

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

In the Matter of the Application of  
California-American Water Company  
(U210W) for an Order Authorizing and  
Imposing a Moratorium on Water Service  
Connections in the Laguna Seca Subarea of  
its Monterey County District.

Application No. A1907005  
(Filed July 2, 2019)

**PREPARED DIRECT TESTIMONY OF  
JOSEPH P. LUCIDO**

**ON BEHALF OF JOSEPH P. LUCIDO**

**RATEPAYER CALIFORNIA AMERICAN WATER COMPANY  
HIDDEN HILLS/BAY RIDGE  
WATER DISTRIBUTION SYSTEM**

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October 30, 2019

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**Q1 What is your name and address?**

A. My name is Joseph P. Lucido. My home address is 25417 Boots Road, Monterey, CA, 93940.

**Q2 What is your interest in this proceeding?**

I am a California American Water Company (Cal Am) ratepayer in the Hidden Hill/Bay Ridge area whose water service is provided through the Cal Am's Hidden Hills/Bay Ridge water distribution system, and whose property, and that of my surrounding neighbors, is included within Cal Am's requested moratorium on water service in the Laguna Seca Subarea, and, therefore, subject to Cal Am's requested restrictions on water connections or water connection extensions on my property.

**Q3 On whose behalf are you submitting this testimony in this proceeding?**

A. I am testifying on behalf of myself. However, the issues I raise in this testimony are relevant to all ratepayers and property owners within the Hidden Hills/ Bay Ridge water distribution system area to which the proposed Cal Am moratorium would apply.

**Q4 Why do you believe you are qualified to testify in this matter?**

A. My personal history is that I received a Bachelor of Science Degree in Mechanical Engineering in 1969 from the University of Santa Clara. I have worked in project management for over 38 years in the oil and gas industry including refinery and oil/gas facilities. In my project management experience I have interfaced with groups concerned with Operations, Production, Pipelines, Reservoir Engineering and Drilling. I have been involved in project execution of Feasibility Studies, Preliminary Design, Detailed Design, Construction, Environmental Support and Facility Operations.

**Q5 On what basis are you submitting this testimony?**

A. I submit this testimony based on my personal experience, as well as, meetings with Cal Am, the Seaside Groundwater Basin Watermaster, the Monterey Peninsula Water Management District, and Russ Hatch (former Administrative Officer of Carmel Valley Mutual Water Company). Additionally, information was obtained from the California Public Utility Commission website and the internet.

**Q6 Can you please summarize your position on Cal Am's request for a moratorium on water connections in the Hidden Hills/Bay Ridge satellite water distribution system?**

A. In summary, Cal Am's requested moratorium should not apply to the Hidden Hills/Bay Ridge water supply and distribution system, as the Hidden Hills/Bay Ridge water supply and distribution system is a satellite system, independent of Cal Am's Monterey Main system and the Ryan Ranch/Bishop systems. The Bay Ridge well is the only source of native water for Hidden Hills/Bay Ridge water distribution system, and this well is located outside the Seaside Groundwater Basin Adjudication Decision (Seaside Basin Amended Decision) legal boundaries.

Thus, the premise that the Hidden Hills/Bay Ridge water distribution system should have a zero allocation per the Seaside Basin Amended Decision should be re-evaluated.

This month the Seaside Groundwater Basin Watermaster provided me elevations for the Bay Ridge well water level/well pump intake. The Watermaster is not concerned with the Bay Ridge well pumping while we wait for the Monterey Peninsula Water Supply Desal Plant/Carmel River supply tie-line to become operational, because material injury to the Bay Ridge well/pump is not a projected threat for quite some time (decades), and material injury by seawater intrusion from use of the Bay Ridge well is of very minor concern in the Laguna Seca Subarea.

Nor is there sufficient information to support Cal Am's request for a moratorium on the Hidden Hills/Bay Ridge water distribution system, as set forth below.

**Q7 Please provide the background information supporting your objection to Cal Am's request to impose a moratorium water connections and expansions in the Hidden Hills/Bay Ridge satellite water distribution system within the Laguna Seca Subarea?**

- A. Cal Am submitted Application A1907005 (July 2019) to impose a moratorium on water service connections in the Laguna Seca Subarea to comply with the withdrawal limitations set by the Seaside Groundwater Basin Adjudication Decision (Seaside Basin Amended Decision).

In February 2007 the Seaside Basin Amended Decision mandated that by water year 2018 (beginning October 2017) the Laguna Seca Subarea water allocation would be zero for Ryan Ranch, Bishop and Hidden Hills.

During that adjudication process, all parties anticipated that the various water supply alternative projects being considered, at that time, would be able to provide adequate water supply prior to water year 2018, including the Cal Am Coastal Water Project. It was anticipated that this new water supply would facilitate a significantly reduced water production in the Laguna Seca Subarea and would enhance implementation of

management initiatives for basin sustainability within the entire Seaside Groundwater Basin, in which the Coastal Subarea and Laguna Seca Subarea are located.

In 2004, Cal Am's proposed the Cal Am Coastal Water Project included three potential projects for consideration. The Coastal Water Project Final Environmental Impact Report for these projects was submitted in October 2009.

In December 2010 the Commission authorized the Regional Project Alternative, in D1012016, to be constructed to provide the source of water to satisfy the requirements of the initial State Water Resources Control Board Cease and Desist Order and the State Water Resource Control Board's 2009 Amended Cease and Desist Order.

The Regional Project was planned to begin operation in April 2015 per the 2009 Final Environmental Impact Report. In January 2012 Cal Am withdrew its support for the Regional Project in favor of the current Monterey Peninsula Water Supply Project.

In April 2012 Cal Am submitted an application for the Monterey Peninsula Water Supply Project. Pursuant to D1809017 (December 2018), the Commission authorized the Monterey Peninsula Water Supply Project. The Monterey Peninsula Water Supply Project's expected operational date is in 2022, which is at more than five years later than the originally anticipated Regional Project.

Since the water supply anticipated in the Seaside Basin Amended Decision would no longer be available, Cal Am submitted Application A1607002 to impose a moratorium on water service connections in the Laguna Seca Subarea to comply with withdrawal limitations set by the Seaside Basin Amended Decision.

In D1812021 (December 2018) the Commission found that Cal Am did not provide sufficient information or sufficient notice to ratepayers to support the proposed moratorium. The Commission concluded that Cal Am could renew the moratorium request in a new application for Ryan Ranch, Bishop and Hidden Hills/Bay Ridge.

Currently, the Ryan Ranch and Bishop water supply and distribution systems are independent of the Monterey Main system and the Hidden Hills/Bay Ridge system.

The Cal Am short-term solution for Ryan Ranch and Bishop is to possibly provide an interconnecting pipeline to supply water from the Coastal Subarea, with the availability of water from the Coastal Subarea water allocation, the Aquifer Storage and Recovery efforts, and the Pure Water Project.

Ryan Ranch and Bishop have an existing emergency pipeline connection to exchange water, but this emergency line has limited capacity. In recent years Ryan Ranch has experienced problems with their wells and has frequently used this emergency connection. The Monterey Peninsula Water Management District has discussed a possible solution to combine the Ryan Ranch and Bishop systems, which would require new pipeline infrastructure.

For the long-term, Cal Am plans to have an integral distribution system to supply all customers in the Monterey District, once water is available from Aquifer Storage and Recovery, the Pure Water Project, and the Monterey Peninsula Water Supply Project.

Cal Am also plans a new interconnecting pipeline from the Coastal Subarea to Ryan Ranch and Bishop systems, but not for the Hidden Hills/BayRidge system, on or before the operation of the Monterey Peninsula Water Supply Project.

In 2008 Russ Hatch testified before the Commission in the A0801027 General Rate Case proceeding, based on his involvement with the Carmel Valley Mutual Water Company and the Hidden Hills Homeowners Association.

Mr. Hatch testified that:

(1) Hidden Hills had an emergency connection to the Toro Water System and in the 1970's an emergency connection from Carmel Valley that was never used and is no longer operational;

(2) Hidden Hills does not receive water from the Coastal Subarea, since there is no connection between these systems; and

(3) Hidden Hills has a Monterey Peninsula Water Management District connection limit of 477 and production limit of 229.9 acre feet per year.

Currently, the Hidden Hills/Bay Ridge water supply and distribution system is still independent of the Monterey Main system and the Ryan Ranch/Bishop systems. The Bay Ridge well is the only source of native water for Hidden Hills/Bay Ridge water distribution system, and this well is located outside the Seaside Basin Amended Decision legal boundaries.

Thus, the premise that the Hidden Hills/Bay Ridge water distribution system should have a zero allocation per the Seaside Amended Decision should be re-evaluated.

This month the Seaside Groundwater Basin Watermaster provided me elevations for the Bay Ridge well water level/well pump intake. The Watermaster is not concerned with the Bay Ridge well pumping while we wait for the Monterey Peninsula Water Supply Project Desal Plant/Carmel River supply tie-line are operational, because material injury to Bay Ridge well/pump is not a projected threat for quite some time (decades), and material injury by seawater intrusion from use of the Bay Ridge well is of very minor concern in the Laguna Seca Subarea.

The Watermaster reports that Hidden Hills/Bay Ridge water usage has declined from 211 acre feet (2007) to 122 acre feet (2018). Cal Am has not yet confirmed the availability and design capacity of an emergency pipeline supply from either Toro system or the Monterey Main system.

Cal Am has not confirmed the design capacity of the intertie from Carmel Valley to Hidden Hills/Bay Ridge. Cal Am has not proposed a short-term solution for Hidden Hills/Bay Ridge system, which means that the Bay Ridge well is the only source of native water supply for our area thru 2022.

For the long-term, Cal Am plans to have an integral distribution system to supply all customers in Monterey District, once water is available from Aquifer Storage and Recovery, Pure Water Project, and the Monterey Peninsula Water Supply Project. Cal Am plans a new interconnecting pipeline from Monterey Main Carmel River system to the Hidden Hills/Ryan Ranch system after the Monterey Peninsula Water Supply Project is operational.

Cal Am refers to the Seaside Groundwater Basin Amended Decision (General Order 103-A, at Section II.2.B.(3)a), and states that the amount of water allocated to the Laguna Seca Subarea by the Seaside Basin adjudication is legally insufficient for new and extended uses, which justifies issuance of the requested moratorium.

Cal Am's practice has been to continue to produce water from the Laguna Seca Subarea and incur replenishment assessments for over production. Cal Am states that a producer whose allocation has been reduced to zero is not allowed to engage in over-production by paying a replenishment assessment. However, this is what happened in 2018, because the replenishment assessments are computed basin-wide, not by individual subarea.

The Monterey Peninsula Water Management District indicates that this practice needs to be clarified. Additionally, the validity of the Hidden Hills/Bay Ridge water distribution system's zero allocation should be addressed, since the Bay Ridge well location is outside the Seaside Basin Amended Decision legal boundaries.

Cal Am states in its Application that building the Ryan Ranch/Bishop interconnect, along with the requested moratorium, is the only prudent legal approach to the Laguna Seca Subarea situation, based on the Seaside Basin Amended Decision legal requirements in



2007. The Pure Water Project may not have been envisioned in 2004 thru 2007 at the time of the Seaside Basin Amended Decision, but this project provides a new source of 3,500 acre feet per year in year 2020.

The Seaside Groundwater Basin Watermaster has spent 12 plus years modeling the Coastal Subarea, the Laguna Seca Subarea, and surrounding areas, to obtain a more informed understanding of basin dynamics, well location issues, water inflows/outflows, water levels, water storage capacity and outside factors that influence the total basin.

The Watermaster has more specific water availability information per individual well than was known in 2004 thru 2007. The water demand for all customers in the Monterey District has significantly been reduced, due to conservation efforts over the last 14 years. The number of remaining new connections and the trends in expanded connections may be different in 2020 than they were in 2004 and 2007 for the total basin.

**Q8 What additional information are you requesting the Commission consider for the resolution of this Application?**

A. In addition to my testimony, the Commission should consider the following information in determining that CalAm's proposed moratorium should not be imposed on the Hidden Hills/Bay Ridge water system, as the findings from the information I have collected and reviewed show that:

1. Seaside Basin Amended Decision anticipated Cal Am Coastal Water Project or equivalent operational in 2017;
2. Seaside Basin Amended Decision mandated zero water allocation for wells in adjudicated basin by October 2017;
3. Cal Am and Watermaster have allowed Hidden Hills/Bay Ridge water system water production after October 2017 (Seaside Basin Amended Decision deadline);
4. Hidden Hills/Bay Ridge water system Bay Ridge well is legally outside the adjudicated Seaside Groundwater Basin boundaries, as established by the Seaside Basin Amended Decision;

5. Watermaster states no concerns with Laguna Seca Subarea basin sustainability with respect to Hidden Hills/Bay Ridge water system Bay Ridge well, based on over 12 years of basin modeling;
6. Legal and technical justification for Hidden Hills/Bay Ridge water system moratorium is questionable;
7. Changing from Coastal/Regional Project to Monterey Peninsula Water Supply Project extended by more than 5 years the Seaside Basin Amended Decision anticipated desalination operational date and the State Water Resources Control Board Cease and Desist Order expiration date;
8. Hidden Hills/Bay Ridge water system is independent from Monterey Main, Bishop and Ryan Ranch systems;
9. Hidden Hills/Bay Ridge water system emergency connection design basis and location has not been confirmed;
10. Hidden Hills/Bay Ridge water system long-term Monterey District connection design capacity has not been confirmed;
11. Hidden Hills/Bay Ridge water system will not benefit from the new water sources like Aquifer Storage and Recovery and Pure Water Project water in 2020 thru 2022, but Monterey Main, Bishop and Ryan are planned to benefit;
12. Hidden Hills/Bay Ridge water system has significantly reduced water usage since 2007;
13. Effective Date of proposed moratorium is mid-2020;
14. Monterey Peninsula Water Supply Project forecasted date of operation is end of 2021;
15. Updated water supply and water demand for next 4 years has not been considered;
16. Updated list of existing and new connections has not been considered;
17. Estimate of projected extended and new connections has not been considered.

All of this missing information should be presented and considered during the course of this proceeding.

Full transparency, full disclosure, the presentation of all the facts, customer participation, and a full understanding of the decision rationale, needs to be presented to the public, and in particular to the Hidden Hills/Bay Ridge customers, as there is no basis for imposing the moratorium on the Hidden Hills/Bay Ridge water distribution system.

**Q9 Do you have a concluding statement?**

- A. Yes, in conclusion, I believe that the Cal Am Application has not addressed all the appropriate factual information to demonstrate that a moratorium imposed on the Hidden Hills/Bay Ridge community is absolutely necessary to maintain the sustainability of the Seaside Ground Water Basin over the next 2 plus years, while the community waits for the availability of water from the new sources of water anticipated in the Seaside Basin Amended Decision.

The Cal Am water supply programs have been proposed and discussed since 1995. The legal and technical issues do not support that the Bay Ridge well has, or will, impact the sustainability of the adjudicated basin. The Hidden Hills/Bay Ridge community has significantly reduced water consumption from our single source of native water Bay Ridge well. The quantification of the acre feet of water that would not be produced during this two year period is mostly likely significantly smaller than the acre feet of water not used through the community conservation program.

Consideration of other plans and polices that may be more effective in reducing water usage and/or improving water distribution should be advanced, prior to imposing restrictions on property owners in the Hidden Hills/Bay Ridge community for new water connections or extended connections.

I urge your Commission not to impose Cal Am's requested moratorium on the Hidden Hills/Bay Ridge water system ratepayers.

**Q10 Does this conclude your testimony?**

- A. Yes, I appreciate the opportunity to provide this testimony.

**VERIFICATION**

I, Joseph Lucido, declare:

1. I am an individual over eighteen years of age, and make this Verification on behalf of myself.

2. I have read the above document, "Prepared Direct Testimony of Joseph P. Lucido" and know its contents. I am informed and believe and on that ground allege that the matters stated in the document are true.

3. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 30, 2019, at MONTEREY, California.

  
Joseph Lucido

**CERTIFICATE OF SERVICE**

I, Charlena A. Nossett, declare as follows:

I am employed in the City of Salinas, County of Monterey, California. I am over the age of eighteen years, and not a party to the within cause; my business address is Noland, Hamerly, Etienne & Hoss, 333 Salinas Street, Salinas, California. On October 30, 2019, I served the within:

**PREPARED DIRECT TESTIMONY OF JOSEPH P. LUCIDO**

on the parties and interested parties in this action by placing a true copy thereof in a sealed envelope, addressed as follows:

*Please see attached Service List*

(BY MAIL) By placing such envelope, with postage thereon fully prepaid for first class mail, for collection and mailing at Noland, Hamerly, Etienne & Hoss, Gilroy, California following ordinary business practice. I am readily familiar with the practice being that in the ordinary course of business, correspondence is deposited in the United States Postal Service the same day as it is placed for collection.

(BY E-MAIL SERVICE) By transmitting such document electronically from Noland, Hamerly, Etienne & Hoss, Salinas, California, to the electronic mail addresses on the attachment hereto. I am readily familiar with the practice of Noland, Hamerly, Etienne & Hoss for transmitting documents by electronic mail, said practice being that in the ordinary course of business, such electronic mail is transmitted immediately after such document has been tendered for filing. Said practice also complies with Rule 2.3(b) of the Public Utilities Commission of the State of California and all protocols described therein.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on October 30, 2019, at Salinas, California.

  
\_\_\_\_\_  
Charlena A. Nossett

**SERVICE LIST**  
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**Last Changed: September 18, 2019**  
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