



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

**FILED**

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Application of California-American  
Water Company (U210W) for Approval  
of the Monterey Peninsula Water Supply  
Project and Authorization to Recover  
All Present and Future Costs in Rates.

A.12-04-019

(Filed April 23, 2012)

**COMMENTS BY WATER PLUS ON THE PROPOSED  
SETTLEMENT AGREEMENT ON PLANT SIZE AND LEVEL OF OPERATION**

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Dated September 9, 2013

## **I. INTRODUCTION**

Pursuant to Rule 12.2 of the Rules of Practice and Procedure, Water Plus objects to the proposed agreement on plant size and level of operation in this proceeding. Only eight of the nineteen parties to the proceeding support this agreement. For some who are not among these eight, plant size is not an issue of concern. For others, the proposed plant size is either too large or too small. Water Plus falls in this second category. We believe that the proposed plant size is too small, for the following reasons.

## **II. THE PROJECT MUST SUPPLY MORE THAN REPLACEMENT WATER**

On April 1, 2013, ALJ Gary Weatherford modified the Scope of A.12-04-019 to be as follows:

“Is the proposed Monterey Peninsula Water Supply Project required for public convenience and necessity and a reasonable and prudent means of securing an adequate, reliable and cost-effective water supply that meets Cal-Am’s legal requirements for the Monterey District; and would the granting of the application be in the public interest?” In addition to being legal, the new water supply must be adequate, reliable, and cost-effective. None of these criteria requires that the water supply be only sufficient to replace the water that California American Water (“Cal Am”) has been taking illegally from the Carmel River. Constrained by concerns about conservation and growth, the proposed size provides little more than a replacement supply of water. An adequate water supply for the Monterey Peninsula is one that meets all current and projected future needs. Although conservation of natural resources and control of local population growth are worthy goals, water is such a vital necessity that adequacy of supply must supersede all other goals. The water-supply project proposed in this proceeding is a unique opportunity to ensure an adequate, as

well as a reliable and cost-effective, water supply for the residents, businesses, and visitors of the Monterey Peninsula. We must not let this opportunity slip by without taking advantage of it.

**III. THE PROJECT MUST BE ADEQUATE, RELIABLE, AND COST-EFFECTIVE**

The proposed agreement on plant size is based on four components of water demand to determine total demand and four legal components of water supply to determine total available legal supply, as shown below (“AF” meaning acre-feet and “ASR” meaning aquifer storage and recovery):

COMPONENT	ANNUAL DEMAND (AF)
5-year average demand	13,291
Pebble Beach	325
Tourism bounce-back	500
Lots of record	1,180
TOTAL	15,296

COMPONENT	ANNUAL LEGAL SUPPLY (AF)
Carmel River wells	3,376
Seaside basin	774
Average annual ASR	1,300
Sand City plant	94
TOTAL	5,544

The plant size proposed in the agreement is the difference between the total annual demand and the total annual available legal supply: 9,752 acre-feet.

Water Plus objects specifically to two items in these two tables: 5-year annual demand in the first table and average annual ASR in the second.

Being the most recent, the five years used to determine the 5-year annual demand of 13,291 acre-feet represent a time when household ratepayers experienced draconian measures to motivate them to restrict their water use. The local household water use during this period represents neither normal local historical use nor normal current national household use. According to Amazon's Askville, the current average household use is 300 gallons a day, which amounts to .336 acre-feet per year. So, for the 34,000 households on the Monterey Peninsula, the normal current yearly use would be 11,424 acre-feet. Add to that the 1,180 acre-feet for lots of record, and the result is 12,604 acre-feet for current and projected demand. That is only for household use. A 2011 study done by the Watershed Institute of CSU Monterey Bay (Report No. W.2011-06) showed that household use represents about 52 percent of total local water demand. The remaining 48 percent of the current annual demand of 13,291 acre-feet represents current commercial and other ("commercial") use. The commercial-use component of total demand then would be equal to  $.48 \times 13,291 + 500$ , or 6,880 acre-feet, counting the 500 acre-feet for commercial bounce-back. According to these calculations, the total normal household plus commercial demand, including projected future requirements, is  $12,604 + 6,880$ , or 19,484 acre-feet annually. Together with the extra 325 acre-feet for Pebble Beach, that means that 19,809 acre-feet per year would constitute an adequate water supply for the Monterey Peninsula. That is 4,513 acre-feet more than recommended in the proposed sizing agreement.

On the supply side, the 1,300 acre-feet projected annually on average for ASR is not realistic. In the past two years, this source has provided almost no water. Future prospects are no brighter. Global warming tends to make climates on both sides of average even more extreme

so that ours, being on the dryer side, is likely to become progressively drier in the coming years. That means that we can expect, on average, even less water from this source than we have been getting in the past two years. Counting on an average water supply implies the storage of water over a period of time. The storage facility for ASR is the Seaside aquifer which, like all aquifers, has a non-zero natural discharge rate. As a result, extraction of a volume of water injected years earlier would create a water deficit in the aquifer increasing the likelihood of saltwater intrusion. In the absence of an environmental impact report demonstrating otherwise, the Public Utilities Commission (“Commission”) must conclude that ASR is an unreliable source of water not to be included as part of a projected supply.

These considerations taken together suggest that the total Monterey Peninsula demand for new water is 5,813 (4,513 + 1,300) acre-feet larger than recommended in the proposed sizing agreement. Rather than 9,752 acre-feet, a total new water source producing 15,565 (9,752 + 5,813) acre-feet will be necessary for the Monterey Peninsula to have an adequate water supply. This is about the amount of new water recommended by the Monterey Peninsula Chamber of Commerce in a November 26, 2012, advertisement in the Monterey County Herald.

Regardless of the water source, desalination or groundwater replenishment, this would also be a cost-effective water supply because its economies of scale would result in lower customer water bills than the supply recommended in the proposed sizing agreement.

Instead of 9,752 acre-feet recommended by this agreement, the Commission should approve a project that can produce 15,565 acre-feet of new water for the Monterey Peninsula to have an adequate, reliable, and cost-effective water supply.

#### **IV. Conclusion**

For these reasons, Water Plus urges the Commission to approve a water supply totaling 15,565 acre-feet. A supply of this size will more nearly meet the project's criteria of adequacy, reliability, and cost-effectiveness than the supply recommended in the proposed sizing agreement. Meeting these criteria as nearly as possible is in the public interest.

Attached hereto is a Certificate of Service.

Dated September 9, 2013

Respectfully submitted,

WATER PLUS

By

A handwritten signature in black ink, appearing to read "Ron Weitzman", with a long horizontal flourish extending to the right.

Ron Weitzman

President