

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



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

A.12-04-019

(Filed April 23, 2012)

**STATEMENT BY WATER PLUS**

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Dated May 30, 2012

President, Water Plus

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**I. INTRODUCTION**

Meeting weekly since September, 2010, Water Plus was formed as a non-profit public-benefit corporation by a group of Monterey Peninsula ratepayers who felt powerless in the development of the Regional Desalination Project. In our perception, local ratepayers were going to have to pay dearly for a project that they neither owned nor controlled. We were happy that a public agency had stepped forward to develop and fund the project because the cost of capital for it would be much less than for a privately-owned Cal-Am project. We perceived our problem then as a total absence of local control. Assuming that the project was going to go forward, we made the mission of our group to create or persuade a public agency to purchase Cal-Am. That is how we had expected to participate in the development and operation of the project. Now that Cal-Am has pulled out of the project, we have changed our mission to

advocate in behalf of local Cal-Am ratepayers for an adequate and affordable water supply by all reasonable means, including (our original mission) the persuasion or creation of a public agency to purchase Cal-Am.<sup>1</sup> To express our advocacy most effectively, Water Plus on May 17, 2012, sought to become a party in A.12-04-019, Cal-Am's new Monterey Peninsula Water Supply Project ("new Cal-Am project" or "A.12-04-019"). Our goal is to promote the development of a desalination plant that will be sufficiently large to constitute a drought-proof water supply for the Monterey Peninsula at the least possible cost to local ratepayers.

More specifically: Advocating for Monterey Peninsula water ratepayers in compliance with all applicable federal, state, and county laws and court rulings as well as legally enforceable contracts and agreements, Water Plus supports the least costly and most reliably drought-proof supply of potable water possible and objects to risking ratepayer money on projects that are unlikely to meet these criteria.

With these considerations in mind, Water Plus on May 24, 2012, filed a protest against A.12-04-019 and now proposes that the objections brought forth in that protest be issues addressed in the preconference hearing on June 4, 2012. The following section briefly enumerates these issues, following the citation of a threshold issue.

## **II. ISSUES FOR THE PRECONFERENCE HEARING**

Before going forward with a discussion of any issue arising out of A.12-04-019, the preconference hearing should consider as a threshold issue the request by the Marina Coast Water District ("Marina Coast") to dismiss the proceeding entirely on grounds indicated in its request for dismissal. In particular, Marina Coast believes that the Regional Desalination Project ("RDP") proposed in A.04-09-019 is still viable and should go forward as the sole project authorized by the California Public Utilities Commission ("CPUC"). As noted earlier, Water

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<sup>1</sup> See the Water Plus Web site: [www.waterplusmonterey.com](http://www.waterplusmonterey.com)

Plus supported the RDP and continues to believe that it would be less costly than the new Cal-Am project. Water Plus recommends that the CPUC include the RDP among a number of other optional projects vying in open competition to meet the requirements of the State Water Resources Control Board with respect to both the deadline and the quantity of water produced, at the least possible cost to ratepayers.<sup>2</sup>

Water Plus proposes that the preconference hearing also address the following issues, identified in its protest of May 24, 2012, as objections to the new Cal-Am project.

**A. How the New Cal-Am Project Proposes to Circumvent the Monterey County Ordinance Forbidding a Private Company from Owning a Desalination Plant in the County.**

**B. How the New Cal-Am Project Proposes to Disregard the Ruling of a Monterey County Superior Court Requiring a New EIR Prepared by a Local Public Agency.**

**C. How the New Cal-Am Project Proposes to Disregard the Ruling of a Monterey County Superior Court Holding that a Desalination Plant in Marina Does Not Have the Right to Withdraw Water from a Salinas Aquifer for Use on the Monterey Peninsula.**

**D. How the New Cal-Am Project Proposes to Gain Access to the Monterey Regional Water Pollution Control Agency ("pollution control agency") Outfall Pipe Now Contracted for Use by the RDP.**

**E. How the New Cal-Am Project Proposes to Obtain the Use of Treated Wastewater Produced by the Pollution Control Agency Now Contracted for Use by Salinas Valley Farmers.**

**F. How the New Cal-Am Project Can Shield Ratepayers from Risk in case the Project Does Not Succeed in Competition with Other Proposed Projects.**

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<sup>2</sup> California Water Resources Control Board Order WR 2009-0060, based on WR 95-10.

**G. How the New Cal-Am Project Can Justify the Supplementary Use of Treated Wastewater from the Pollution Control Agency when its Cost per Acre-foot is Much Higher than the Cost of Desalinated Water.<sup>3</sup>**

**H. How the New Cal-Am Project Can Use Treated Wastewater to Combat Nonpoint Pollution as Justification for Low-cost State Revolving-fund Financing for the Project when that Use is for a Questionable Supplement to the Project.**

**I. How the New Cal-Am Project Can Legally Use the CPUC to Stifle Competition with Other Proposed Water-supply Projects Involving the Use of Desalination.**

**J. How the New Cal-Am Project Can Legally Expect the CPUC to Extend its Authority beyond the Monopolistic Realm of Water Distribution to the Competitive Realm of Water Supply.**

**K. How the New Cal-Am Project Can Defy the Fundamental American Principle of Equality under the Law by Claiming that it Can Own a Desalination Plant within Monterey County when any other Private Company Cannot.**

**L. How the New Cal-Am Project Can Expect to Produce the Required Water on Time to Meet the State Deadline while Resolving All the Problems Just Enumerated.**

### **III. RECOMMENDATION**

Rather than authorizing Cal-Am to risk ratepayer money on its new project while stifling competition from other proposed water-supply projects involving in whole or in part a desalination component, Water Plus recommends that the CPUC authorize Cal-Am to facilitate

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<sup>3</sup> A.12-04-019, p. 10: "Although California-American Water has pursued several recycled water projects in its service area, it has found that the cost per-acre foot to develop and operate these projects is significantly higher than the cost of a desalination project."

the competitive process and, at its discretion, to include in this process its own new project at shareholder risk.

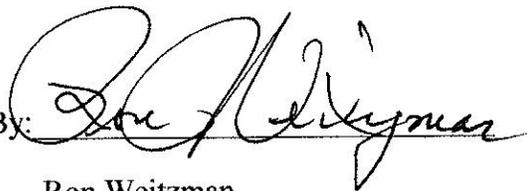
#### IV. CONCLUSION

In the belief that Cal-Am cannot successfully address all the issues enumerated here in time to beat the state cease-and-desist order deadline, Water Plus recommends that the CPUC authorize Cal-Am to facilitate competition among currently proposed water-supply projects involving desalination, including possibly its own at shareholder expense, because competition is the most likely vehicle to assure meeting the deadline with a project that produces a drought-proof supply of legal and potable water at the least possible cost to ratepayers.

May 30, 2012

Respectfully submitted,

WATER PLUS

By: 

Ron Weitzman

President, Water Plus