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 Authorization to Recover All Present and Future Costs in Rates	Application 12-04-019 (Filed April 23, 2012)

PRE-HEARING CONFERENCE STATEMENT OF SALINAS VALLEY WATER COALITION

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I. Introduction

Pursuant to Rule 7.2 of the California Public Utilities Commission ("CPUC") and Administrative Law Judge Weatherford's Ruling Setting a Prehearing Conference and Inviting Prehearing Conference Statements, the Salinas Valley Water Coalition (SVWC) files this Prehearing Conference Statement.

II. Issues that Define the Scope of the Proceeding

California-American Water Company proposes a water supply project to deliver water to their service area (Seaside, Del Rey Oaks, Monterey, Pacific Grove, Carmel, and Carmel Valley). The main element of this project is to build a desal facility along the Monterey Bay Coast in Marina. The Marina site is in a different watershed region (Salinas Valley Basin). The Salinas Valley Basin residents and businesses have built and developed six watershed management projects (two dams, waste water treatment

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facilities, surface water pipelines and surface water 'rubber dam' facilities) to conserve water resources since 1957 to enhance water storage and to address the problem of Salt Water Intrusion (SWI) at the interface with the Monterey Bay. These water users have also incorporated substantial operating improvements and conservation techniques.

Therefore, the Environmental Review for the proposed project must examine the project's potential impacts to the Salinas Valley Basin, including any impacts to its aquifers, existing seawater intrusion and/or the overall hydrological balance of the basin. The Commission's environmental review should address the following within the scope and context of this new application and changes to the proposed project:

- The proposed project's source of water would be extracted from subsurface slant wells and will include an amount of groundwater from the Salinas Valley Basin. The environmental review must show how these wells will be operated in the short-term and in the long-term, so as not to impact the Salinas Valley Groundwater Basin (SVGB), existing seawater intrusion and/or the overall hydrological balance of the basin.
- California American Water Company's (Cal-Am) project description states the project would return desalinated water to the SVGB in an amount equal to the freshwater amount in the water extracted from the slant wells. The environmental review should identify and analyze the impacts associated with the amount of freshwater that will be pumped in the short-term and in the long-term; how the project will be monitored, and what triggers will be put into place to assure the Salinas Valley residents, businesses and agricultural landowners that

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no freshwater over that which is analyzed and permitted will be pumped.

- The environmental review should include adequate monitoring and a contingency plan with trigger points so that protection for SVGB is initiated in the event, at some point in the future, the continued and extended pumping of some level of groundwater from the SVGB, creates an impact to seawater intrusion and/or to the Salinas Valley Groundwater Basin. The needs of the Peninsula cannot be met at the expense of degradation to the Salinas Valley Groundwater Basin and those who steward it because of our reliance upon it.

Our second issue is that Water Rights must be analyzed and discussed within the scope of the proceeding as follows:

- While water rights are not considered to be an environmental issue by some, the potential impact to Salinas Valley communities and Salinas Valley agricultural lands because of impacts to existing water rights would be a significant adverse environmental impact. Therefore, their water rights and legal uses of water within the Salinas Valley Groundwater Basin and any impact to these rights and use, must be considered within the context of the proposed project and this proceeding.
- Cal-Am must identify valid appropriative water rights that can be utilized in the manner they are proposing. This identification should include a discussion of what happens at some point in the future when the project wells start pumping greater percentages of freshwater than assumed within their project description. How would the freshwater pumped at that point in time then be returned to the SVGB? Pursuant to what water right would they be allowed to pump and use this

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additional groundwater? What water rights will be needed in this scenario? How will they be able to meet the continued needs of the Peninsula without exporting groundwater from the SVGB if this scenario occurs?

- Assurances must be made and included as part of this proceeding and in the Commission's approval of the project, that our members Salinas Valley water rights are not adversely impacted; that there are valid water rights identified to operate the project in the manner proposed – both in the short-term and in the long-term; that these water rights are utilized in a manner that do not harm prior right holders; that the project will not harm the Salinas Valley Basin, impact its aquifers, exacerbate seawater intrusion and/or the basin's water balance; and finally, the project will not export groundwater out of the Salinas Valley Basin.

III. Workshop

The Salinas Valley Water Coalition is indifferent as to whether the Commission should hold a public workshop. However, if it would assist the Commission to better resolve the issues identified herein, we would support holding a public workshop(s). If the Commission decides to hold public workshops, we would ask that one be held within the Salinas Valley.

IV. Settlement Discussions

The Salinas Valley Water Coalition is willing to participate in settlement discussions, with or without facilitation/mediation, in an effort to resolve identified issues.

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V. Schedule

It is difficult to tell at this point in the proceeding if the schedule proposed by Cal-Am is realistic and/or achievable, but the Salinas Valley Water Coalition is willing to work with Cal-Am and other parties to make it work if feasible.

Dated: June 4, 2012

Respectfully submitted,

/s/ Nancy Isakson_____
Nancy Isakson, President
Salinas Valley Water Coalition

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