

1 SAN FRANCISCO, CALIFORNIA, OCTOBER 15, 2008 9:00 A.M.

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3 ADMINISTRATIVE LAW JUDGE BUSHEY: The Commission  
4 will come to order.

5 This is the time and place set for the  
6 continued evidentiary hearing in this proceeding.

7 Mr. Kilpatrick, please come forward and resume  
8 your seat in the witness stand. You, of course, remain  
9 under oath from yesterday.

10 JOHN KILPATRICK

11 resumed the stand and testified further as follows:

12 ALJ BUSHEY: As I recall, yesterday when we left  
13 we were in the midst of Mr. Laredo's cross-examination.

14 Is there anything we need to take up before  
15 Mr. Laredo resumes his cross-examination?

16 (No response)

17 ALJ BUSHEY: Hearing none, then, Mr. Laredo,  
18 please resume your cross.

19 MR. LAREDO: Thank you.

20 CROSS-EXAMINATION

21 BY MR. LAREDO:

22 Q Good morning, Mr. Kilpatrick.

23 A Good morning.

24 MR. LAREDO: And good morning to the Commission.

25 Q Again, my name is David Laredo.

26 Your testimony yesterday afternoon was  
27 focusing at the end of the day on the hydraulic trough  
28 that exists, I believe, between the Seaside Basin zone

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1 and the Peninsula zone. Do you remember that?

2 A Yes, I do.

3 Q Could you characterize again for me what is  
4 the basic nature and cause of that hydraulic trough?

5 A The basic nature of the trough is we have a  
6 hydraulic grade line set by the Del Rey Oaks pressure  
7 reducing valve in the Seaside area and the Forest Lake  
8 tank in the Peninsula area. Again, the hydraulic grade  
9 line is set by the elevation and the pressure inside the  
10 pipes. So they are highest at those points, and then  
11 they come down to a low point in the Seaside coastal  
12 area around the Presidio of Monterey, that as the  
13 elevation drops, the hydraulic grade line drops.

14 And also, there's hydraulic losses from water  
15 moving through those areas. What that means for water  
16 movement is you can't move water from the Del Rey Oaks

17 to the Forest Lake tank and beyond without increasing  
18 the pressure at the Del Rey Oaks above the hydraulic  
19 grade line at the Forest Lake tank or dropping the  
20 hydraulic grade line at the tank low enough where you  
21 can move that water.

22 Q I believe on page 15 of your testimony at line  
23 13 you state:

24 In actual operation of the system,  
25 the water available is not numeric  
26 sum of all wells and instead must  
27 account for any hydraulic  
28 restrictions.

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1 Then you continue.

2 Can you explain in a little more detail how  
3 do you account for the hydraulic restrictions?

4 A I believe this is talking about a slightly  
5 different issue.

6 In determining our firm capacity of the  
7 system, we determine our firm capacity as the amount of  
8 water that we can reliably and safely provide at all  
9 times of maximum day demand. So that's a measure of

10 what we can reliably provide. We were determining our  
11 firm capacity to understand if we have enough production  
12 capacity to meet our summer needs and enough production  
13 capacity to meet our winter needs plus our ASR demands.

14 So in determining what our actual well  
15 capacity is, we have well test records for all the  
16 individual wells. And the actual capacity available to  
17 us is not the sum of all those individual wells.

18 So what we did is looked at our SCADA system  
19 at an actual day, an actual peak day during the summer,  
20 to see what are we actually producing from the Lower  
21 Carmel Valley through the Begonia iron removal plant and  
22 what are we actually producing in the Seaside area. All  
23 wells have been running for 24-hour period. All  
24 operable wells were on. In the Lower Carmel Valley it  
25 was much less than the sum of the individual wells.  
26 There was hydraulic restrictions going through iron  
27 removal plant. All the wells pump into a common header.

28 In the Seaside area the amount that we were

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1 getting was more than the sum of all the individual

2 wells. It could have been because of the lower  
3 pressures the wells were running out in a different part  
4 of the pump curve. So what this is referencing is at  
5 that measure time, that peak hour time that we had, the  
6 amount of water that we were producing was more than our  
7 listed sum of all the individual wells for the Seaside  
8 area.

9 Q Does that mean that not all supply sources are  
10 available to meet demand throughout the system, that  
11 there are limitations on each of your sources of supply?

12 A Yes, there are a lot of limitations on our  
13 sources of supply on our system. The Seaside well  
14 systems, they are not available to meet demands on the  
15 Peninsula and the Carmel Valley side of our system.

16 Those hydraulic restrictions, that trough we  
17 are talking about, restricts the flow of water from  
18 Seaside to the Carmel Valley side.

19 Q And it also restricts it from Seaside to the  
20 Peninsula zone?

21 A That's correct, from Seaside to the Peninsula  
22 zone.

23 Other restrictions, we have water budgets, so  
24 we cannot use the Seaside wells during the wintertime.  
25 We have restrictions for the upper Carmel Valley wells  
26 according to the settlement agreement where we cannot  
27 use these in the summertime or in low-flow periods on  
28 the Carmel River.

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1           Q    Are you aware, is California-American Water  
2 aware, of what the demand is in the Seaside zone?

3           A    Yes. We have estimated the demand in the  
4 Seaside zone based on the amount of water that we are  
5 moving from the Segunda tank over the Crest during the  
6 winter. So during the winter operations the only wells  
7 that are active are the Lower Carmel Valley wells and  
8 the upper Carmel Valley wells.

9                    The only source into Seaside is the Carmel  
10 Valley wells -- the source during the winter time to  
11 Seaside is Carmel Valley wells, and the point that they  
12 enter Seaside is down from Crest Reservoir.

13                   It is also served by -- so there is a portion  
14 that is served by Forest Lake. With this trough, there  
15 is no real line that separates this zone from that zone.  
16 It is generally known. So we have estimated the Seaside  
17 demands based on what we are delivering down from Crest  
18 Reservoir.

19           Q    I still haven't heard what those demands are.  
20 I am looking for a discrete number.

21                   Let me tell you what I am trying to find. I

22 am trying to annualize. What is the annual demand in  
23 the Seaside zone? Are you able to provide a number for  
24 that?

25 A Not at this moment. I would have to go back  
26 and look at other notes that I have or look at some  
27 other sources. But that can be done, and I believe we  
28 have done it.

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1 Q Are you the person that could do that, or is  
2 there someone else in California-American Water that  
3 would be better to testify to this point?

4 A I could do that. I think that would be within  
5 the realm of my job and what I do.

6 Q You say in this provision on page 15 that in  
7 actual operation of the system the water available is  
8 not the numeric sum of all wells.

9 Wells are not the only source that you are  
10 discussing that would be available on the Seaside zone  
11 side of this hydraulic divide. You are proposing to add  
12 a desalination plant; is that correct?

13 A That is correct. Again, this analysis, when

14 we talked about -- what we were talking here, we were  
15 quantifying what is our firm capability on the system at  
16 that time.

17 Q I understand. What I am trying to understand,  
18 though, is that you have also testified that the  
19 desalination plant will provide 300-acre-feet on the  
20 year. That 300-acre-feet on the year, that is a source  
21 that is on the Seaside zone side of this hydraulic  
22 divide? Is that accurate?

23 A We are talking the Sand City plant?

24 Q Sand City desalination, yes.

25 A It is accurate. The Sand City desal plant is  
26 on the Seaside zone of the system.

27 Q Thank you.

28 When water is produced also from the Santa

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1 Margarita well to recover stored water, is that also on  
2 the Seaside zone side of the hydraulic divide?

3 A That is correct. When -- that is correct.

4 Q So these new sources of supply are not  
5 available to the Peninsula zone because of the hydraulic  
6 divide?



7 MS. LEEPER: Objection, your Honor. I think it's  
8 vague as to what these sources of supply would be.

9 ALJ BUSHEY: List them, please, Mr. Laredo.

10 MR. LAREDO: Thank you.

11 Q Will the Sand City desalination water be  
12 available to the Peninsula zone because of the hydraulic  
13 divide?

14 A Those desal molecules of water will not likely  
15 get far around the Peninsula or to the Carmel Valley.  
16 What is likely that will happen is there will be less  
17 Carmel Valley water going to Seaside.

18 Q Will the recovered water from the Santa  
19 Margarita well in terms of the recovery operations for  
20 the aquifer storage recovery project, will that water be  
21 available to the Peninsula zone because of the hydraulic  
22 divide?

23 A Currently, it is not likely that much of that  
24 water would be available to the Peninsula zone. There  
25 is a portion of the ASR project that we have proposed  
26 that includes some pipeline improvements in that area  
27 and some pressure reducing valves in the Seaside area so  
28 that we are able to boost that water from the Seaside

1 area higher than the hydraulic grade line in the  
2 Peninsula area to move some of that Seaside water, which  
3 would also include water from the Santa Margarita  
4 further around the Peninsula.

5 Q Would that proposal resolve the hydraulic  
6 restriction that you have characterized?

7 A Would it resolve it? The hydraulics would be  
8 the same in the system. It would allow us to have a  
9 dedicated pipeline that we could boost the pressures on  
10 that pipeline to overcome those hydraulic restrictions  
11 to move some water further around the Peninsula.

12 Q You are seeking approval for those facilities  
13 at this time?

14 A Yes. That's in the ASR project.

15 Q Have you mapped the areas of the Peninsula  
16 zone and the area of the Seaside zone?

17 A Are you asking if we have a map showing where  
18 that hydraulic divide is?

19 Q That's correct.

20 A I'm not sure. As far as the implementation of  
21 the projects, the ASR projects that we have proposed,  
22 there's other engineers in our project delivery group  
23 that are pursuing those projects and shepherding those  
24 in. So any further work, I believe they are working on  
25 those.

26 ALJ BUSHEY: So, Mr. Kilpatrick, is the answer you  
27 don't know?

28 THE WITNESS: That's correct, I don't know.

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1 MR. LAREDO: Q Your testimony on page 26  
2 addressing the Santa Margarita well shows an extraction  
3 rate for this water at the upper range of 3.6 million  
4 gallons per day; is that correct? ]

5 MS. DOLQUEIST: Did you have a line for that?

6 MR. LAREDO: I'm looking at line 18 on page 26.

7 MS. DOLQUEIST: Thanks.

8 THE WITNESS: That is correct.

9 MR. LAREDO: Q Will the hydraulic trough inhibit  
10 the ability to use water at this capacity, or is there  
11 sufficient demand in the Seaside Basin zone to enable  
12 this quantity of water to be used within that zone?

13 MS. LEEPER: Your Honor, objection. That's a  
14 compound question.

15 MR. LAREDO: No, your Honor, it's not.

16 MS. LEEPER: It's something, or something.

17 ALJ BUSHEY: All right. Mr. Laredo, let's break  
18 it down step by step.

19 MR. LAREDO: I'll be happy to do so.

20 Q My understanding of your testimony is that the  
21 Santa Margarita Well has an upper capacity of 3.6  
22 million gallons per day; is that correct?

23 A That is correct.

24 Q It's my understanding that that entire  
25 capacity of the Santa Margarita Well cannot move past  
26 the hydraulic trough without system modifications; is  
27 that correct?

28 A That is correct.

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1 Q Have you done any analysis to determine  
2 whether there is sufficient demand within the Seaside  
3 zone to actually utilize this amount of water?

4 A I have not personally done that analysis. I  
5 know that some work on that demand has been done, and  
6 there have been concerns about utilizing that entire 3.6  
7 MGD within the Seaside area. And the pipeline  
8 improvements in the ASR project to move that water  
9 further around the peninsula is -- is the proposed way  
10 to increase the number of customers that that will be

11 available to so that demand will take up that amount of  
12 water.

13 Q Now, you said there had been some concerns.  
14 Can you amplify that? What are those concerns?

15 A I believe the concern was, do we have that  
16 much demand in the Seaside area.

17 Q This addresses the water from the Santa  
18 Margarita Well, but the Sand City Desalination Plant  
19 water is additive to this in terms of that same concern,  
20 would it not be?

21 A That would be true, yes.

22 Q Are the proposed amendments to the system to  
23 accommodate the aquifer storage recovery limitations,  
24 are those sufficient to enable the Sand City  
25 desalination water to bridge this hydraulic trough?

26 A When the ASR project was designed and we were  
27 looking at conveyance improvements needed to move the  
28 water from Santa Margarita Well around to more

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1 customers, I believe that was before we were considering  
2 Sand City. So I don't think Sand City was factored into  
3 that. But I believe molecule per molecule it -- the

4 water will all be mixed up. I think it will be that  
5 those water molecules will have the ability to travel at  
6 the same places.

7 MR. LAREDO: Thank you.

8 I'd like to move to a different topic.

9 ALJ BUSHEY: Okay.

10 MR. LAREDO: Q And I'd like to draw your  
11 attention to your testimony in Exhibit 2, Tab 8, with  
12 respect to meter replacement. And I'm looking on page  
13 40 in particular.

14 A Could you explain what reference you're  
15 looking at again.

16 Q I believe I'm looking at your direct  
17 testimony.

18 A Okay.

19 Q Page 40 in particular.

20 A Okay.

21 Q On line 12 you state that:

22 Routine replacement or calibration  
23 of water meters is essential to  
24 ensuring accurate accounting of  
25 water and minimizing unaccounted  
26 for water.

27 What actually happens in the calibration of a  
28 water meter that would minimize the unaccounted for

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1 water?

2 A When water meters go out of calibration, they  
3 generally, they register low. So they don't register  
4 all of the water that's going through those meters. So  
5 you don't -- you don't have a proper accounting of all  
6 the water that has been used.

7 Q Do you have any estimates as to the amount of  
8 water that has not been measured that go through the  
9 system by reason of the uncalibrated or faulty meters?

10 A I believe the Gough report covered that. It  
11 made an estimate for that amount of water.

12 Q For that increment?

13 A I believe so. I'm not familiar with the Gough  
14 report. I'm generally familiar with the, you know, what  
15 it is, but I wasn't involved in that report.

16 Q Once the meters have been replaced and  
17 calibrated, assuming they're accurate, you would then be  
18 able to measure that amount of water; that's correct?  
19 The amount of water that previously had not been -- had  
20 not been accurately measured?

21 MS. LEEPER: Objection, your Honor. That's a  
22 leading question.

23 ALJ BUSHEY: Break it down, Mr. Laredo.

24 MR. LAREDO: Q Why are you replacing the meters?

25 A We're replacing the meters because it's  
26 important to accurately measure the amount of water that  
27 we're delivering to our customers, that all customers  
28 have their fair share of water that they're using be

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1 measured.

2 As meters get older, they get inaccurate in  
3 that they register low. So a regular meter testing and  
4 replacement program ensures that you're measuring the  
5 water that's being used as accurately as possible.

6 Q And by "measuring," you are then being able to  
7 bill for that water, correct?

8 A That's correct.

9 Q Once you've actually measured the water, that  
10 doesn't save that water, though, does it? The water  
11 will still be used?

12 A That is correct. In unaccounted for water I  
13 believe the term is "apparent losses." And from a  
14 customer perspective, I think it's important that all  
15 customers are paying their fair share of the water that



16 they're using so that, you know, other customers whose  
17 meters are accurate are -- I mean they're not  
18 benefitting from customers who have low registering  
19 meters.

20 MR. LAREDO: Thank you, Mr. Kilpatrick. I have no  
21 further questions.

22 ALJ BUSHEY: So there was another party that had  
23 questions?

24 MS. DAMON: I've waived my questions. Thank you.

25 ALJ BUSHEY: All right.

26 MR. LOWREY: I have some questions, your Honor.

27 ALJ BUSHEY: All right.

28 CROSS-EXAMINATION

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1 BY MR. LOWREY:

2 Q Mr. Kilpatrick, are you the person who is  
3 familiar with how much water is produced in the Seaside  
4 Basin and how much water is used in the Seaside Basin?  
5 Do you have knowledge of both of those figures within  
6 the Cal-Am system?

7 A At this time I would have knowledge of how

8 much water is produced in the Seaside Basin. As far as  
9 how much water is used specifically in the Seaside  
10 Basin, I believe that analysis is tailored more towards  
11 the ASR component of the system and understanding, once  
12 we turn Santa Margarita wells into extraction wells, can  
13 we use that demand within the Seaside Basin.

14 I have not done those calculations. That  
15 hasn't been a part of something that I've worked with.

16 Q You just made the statement a few minutes ago  
17 that you were reconfiguring things to limit the amount  
18 of Carmel Valley water that would come into Seaside.

19 Is there presently Carmel Valley water coming  
20 into Seaside?

21 A Yes. Yeah, there --

22 Q On what occasions has that occurred?

23 A Year round.

24 Q And the reason for that is what in your  
25 opinion, or within your knowledge?

26 A I think, number one, to meet our customer  
27 demands; and number two, we have a water budget for the  
28 Seaside Basin, and we don't operate those wells during

1 the winter. So during the winter the entire system is  
2 served from Carmel Valley water.

3 Q Now, you have had some testimony within  
4 your -- the testimony submitted about the cease and  
5 desist order; isn't that correct?

6 A That is correct.

7 Q So you have some familiarity with the cease  
8 and desist order?

9 A A general knowledge of what that order is.

10 Q And Order 9510, you have some general  
11 familiarity with that?

12 A Yeah, that's correct.

13 Q And is it your understanding that Order 9510  
14 includes a provision that requires California-American  
15 to decrease production from the Carmel River system and  
16 to increase production from the Seaside Basin system?

17 A My understanding of 9510 is that it -- it  
18 wants California-American to decrease summer production  
19 from the Carmel River, and where that was referenced  
20 into my testimony, we had proposed replacement wells in  
21 the Lower Carmel Valley. The issue was brought up, are  
22 these replacement wells, since you're being asked to  
23 reduce production of the Carmel River, are they not in  
24 line with 9510 and the cease and desist order.

25 And my response to that was, the replacement  
26 wells in the lower Carmel Valley are in line with the  
27 cease and desist order, because they will allow us to

28 capture excess flows on the Carmel River during the

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1 wintertime in conjunction with the ASR program, which  
2 will constitute a new water right, which will help us  
3 reduce our summer pumping on the Carmel River.

4 Q Well, then are you at all familiar with the  
5 provisions of Order 9510 that relate to the Seaside  
6 Basin? You don't have to be.

7 A No, no, no.

8 (Laughter)

9 THE WITNESS: I was thinking my understanding of  
10 that is the adjudication is the current thing that's  
11 happening with the Seaside Basin.

12 MR. LOWREY: Q Then your answer is no? I don't  
13 have to ask any more questions about that?

14 A It's no.

15 Q Thank you.

16 You have also -- well, let me see.

17 Just to make sure that I understand. You  
18 don't know whether the production within the Seaside  
19 Basin, the Cal-Am system within the Seaside Basin is

20 equivalent to or greater than or less than the use  
21 within the Seaside Basin in the Cal-Am system; is that  
22 correct?

23 A Yeah. I have not done that analysis myself.

24 Q Do you know who within the Cal-Am system has  
25 done -- first of all, do you know if that analysis has  
26 been done within the Cal-Am system?

27 A Not specifically. I don't know that's  
28 specifically been done.

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1 Q Do you know, if that analysis were done, who  
2 would do it, whose job it would be to do that analysis?

3 A I'm not sure who that would be, whose job that  
4 would be assigned to. I know it would be in conjunction  
5 with the ASR project.

6 Q Now, you have also in your initial testimony  
7 discussed the Hidden Hills interconnection; isn't that  
8 correct?

9 A That's correct.

10 Q And the purpose that you've stated for the  
11 Hidden Hills interconnection is so that it will have  
12 more than zero firm capacity. Would you please explain

13 what firm capacity is?

14 A Firm capacity is the ability to safely,  
15 reliably, and dependably meet your customers' maximum  
16 demands at all times. One of the ways you determine  
17 firm capacity is you take your largest source off line.  
18 In the case of Hidden Hills, they only have one source.  
19 So we're looking at a firm water supply. They don't  
20 have a firm water supply. They have one source. The  
21 interconnection will allow them to have two sources or  
22 two points of delivery to the system.

23 Q Now, it's true, is it not, that the source of  
24 supply for the Hidden Hills system is within the Laguna  
25 Seca Subarea?

26 A That's correct.

27 Q And it's true, is it not, that the Laguna Seca  
28 Subarea has been determined to be a subunit of the

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1 Seaside groundwater basin?

2 A That's correct.

3 Q And the Hidden Hills area, it is true, is it  
4 not, is not within the watershed of the Carmel River, if

5 you know?

6 A I'm not positive on that. I'm not positive on  
7 that. I've seen watershed maps of the Carmel River. I  
8 can't say for sure.

9 Q What was the reason that you or whoever in  
10 Cal-Am determined this determined that it was  
11 appropriate to have water served directly from the  
12 Carmel River to Hidden Hills?

13 Let me lay some foundation. I apologize for  
14 that.

15 It's true, isn't it, that the interconnection  
16 that you've testified to generally on page 15 of your  
17 initial testimony comes from the Carmel River, doesn't  
18 it?

19 A Yes, that's correct.

20 Q In fact, it comes up the Laureles Grade or  
21 generally up the Laureles Grade and hooks into the  
22 system somewhere around the top, doesn't it?

23 A Yeah, I believe so. It comes in from the  
24 southern portion of the system.

25 Q So that water then comes from the Carmel  
26 River?

27 A That's correct.

28 Q Why was it determined by you or Cal-Am or

1    whoever determined it within Cal-Am that that would be  
2    the appropriate place to bring water from and it would  
3    be appropriate to bring it from the Carmel River rather  
4    than from the Seaside Basin?

5           A    Well, in looking at how we could bring another  
6    source into Hidden Hills, that was the most  
7    cost-effective way to do. We had an existing  
8    interconnection there. We had -- there were some pipes  
9    in the ground and some booster stations there. And it's  
10   just a matter of upgrading -- upgrading that booster  
11   station and upsizing some of that pipeline. So from a  
12   constructability point of view, it was the easiest  
13   project to do.

14           As far as bringing Carmel River water into  
15   Hidden Hills, it's our practice in the system, as I said  
16   earlier, when -- you know, the Seaside water and the  
17   Carmel River water is mixed throughout the system on a  
18   regular basis. We deliver Carmel River water up over  
19   Segunda to Crest down into Seaside. And as you  
20   mentioned, the Hidden Hills is in the Laguna Seca  
21   portion of the Seaside Basin. And, you know, so that's  
22   all part of the same basin. So those waters are mixed  
23   today.

24           Q    Have you or, to your knowledge, has any one



25 within the Cal-Am organization examined the possibility  
26 of providing a backup water supply to Hidden Hills from  
27 within, from anywhere within the Seaside Basin,  
28 including elsewhere within the Laguna Seca Subunit?

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1 A Not specifically. In looking for another  
2 source there, the interconnection, that appeared to be  
3 the easiest project to construct.

4 Q It's true, is it not, that the Hidden Hills  
5 system is interconnected with your Toro water system?

6 A I believe there is a physical interconnection  
7 with the Toro system.

8 Q And it's true, is it not, that the Hidden  
9 Hills Well has been used within the last year or so to  
10 provide water to the Toro system?

11 A I don't know that. I don't know that, no.

12 MR. LOWREY: I have no further questions, your  
13 Honor.

14 MS. DAMON: I actually have a couple of questions.

15 ALJ BUSHEY: Okay.

16 CROSS-EXAMINATION

17 BY MS. DAMON:

18 Q You testified earlier about the hydraulic  
19 divide, and I wanted to follow up a little bit on that.

20 You said it runs generally at the Del Ray Oaks  
21 area?

22 A The Del Ray Oaks is, when we deliver water  
23 from the Carmel Valley into Seaside, it's pumped up to  
24 the Segunda Tank and then from the Segunda Tank up to  
25 the Crest Tank, and then from Crest it flows downhill.  
26 It hits the Del Rey Oaks pressure reducing valve, and  
27 that reduces the pressure of the water. So that's like  
28 the delivery point for the Seaside area for the Carmel

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1 River water.

2 Q So how does that hydraulic divide relate to  
3 the Laguna Seca Subarea? Would it be correct to  
4 conclude that there is a hydraulic divide then at Del  
5 Rey Oaks between the Laguna Seca Sub-basin and the  
6 Seaside Basin because of the reduced pressure of the  
7 water that's being delivered there? ]

8 A No, I don't think that's related to the Laguna  
9 Seca area in the Seaside Basin.

10 Q Which direction generally does that hydraulic  
11 divide run? North and south? East and west?

12 A The hydraulic divide that we are talking about  
13 would come to a point right around the Presidio of  
14 Monterey.

15 Q So there will be no pressure differential  
16 between that point and the Laguna Seca sub basin area of  
17 the system?

18 MS. LEEPER: Your Honor, objection. I am not  
19 quite clear. Maybe the question could be repeated. I  
20 am not quite sure it was entirely clear what that point  
21 is and what the question is about.

22 MS. DAMON: I think he just testified there was a  
23 point at the Presidio of Monterey where there was a  
24 pressure differential.

25 Q What I am trying to find out is if there is a  
26 pressure differential, we heard earlier there was a  
27 problem delivering water from the Seaside Basin area to  
28 the Carmel River area of the water resources because of

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1 the pressure divide. What I am trying to ascertain is

2 whether or not there is a similar pressure differential  
3 between the main Seaside Basin and the sub basin of the  
4 Laguna Seca caused by this pressure, hydraulic pressure  
5 area.

6 ALJ BUSHEY: We will be off the record.

7 (Off the record)

8 ALJ BUSHEY: Back on the record.

9 Please resume your cross-examination.

10 MS. DAMON: Q Is there an elevation difference  
11 between the Laguna Seca sub area and the delivery points  
12 within that sub area and the Seaside Basin?

13 A I would say yes, there are elevation  
14 differences between our satellite systems that are --  
15 that are overlying the Laguna Seca area and our Seaside  
16 systems that are overlying the Seaside groundwater  
17 basin.

18 Q And do you know if those pressure, because  
19 that would created a pressure differential, have been  
20 included in any of your project estimates?

21 A I am not really understanding that question.

22 Q Let me ask you, with respect to the Bishop sub  
23 unit area, are there any existing interties to either  
24 the Seaside -- the main system?

25 A I don't believe so, no.

26 Q Are there any interties with any other system  
27 for the Bishop sub unit?

28 A I don't believe so. I believe we are

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1 proposing an interconnection in this GRC.

2 Q Are you aware of any regulatory limitations  
3 which would preclude interties from being established?

4 A Yes. Currently, I believe it is called the  
5 terms of operations of these systems through the  
6 Monterey Peninsula Water Management District disallows  
7 interconnections between these systems.

8 I believe that the original intent for  
9 disallowing interconnections between these systems was  
10 to preserve water in one system so that it wouldn't be  
11 used for development in another system.

12 Since the adjudication of the Seaside  
13 groundwater basin, it's all the same water. There is no  
14 difference.

15 And I have also had conversations with folks  
16 at the Peninsula district that said they would be  
17 agreeable to amending these terms to allow  
18 interconnections between the systems.

19 Q Are you aware of any other documents or any  
20 other regulations which would preclude interties between  
21 systems?

22 A No, I'm not.

23 Q Were you involved in any of the background  
24 reports between establishing an emergency intertie  
25 between the Ryan Ranch subsystem sub area unit and the  
26 Bishop unit?

27 A Yes, I was.

28 Q And is it my understanding that the Monterey

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1 County Environmental Health Department is requiring you  
2 to find a new source of water to supply the Ryan Ranch  
3 system; is that correct?

4 A That's correct.

5 Q And isn't it true that the Ryan Ranch  
6 subsystem is already connected to your Monterey main  
7 system?

8 A That is correct.

9 Q And as part of this application, you are  
10 proposing to augment the water in your Monterey main  
11 system; isn't that correct?

12 A What do you mean augment the water in our main  
13 system.

14 Q Haven't you proposed several projects to  
15 increase the water supplies in the existing Seaside  
16 Basin, an ASR project, desal plant project, which  
17 enhance the water supplies in your Monterey main system?

18 A The ASR project, it is my understanding that  
19 any new water right, any new water that is developed as  
20 result of the ASR project will result in an equal  
21 reduction in the amount of the ninety-five ten water  
22 that we're taking. So the net take at the end of the  
23 year will not change.

24 Q But isn't there already a system in place  
25 for -- a backup system in place for the Ryan Ranch sub  
26 unit?

27 A I don't understand the question. What do you  
28 mean a backup system?

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1 Q Don't you have an emergency intertie to your  
2 Monterey main system to the Ryan Ranch sub unit already?

3 A Yes, there is a connection with the main  
4 system to the Ryan Ranch.

5 Q And isn't Cal-Am under regulatory limitations  
6 with respect to withdrawing water from the Laguna Seca

7 sub basin as a result of the Seaside adjudication?

8 A That is correct.

9 Q And so I'm just trying to figure out how the  
10 Bishop Water Company is a legitimate supply of new water  
11 for an intertie to the Ryan Ranch subsystem.

12 MS. LEEPER: Your Honor, objection. Again, I  
13 think that's a misleading question. I am not quite sure  
14 that is what Mr. Kilpatrick testified to.

15 ALJ BUSHEY: And I am not sure the definition of  
16 "legitimate."

17 What are you looking for? Technically  
18 feasible? Legally allowed?

19 MS. DAMON: Legally allowed and I guess  
20 technically to the extent that currently it is precluded  
21 by regulatory limitations. That connection seems to be  
22 precluded.

23 ALJ BUSHEY: So are you asking for a legal  
24 conclusion from the witness?

25 MS. DAMON: Well -- I don't understand how --  
26 maybe this witness hasn't testified to this -- that that  
27 is a new source, a new source of water to supply the  
28 Ryan Ranch as a backup source of water. They don't have



1 rights to a backup source of water from Bishop or from  
2 anyplace in the Laguna Seca area. That is what I guess  
3 I am asking. Maybe that is a technical question.

4 MS. DOLQUEIST: Isn't water rights a legal  
5 question? Technical would be can they move the water.

6 ALJ BUSHEY: The first question: Did his plan  
7 include this, and if it did, on what basis did he  
8 presume that there was such a right to create this. And  
9 the answer may be my lawyer told me so. But see what he  
10 says.

11 MS. DAMON: Q What the judge just asked. She did  
12 a great job. So did your analysis for the  
13 interconnection between Ryan Ranch and Bishop include  
14 that there is already an existing connection between  
15 Ryan Ranch and the main system?

16 A Yes, I believe it did. I believe the issue  
17 with the Health Department was we couldn't -- we didn't  
18 have enough production capability to meet our peak  
19 demands in Ryan Ranch. So in looking for more  
20 production capacity, the ability to move more water into  
21 the system, that's what the interconnection does.

22 As far as new source water rights, it's all  
23 been spoken for and all accounted for. We have got the  
24 adjudication and the limits on the Carmel River. There  
25 is no new sources being applied.

26           Q    So in considering the interconnection, you did  
27   not consider the desal project or the ASR project as new  
28   sources of water?

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1           A    The purpose for the interconnection is to move  
2   more water into Ryan Ranch so we can meet our demands.  
3   And then what was the question about the desal or ASR?

4           Q    I asked if you considered those new sources of  
5   water because you said you didn't consider new sources  
6   of water. I asked if those two projects were considered  
7   new sources of water, which I thought you testified to.

8           A    Yes, those are new sources of water.

9           ALJ BUSHEY: I think the record is getting  
10   confused here.

11                    Let's just back up for a minute and establish  
12   some basic facts here.

13                    Ryan Ranch has inadequate supply, correct?

14           THE WITNESS: Correct.

15           ALJ BUSHEY: You are adding an interconnection to  
16   increase its supply?

17           THE WITNESS: That's correct.

18           ALJ BUSHEY: Where is the water going to come from

19 to increase the Ryan Ranch supply?

20 THE WITNESS: With the interconnection with Bishop  
21 it would come from the Bishop system.

22 ALJ BUSHEY: Is the Bishop system currently in  
23 surplus?

24 THE WITNESS: Yes.

25 ALJ BUSHEY: It is? Okay. So the Ryan Ranch  
26 would be served by surplus from the Bishop Ranch system?

27 THE WITNESS: That is correct. And I think one  
28 distinction that should be made, it's just surplus

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1 production capacity. When it comes to water available  
2 for that system, there is no distinction between water  
3 available for Bishop and water available for Ryan Ranch  
4 or water available for Hidden Hills from the groundwater  
5 basin.

6 ALJ BUSHEY: So they are all drawing from the same  
7 groundwater basin; it is just that there is a bigger  
8 pump in Bishop or well and associated pump in Bishop so  
9 it can get more water up from the same groundwater and  
10 they you are going to pipe it over to Ryan Ranch?

11 THE WITNESS: That's correct.

12 ALJ BUSHEY: But all of this has nothing to do  
13 with and is not interconnected with and will not be  
14 supplied by the new desal plants or the Santa Margarita  
15 well?

16 THE WITNESS: If they are interconnected with the  
17 main system, that water would also be available to those  
18 subsystems.

19 ALJ BUSHEY: But it may be intermixed through that  
20 interconnection. But other than that -- but there is no  
21 specific analysis that leads from the desal plant up the  
22 hill to Ryan Ranch?

23 THE WITNESS: That's correct.

24 ALJ BUSHEY: Is that --

25 MS. DAMON: I am not sure if that helped clarify  
26 it, to tell you the truth.

27 ALJ BUSHEY: Okay.

28 MS. DAMON: Q Let me understand this. So is it

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1 true there is a cone of depression in the Laguna Seca  
2 sub area?

3 A Cone of depression, that is what you get from

4 pumping water out of the ground. When the pumps turn  
5 on, they create a cone of depression around that pump.

6 Q Where is that cone of depression in the Laguna  
7 Seca sub area?

8 A Underneath any one of the wells.

9 Q Do you know if the Laguna Seca sub area is in  
10 overdraft right now?

11 A I believe the state of the groundwater basins,  
12 that is beyond my specific knowledge.

13 Q Do you know what your regulatory pumping limit  
14 is out of the Laguna Seca sub basin pursuant to the  
15 Seaside Adjudication?

16 A Not from memory. I am familiar with those  
17 numbers and I have seen those numbers.

18 Q Are you aware if you are under those numbers  
19 or over those numbers in the Laguna Seca sub basin?

20 A I don't have specific knowledge about that.

21 Q Were you involved at all in the treatment  
22 facilities at the Bishop Water sub unit in analyzing  
23 that?

24 A No. I believe that was a project that was  
25 originally proposed in a prior rate case.

26 Q So you had no involvement in that?

27 A No.

28 MS. DAMON: That's all the questions I have.

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1 ALJ BUSHEY: Thank you.

2 We will be off the record.

3 (Off the record)

4 ALJ BUSHEY: Back on the record.

5 Ms. Leeper, redirect.

6 MS. LEEPER: Thank you, your Honor.

7 DIRECT EXAMINATION

8 BY MS. LEEPER:

9 Q Mr. Kilpatrick, yesterday you testified in  
10 response to DRA's questions about firm capacity. I  
11 believe you also testified about that today as well.  
12 But specifically in response to what you testified  
13 yesterday, you talked about the largest well that you  
14 considered when you ran your firm capacity analysis,  
15 that you did not include the largest well out of  
16 capacity for the Seaside Basin. Could you explain  
17 why. ]

18 A So in calculating the system's firm capacity,  
19 you would generally, one of the ways you would calculate  
20 that is to take the largest well out of service. In the  
21 Monterey system the Carmel Valley side and the Seaside,  
22 although they are technically one system, technically

23 connected, a lot of the hydraulic restrictions makes it  
24 almost as they're two separate systems. And in looking  
25 at two separate systems, the way to understand what your  
26 firm production capability is is to take the largest  
27 unit out of service in each of the -- you know, one out  
28 of the Lower Carmel Valley and one out of the Seaside

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1 area.

2 In calculating our firm capacity, we took one  
3 well out of service in the Lower Carmel Valley. We did  
4 not take a well out of service in the Seaside area, and  
5 that was a judgment call, because we assumed that there  
6 is -- there is some level of backup available if we were  
7 to get permission to use the Santa Margarita Well. So  
8 we wanted to account somehow for the fact that that well  
9 is there and it can be available under special  
10 circumstances.

11 Q Okay. Thank you.

12 Yesterday you also testified about Exhibit 10,  
13 the Comprehensive Planning Study, and there was -- DRA's  
14 counsel had asked you some questions about an alternate  
15 way of calculating firm capacity. Do you recall your

16 testimony on that? Do you have a copy of Exhibit 10?

17 A I don't believe I have a copy in front of me,  
18 no.

19 (Document provided to Witness)

20 THE WITNESS: Okay. Thank you.

21 MS. LEEPER: Q I believe it's on page 110 where  
22 you were asked questions about the firm capacity  
23 definition.

24 A Yeah.

25 Q Could you explain to me with respect to the  
26 alternative approach that was set out here what your  
27 understanding is of why Cal-Am again took out the Santa  
28 Margarita Well?

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1 A So in the first part of the firm capacity  
2 definition we talked about the firm capacity was  
3 designated as the largest well out of service in both  
4 Lower Carmel Valley and Seaside. So the wells that they  
5 are talking about taking out of service for this  
6 calculation are the Begonia Well in the Lower Carmel  
7 Valley and the Santa Margarita Well in Seaside. Then



8 there's a discussion on the next page that talks about  
9 the Santa Margarita Well. It's not a Cal-Am well. It's  
10 not -- it's not a well owned by Cal-Am.

11 So as an alternative if we took -- if we took  
12 just one well out of service in the Lower Carmel  
13 Valley -- I guess this is getting a little confusing.

14 Q We certainly don't want to do that. I guess  
15 actually let me be more specific with my question.

16 I believe you testified yesterday that you  
17 could run an alternate analysis where you removed the  
18 Santa Margarita Well and actually included the  
19 production from that well.

20 Do you believe that would be a good idea to  
21 base your firm capacity calculus including that  
22 additional production?

23 A No. The Santa Margarita Well, it's available  
24 for Cal-Am use on an emergency basis only. That well is  
25 specifically set up just to deliver banked ASR water.  
26 If that -- this description on page 111, this talks  
27 about if, somehow if the Santa Margarita Well was  
28 permitted as a well available for normal use to Cal-Am,

1 if that was the case, I don't think that would solve any  
2 of our problems because we still have -- we still have a  
3 winter deficit and during that wintertime we need to be  
4 able to increase our production capacity on the Lower  
5 Carmel Valley to be able to capture water for ASR.

6 Q Okay. You also testified yesterday on Exhibit  
7 12. Do you have a copy of that in front of you?

8 A Yes, I do.

9 Q DRA's counsel also asked you a few questions  
10 about this document. And I guess if you could just  
11 explain perhaps your --

12 Well, first of all, had you seen this document  
13 before yesterday when DRA's counsel provided a copy of  
14 it to you?

15 A I had -- yes. I had seen this document. This  
16 was included in our workpapers as part of the submittal  
17 for the ASR project.

18 Q Okay. And could you just explain briefly what  
19 you believe the purpose of that document is, if you have  
20 any knowledge of that?

21 A This document is from the consultants working  
22 on the ASR program to the owners of that program to both  
23 the Peninsula District and to California-American Water.  
24 This is a draft document. So I assume the purpose of  
25 this, they're talking about the high level requirements  
26 of the ASR project.

27 So when the consultants are writing to the

28 owner about the high level requirements of the project,

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1 I assume that the purpose of this draft document is to  
2 just flesh out what are their assumptions that they're  
3 using, what numbers are they using, for the owners to  
4 then comment on this to make sure that every one is on  
5 the right page.

6 Q Okay. And counsel for DRA, I believe, had  
7 also asked you some questions about the figures  
8 presented in this document for purposes of calculating  
9 firm capacity. In your opinion, would it be reasonable  
10 to utilize these numbers for the firm capacity?

11 A No. I think the Comprehensive Planning Study,  
12 that was a study that was focused on calculating the  
13 supply and demand in our system. That would be the  
14 place that I would look to for these numbers.

15 The conclusion that this property seems to  
16 make about what that firm capacity is is unclear. The  
17 whole reason that we're talking about firm capacity in  
18 the wintertime is, do we have enough production capacity  
19 to be able to serve our customers' needs and capture up

20 to 3,000 gallons a minute for ASR. Currently we do not.  
21 And we have not -- the Santa Margarita wells, they're  
22 currently operational. We have not been able to put  
23 very much water down those wells because we haven't had  
24 the production capacity to capture that water from the  
25 river.

26 You know, if you read further in this  
27 document, on page 11:

28 Seaside groundwater basin recharge

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1 capacity will be provided through  
2 the six ASR wells. However,  
3 without supplemental well  
4 production and delivery systems  
5 improvements to augment supply of  
6 water during the winter months,  
7 little aquifer recharge may be  
8 accomplished.

9 So in this document it's also saying that, you  
10 know, without some production improvements on the Lower  
11 Carmel Valley, there's really not going to be any water  
12 available for ASR because we don't have the ability to

13 capture that.

14 Q Mr. Kilpatrick, Mr. Laredo had asked you --  
15 actually, let me just check my notes here real quick.  
16 I'm sorry.

17 Earlier you testified about the MPWMD either  
18 current regulation or ordinances about interconnections  
19 and some restrictions that may be in place.

20 Is it your understanding that those, I guess  
21 the situation, the water supply would be governed by the  
22 Seaside Basin adjudication?

23 A That's correct. The water supply would be  
24 governed by the adjudication.

25 MS. LEEPER: Your Honor, I have no further  
26 questions.

27 ALJ BUSHEY: Thank you. Final follow-ups?

28 (No response)

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1 ALJ BUSHEY: Hearing none, the witness is excused.

2 We'll take our morning break until 10:35.

3 (Recess taken)

4 ALJ BUSHEY: We'll be back on the record.

5                   Ms. Leeper, would you like to call your next  
6 witness.

7                   MS. LEEPER: Yes. I'd like to call Mr. Mark  
8 Schubert as my next witness.

9                   F. MARK SCHUBERT, called as a witness  
10 by California-American Water Company,  
having been sworn, testified as follows:

11                   ALJ BUSHEY: Please be seated. State your full  
12 name for the record and spell your last name.

13                   THE WITNESS: My name is F. Mark, M-a-r-k,  
14 Schubert, S-c-h-u-b-e-r-t.

15                   ALJ BUSHEY: Ms. Leeper, do you have a document  
16 for this witness?

17                   MS. LEEPER: I do. I would like to introduce the  
18 rebuttal testimony of F. Mark Schubert.

19                   ALJ BUSHEY: It will be marked as Exhibit 13.

20                                 (Exhibit No. 13 was marked for  
21 identification.)

22                   ALJ BUSHEY: Ms. Leeper.

23                   MS. LEEPER: And your Honor, at the same time I'd  
24 also like to introduce as an exhibit the testi -- excuse  
25 me -- the Rebuttal Testimony of James J. Chelius on  
26 Water and Wastewater Issues.

27                   ALJ BUSHEY: And will Mr. Schubert be sponsoring  
28 this as well?

1 MS. LEEPER: That is right.

2 ALJ BUSHEY: It will be marked Exhibit 14.

3 (Exhibit No. 14 was marked for  
4 identification.)

5 ALJ BUSHEY: Ms. Leeper.

6 DIRECT EXAMINATION

7 BY MS. LEEPER:

8 Q Good morning, Mr. Schubert.

9 A Good morning.

10 Q By whom are you employed and in what capacity?

11 A I'm employed with California-American Water as  
12 the Director of Engineering.

13 Q And can you briefly describe your  
14 responsibilities and duties as Director of Engineering?

15 A In brief, I am responsible for the capital  
16 project program delivery, the planning of the capital  
17 projects here in California, the asset planning, develop  
18 the services, basically anything that has to do with the  
19 three divisions of California-American that relate to  
20 engineering.

21 Q Do you have in front of you a copy of your  
22 rebuttal testimony now marked as Exhibit 13?

23 A Yes, I do.

24 Q Do you have any changes or corrections to your

25 rebuttal testimony?

26           A    I have one change, and it is on page 27,  
27 beginning at line 16.  The sentence starts:  "The  
28 interconnection between the."  Delete the words

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1  "Monterey Main System and."

2           So the sentence now will read:

3           The interconnection between the  
4           Ryan Ranch and Bishop satellite  
5           systems.

6           Q    With that correction, are the answers in your  
7 testimony to the best of your knowledge true and  
8 correct?

9           A    Yes, they are.

10          Q    To the extent your testimony contains comments  
11 in the nature of judgments, do these represent your best  
12 judgments?

13          A    Yes, they do.

14          Q    Have you had a chance to review the document  
15 entitled Rebuttal Testimony of James J. Chelius on Water  
16 and Wastewater Issues, which has been marked as Exhibit.



17 14?

18 A Yes.

19 Q And are you generally available to answer  
20 questions concerning the capital planning issues as far  
21 as it relates to California-American Water?

22 A Yes.

23 ALJ BUSHEY: Ms. Leeper, that's not going to get  
24 the job done.

25 MS. LEEPER: Okay.

26 ALJ BUSHEY: Is this witness willing to support  
27 and adopt as his own this testimony, or is Mr. Chelius  
28 coming also?

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1 MS. LEEPER: No. I believe Mr. Schubert is  
2 planning to adopt that. So perhaps I can rephrase my  
3 question.

4 ALJ BUSHEY: Great.

5 MS. LEEPER: Q Mr. Schubert, are you able and to  
6 this point willing to adopt the testimony of Mr. James  
7 Chelius as your own testimony?

8 A Yeah, I am.

9 Q And to the best of your knowledge, does that

10 testimony contain -- to the extent the testimony  
11 contains comments in the nature of judgments, do you  
12 believe those judgments to be adequate and to the best  
13 of your knowledge accurate?

14 A Yes.

15 MS. LEEPER: Okay. With that, your Honor, this  
16 witness is available for cross-examination.

17 ALJ BUSHEY: Thank you. Mr. Poirier.

18 MR. POIRIER: Thank you, your Honor.

19 CROSS-EXAMINATION

20 BY MR. POIRIER:

21 Q Good morning, Mr. Schubert.

22 A Good morning.

23 Q I am actually going to be limiting my  
24 questions to the rebuttal testimony of Mr. Chelius,  
25 Exhibit 14, if you can turn to that.

26 A Yes, I do.

27 Q Just want to establish a few baseline facts.

28 If you can turn to page 3, starting with line 26. Does

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1 that indicate that the 2006 level for maximum day demand

2 is 18.1 million gallons per day, correct?

3 A Yes, that's correct.

4 Q And now, if you could turn to page 6, please,  
5 at the top of the page. The testimony indicates that  
6 Cal-Am estimates it's going to be 19.4 million gallons  
7 per day in 2013; is that correct?

8 A Yes, that's correct.

9 Q Thank you.

10 Now, if you turn to page 4 of the testimony,  
11 lines 8 through 10. You indicate here that both the  
12 average day and the maximum day demand projections are  
13 based on the assumption that conservation programs will  
14 continue to be effective; is that correct?

15 A Yes, that's correct.

16 Q Now, can you turn -- on lines 4 through 7 on  
17 that same page, it's also indicated that demand has gone  
18 down in the Monterey District as a result of  
19 conservation; is that correct?

20 A Yes.

21 Q Now, Cal-Am is intending to request nearly \$2  
22 million per year for conservation in the future; is that  
23 correct?

24 A I don't know.

25 Q Are you aware that Cal-Am is requesting  
26 considerable dollars for conservation efforts in the  
27 future?

28 A I am aware, but I don't know the dollar

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1 amount.

2 Q Do you feel that this, these funds for  
3 conservation will have an effect on demand in the  
4 Monterey District?

5 A In my opinion, they could, but you never know  
6 what the customer is going to do.

7 Q Now, rates in the Monterey District have also  
8 increased considerably over the past two years; is that  
9 correct?

10 MS. LEEPER: Your Honor, I just ask that the  
11 question be directed to Mr. Schubert's testimony. I'm  
12 not quite sure how this connects to what he's provided  
13 in either his own testimony or the testimony adopted as  
14 his by Mr. Chelius.

15 ALJ BUSHEY: How about a page reference?

16 MR. POIRIER: Well, I'm trying to establish  
17 generally that Cal-Am is indicating that demand will go  
18 up, and I'm trying to figure out if conservation is  
19 going to have an effect or rates are going to have an  
20 effect on that. So it's not a determination, but it's  
21 more an impeachment of the idea that demand will go up.

22 ALJ BUSHEY: How are you going to ask that  
23 question, though, in a way that is within this witness's  
24 expertise? I suppose you could do it as a hypothetical.

25 MR. POIRIER: Well, Mr. Chelius, I think, it was  
26 Mr. Chelius's expertise.

27 ALJ BUSHEY: Oh.

28 MR. POIRIER: So my intention was to ask Mr.

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1 Chelius, and this is sponsoring Mr. Chelius.

2 MS. LEEPER: Perhaps there's a line number you  
3 could direct the witness to.

4 ALJ BUSHEY: Right. Let's start with some fact  
5 and work from there.

6 MR. POIRIER: Could I have a moment?

7 ALJ BUSHEY: Be off the record.

8 (Off the record)

9 ALJ BUSHEY: We'll be back on the record.

10 Mr. Poirier.

11 MR. POIRIER: Q Mr. Schubert, Cal-Am, if you look  
12 at Cal-Am's application, it's requesting an 80 percent  
13 increase in 2009, just from the caption.

14 A Yes.

15 Q Acknowledging that that will go down from this  
16 application because the San Clemente Dam issue is not in  
17 this, do you think that those higher rates will affect  
18 consumer use in Monterey? ]

19 MS. LEEPER: Your Honor, I will again object to  
20 this. I don't think it goes to Mr. Schubert's  
21 testimony. And I am just not quite clear how this  
22 witness is qualified to testify on either conservation  
23 or the effect of rates on customer usage.

24 ALJ BUSHEY: Well, Ms. Leeper, he has an  
25 interesting point that in making its engineering  
26 determination this witness had to have some  
27 understanding of what was likely to happen with a rather  
28 substantial rate increase proposal and your substantial

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1 investment in conservation programs.

2 Isn't that where you're going?

3 MR. POIRIER: Yes.

4 ALJ BUSHEY: Let's not delve into too many of the  
5 details but, rather, look at what this witness'  
6 understanding was as he was preparing his engineering

7 analysis.

8 MR. POIRIER: Will he be able to answer the last  
9 question?

10 ALJ BUSHEY: He did, actually.

11 Could you repeat your answer, please.

12 THE WITNESS: Yes.

13 MR. POIRIER: That's the last question I have.

14 ALJ BUSHEY: Okay. We're done with that, then.

15 Are there other parties that wish to  
16 cross-examine this witness?

17 Ms. Farina.

18 CROSS-EXAMINATION

19 BY MS. FARINA:

20 Q Good morning, Mr. Schubert. I am Fran Farina.  
21 I am an attorney with the Monterey Peninsula Water  
22 Management District.

23 A Good morning.

24 Q Mr. Schubert, your rebuttal testimony was  
25 admitted as Exhibit 13. It is my understanding that  
26 there has been a partial settlement reached with  
27 California-American and the Division of Ratepayer  
28 Advocates which affects some of your testimony; is that

1 correct?

2 A Yes, that's correct.

3 Q And I identified several issues that I believe  
4 have been resolved, one being the booster station  
5 rehabilitation, is that correct?

6 A Yes.

7 Q The comprehensive planning study?

8 A Yes.

9 Q The Los Padres dredging study?

10 A Yes.

11 Q The ESA memo account?

12 A I want to --

13 MS. LEEPER: If I can interrupt briefly.

14 I know you had earlier discussed the  
15 possibility of having a panel address the settlement  
16 issues. Perhaps it would make sense if Ms. Farina has  
17 questions about --

18 MS. FARINA: I am just trying to make sure I don't  
19 spend time on issues that have been resolved.

20 ALJ BUSHEY: So you are just trying to identify  
21 issues that have been resolved?

22 MS. FARINA: Yes.

23 ALJ BUSHEY: Let's do that. That would be  
24 helpful.

25 MS. FARINA: Q From your testimony, Cal-Am agreed



26 that it did not provide adequate support to recover  
27 expenses for Carmel River water rights?

28 A Yes.

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1 Q Thank you.

2 Then if we could, would you look in your  
3 rebuttal testimony at page 14, on lines 14 through 16.

4 A Yes. I have it.

5 Q I wanted a clarification. When you say that  
6 Cal-Am evaluated the ability of pumping facilities to  
7 meet projected or future -- I want to focus on the "or  
8 future" -- maximum day demands with the largest single  
9 unit assumed out of service, it is my understanding from  
10 the application that there is no future growth that is  
11 anticipated; is that correct?

12 A If there is any, it is very, very minor. But  
13 that's just a term that we use in our comprehensive  
14 planning study work, that when we project future maximum  
15 day demand, that's just the term.

16 But in the case of Monterey, right now in the  
17 short term there's very minimal growth projected. Who  
18 can say ten or 15 years from now. But in the short term

19 there is no more growth.

20 Q So for purposes of this application there is  
21 an anticipation of virtually no growth; is that correct?

22 A That is correct.

23 Q You repeat the phrase again at page 16, lines  
24 14 and 15, with the largest well assumed out of service.  
25 This time it is identified as the Begonia well.

26 A Yes.

27 Q Do you know the daily pumping capacity of the  
28 Begonia well?

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1 A Off the top of my head I can't give you the  
2 exact number. But I want to say it is in ballpark of  
3 about 2.7 million gallons per day. That's under, let's  
4 say, winter conditions when the aquifer is full and can  
5 pump at its total rated pumping capacity.

6 But when you get into the summertime, the well  
7 is not going to be able to pump as much and as hard from  
8 the aquifer. So it will drop down.

9 What you see here is summer pumping capacity  
10 amount of 1.7 million gallons per day.

11 Q How does that compare to the Pearce well  
12 pumping in the summer?

13 A Off the top of my head, I think Pearce is  
14 slightly less pumping capacity. I couldn't give you the  
15 number off the top of my head. I will have to check.

16 Q Again, at page 16, we have a reference to the  
17 summer maximum day demand in the last five years peaked  
18 at 19.3 MGD, and yet you are using the figure of 19.4  
19 MGD for planning purposes, which gets back to the growth  
20 question. Why didn't you use 19.3 MGD?

21 A Again, the 19.3 was historical. And based on  
22 the demand projections analysis that was performed as  
23 part of the comprehensive planning study, the 19.4 is  
24 what resulted.

25 It's pretty small difference, in my opinion.

26 Q Small differences in Carmel Valley make a  
27 difference, as you know, especially with the fisheries  
28 agencies.

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1 A I know. Oh, yes.

2 Q If you could look at page 10, lines 20 to 22,  
3 you identify seven wells in the Lower Carmel Valley.

4 A Yes.

5 Q But when I look at your testimony at page 19  
6 on line 12, you reference eight Lower Carmel Valley  
7 wells. Could you explain the difference?

8 A I think the difference is that Scarlet Well  
9 No. 8 is included in that total.

10 Q When you list eight you are including the  
11 Scarlet?

12 A Yes.

13 Q Scarlet well. Okay.

14 Turning now to capital projects and the  
15 interconnection issues, I want to start with your  
16 testimony on page 26, please.

17 A Yes, I have it.

18 Q I want to confirm the cost estimates that you  
19 have, the interconnect for Hidden Hills is the figure  
20 \$546,000, correct?

21 A Yes, it is.

22 Q And on the interconnect from Ryan Ranch to  
23 Bishop is the amount \$272,000, correct?

24 A Yes, it is.

25 Q Under your current system operations, is Ryan  
26 Ranch capable of receiving Carmel River water?

27 A It is capable only if we open up the emergency  
28 interconnection with the main system.

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1 Q And have you opened the emergency --

2 A I believe we have at times in the past, and we  
3 have closely coordinated that with the Monterey  
4 Peninsula Water Management District.

5 Q So if the interconnect -- let me rephrase. If  
6 you proceed to interconnect Bishop to Ryan Ranch, my  
7 understanding is right now there's excess capacity in  
8 theory because of the well capacity out of Bishop that  
9 can move water to Ryan Ranch if the plumbing were there.

10 My question is can the water also move from  
11 Ryan Ranch to Bishop once that interconnection is made?

12 A Between the Bishop and the Ryan Ranch system?

13 Q If an intertie is placed between Ryan Ranch  
14 and Bishop -- we know that you are planning on moving  
15 water from Bishop to Ryan Ranch. My question is could  
16 you be moving water coming out of the main system  
17 through Ryan Ranch to Bishop?

18 A From an engineering hydraulic perspective,  
19 yes, you could do that. But again, it is an emergency  
20 interconnection right now between the main system and  
21 Ryan Ranch system. That project is specific to  
22 interconnect the Ryan Ranch and the Bishop system, so

23 they continue to operate as separate satellite systems.

24 Q Can you tell me is Carmel River water  
25 currently served to the Hidden Hills system?

26 A Yes.

27 Q My understanding is that Hidden Hills' source  
28 of water was the Laguna Seca sub area.

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1 A You are correct. The source of water for  
2 Hidden Hills right now is the Laguna Seca subdivision.

3 Q So currently Carmel River water is not  
4 provided to Hidden Hills?

5 A That is correct. My mistake.

6 Q I want to ask some questions about California  
7 Environmental Quality Act, CEQA, compliance on these  
8 interconnect projects that Cal-Am is proposing.

9 A Okay.

10 Q Can you tell me if NOAA Fisheries has been  
11 consulted about moving Carmel River water to new service  
12 areas?

13 A To my knowledge I don't believe we have  
14 initiated any type of discussion at this point in time.

15 Q Can you tell me if California-American has