please refer to Attachment 7 which is a memorandum from RBF Consulting dated January 9, 2013, for the additional O&M costs associated with each option in the Contingency Plan filed by CAW on November 1, 2012. Additionally, Attachment 8, is a print out of the detailed spreadsheets used to compute the additional O&M per option.

Q24. Can you reduce the pipeline length in your contingency plans?

A24. No. At the cost workshops, I indicated that the routes we selected to run pipelines to and from our Charles Benson Road desal plant site and the various options at Moss Landing did not necessarily follow the shortest route which I indentified as being State Hwy 1. Although CAW acknowledges that the shortest possible, permittable route should be the desired route, we did not follow the State Hwy 1 route based on our experience with Caltrans that they prefer not to have utilities located within their right of way on major state roads. Starting at the intersection of Charles Benson Road and Del Monte Blvd and ending at the intersection of Hwy 1 and Dolan Rd, this route is approximately 6.6 miles long (34,800 feet). The alternate route that we included for all the Contingency Options using Moss Landing area components was to run east along Dolan Rd, south along Castroville Road, west along Hwy 156 and then parallel Hwy 1 for the remaining distance to Charles Benson Road and Del Monte Blvd which is located just south of Hwy 1. This route is 7.9 miles in length (41,700 feet); however, if we were to locate the desal plant at the formerly approved FEIR site along Dolan Road, the length of finished water pipeline from this site to the intersection of Charles Benson Road and Del Monte Blvd is 6.6 miles, since the Dolan road site is 1.3 miles east of the intersection of Hwy 1 and Dolan Road. Thus, depending on the Contingency Plan item being contemplated the routes are identical in length.

Q25. Are there any updates to the cost in the Contingency Plan filed on November 1, 2012?

A25. Yes, based on the updated costs done for this supplemental testimony we have gone back and readjusted the cost of each option. Please see Attachment 9 which is an updated memorandum from RBF Consulting dated January 9, 2013 that contains the updated costs. To make the changes easier to see, we have included updated tables with the “as-filed” number and the “revised numbers”.

Q26. Please discuss the status of permits?

A26. Please see Attachment 10, a memorandum from RBF Consulting dated January 9, 2013, which discusses the various permits and the status of the many permits needed for a project of this complexity. It is important to note that until the EIR is certified for this project very limited permit processing can occur. Thus the only active permitting items for the project currently relate to the test slant well.

Q27. Please discuss whether the parallel processing of permits will save time?

A27. CAW acknowledges the benefit in certain circumstance of the parallel processing of permits to save time, and in fact for most of, if not all of our capital projects across the state we do apply for multiple permits at one time that all relate to the same project. It is important; however, to note that there are some regulatory agencies that will only finalize their permit after all other agencies have granted their permit. Thus, we will not be able to have a parallel process for all the permits on this project. Lastly, we want to point out that it is not advisable to process different parallel permits for different designs on the same project because the reviewing regulatory body is likely to not review the permits in a timely manner due to differing stakeholder perspectives.

Q28. Please explain the reason why CAW would like the Hwy 68 corridor water main covered in the environmental review?

A28. The Highway 68 main is necessary to address the effects of the Seaside Basin Adjudication on sources of supply to the Ryan Ranch, Bishop, and Hidden Hills water distribution systems. Under the Adjudication, in 2021, the entire Natural Safe Yield of the Laguna Seca subarea of the Seaside Basin will be allocated to "alternative producers"[4] and

[4] Under California groundwater law, overlying groundwater rights are superior to appropriative groundwater rights. The parties to the adjudication having "alternative production allocations" all have overlying groundwater rights. The total of all alternative production allocations (which are not subject to the "rampdown" provisions of the judgment) in the Laguna Seca subarea exceed the Natural Safe Yield of the Laguna Seca subarea.

there will be no water to allocate to "standard producers"[5] such as CAW. Accordingly, CAW needs the flexibility to deliver MPWSP product water to the Ryan Ranch, Bishop and Hidden Hills distribution systems via the Highway 68 main. CAW has included water demanded by customers in those systems in its demand estimates for the MPWSP.

Having water available to meet that demand is not enough for CAW to address all of the effects of the Adjudication on the Laguna Seca Subarea. The Adjudication also includes "anti-portability" clauses. The anti-portability provisions are found in Section III.M.3.c. of the Judgment. Under the anti-portability provisions, a Producer such as CAW may physically pump water from the Coastal Subbasin and then export it for use in the Laguna Seca subarea, but water may not be physically pumped from the Laguna Seca subarea and accounted for against a right to produce water in the Coastal subarea. Thus, barring an amendment to the judgment, when the Operating Yield becomes equal to the Natural Safe Yield, CAW will no longer have the right to produce groundwater in the Laguna Seca subarea. Accordingly, CAW will need to supply its customers that overly the Laguna Seca subarea, specifically customers served by the Ryan Ranch, Bishop and Hidden Hills distribution systems, with water produced elsewhere and then pumped into those distribution systems. Although CAW is not requesting the Commission to approve these pipelines as part of this Application, CAW has suggested that the Commission include the environmental impacts of such pipelines in the EIR to ensure the Commission is fully informed of the environmental impacts related to distributing MPWSP product water within CAW's service area.

[5] The parties to the adjudication having "standard production allocations" (including CAW) all have appropriative groundwater rights.

Q29. How does CAW intend to work with the Public Agencies whom have requested a governance role in the project?

A29. CAW is continuing to negotiate with the Monterey Peninsula Regional Water Authority, the Monterey Peninsula Water Management District, and the County of Monterey (collectively, the "Public Agencies") regarding a potential acceptable compromise pertaining to the governance and financing of the Project. CAW most recently met with the Public Agencies on January 10, 2013. The parties discussed a proposal by the Public Agencies for partial public financing of the Project, as well as proposed revision to the governance proposals previously exchanged between the parties. CAW believes the meeting was very productive. Another meeting with the Public Agencies has been set for January 17, 2013. If an agreement is reached between CAW and the Public Agencies, the proposal would then be submitted to the CPUC for its consideration.

Q30. Do you have a revised Project Description and Project Figures?

A30. Yes, please see Attachment 11, which is a revised Project Description based on the changes provided as part of this supplemental testimony. This revised project description was prepared by RBF Consultants dated January 9, 2013 is in a memorandum format and replaces Appendix H of CAW's Application. Also included as Attachment 12 are revised figures that replace Appendix C of CAW's Application.

Q31. Does this conclude your supplemental testimony?

A31. Yes, it does.

NOTICE OF AVAILABILITY

Attachments 1-12 in support of California American Water's *Supplemental Testimony of Richard C. Svindland* exceed 50 pages in length and 3.5 megabytes in size. Therefore, pursuant to Rules 1.9(d)(1)-(2), California American Water hereby provides this Notice of Availability of Attachments 1-8. Beginning on January 11, 2013, California American Water will make Attachments 1-12 available at the following website: http://www.watersupplyproject.org/downloads.

If a party, on whom this Notice of Availability is served, is unable to access the attachments via the website, California American Water will provide a copy of Attachments 1-12 upon written request to:

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Attachments to the *Supplemental Testimony of Richard C. Svindland*

Attachment 1 – Desalination Plant Sizing Memo, Jan. 7, 2013.

Attachment 2 – Revised Schedule for the Monterey Peninsula Water Supply Project ("MPWSP").

Attachment 3 – MPWSP Capital and O&M Cost Estimate Update, Jan. 9, 2013.

Attachment 4 – PG&E Electric Rate Analysis

Attachment 5 – MPWSP Project Implementation Schedule Analysis, Jan. 9, 2013.

Attachment 6 – Contingency Capital Costs Details.

Attachment 7 – O&M Cost Comparison for the Contingency Options, Jan. 9, 2013.

Attachment 8 – Contingency O&M Comparison.

Attachment 9 – Contingency Planning for Planning for the MPWSP *(Update of Nov. 1, 2012 TM)*, Jan. 9, 2013.

Attachment 10 – Permitting Status Update, Jan. 9, 2013.

Attachment 11 – MPWSP Project Description Update, Jan. 9, 2013.

Attachment 12 – Revised Project Figures.

Dated: January 11, 2013

By: _____
Margaret Bailes