



**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

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NEWS RELEASE

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Contact: Darby Fuerst, General Manager, 831/658-5650
FOR IMMEDIATE RELEASE

**MPWMD SUSPENDS RECEIPT OF NEW WATER PERMITS IN
HIDDEN HILLS DUE TO INADEQUATE SUPPLY FOR
EXISTING LEGAL LOTS**

Monterey, CA: Due to an imbalance between allowed water production and the number of lots served, the Monterey Peninsula Water Management District (MPWMD or District), **as of Monday, March 23, 2009**, shall not accept applications for water for new construction or intensified water use from water delivered by the California American Water (CAW) Hidden Hills Unit, referred to herein as the "Hidden Hills system." Applications received on or prior to March 20, 2009 shall be processed by the District. This prohibition does not apply to applications where there is no intensification of water use, such as a remodel project where old water fixtures are replaced by new water-saving models to enable an addition. This prohibition does not apply to homes in the Hidden Hills area that are not served by CAW.

According to MPWMD General Manager, Darby Fuerst, this action is required by MPWMD Rule 40 because the Hidden Hills system has exceeded its Pro Rata Expansion Capacity (PREC), a measurement of the balance between total water produced and the number of connections served. The Hidden Hills system used 99.1% of its annual production allotment in Water Year (WY) 2008 (defined as October 1, 2007 through September 30, 2008), but served only 92% of area connections (lots).

"Put simply, existing lot owners have been using more than their fair share. The system is poised to go over its water production limit, which would leave 36 existing legal lots high and dry. The District's action is needed to give CAW and its Hidden Hills customers time to bring the system back into balance, without burdening the system with new water demand," said Fuerst. He noted that possible measures include fixing leaks within the system, a variety of conservation programs, and rate adjustments. Fuerst also pledged assistance from the District's conservation staff, as needed.

After several months of consultation, the District formally advised Craig Anthony, CAW General Manager, of this action in a letter dated March 20, 2009. The District also met with a

representatives and legal counsel for the Hidden Hills Subunit Ratepayers Association about the pending action. The action is appealable to the MPWMD Board of Directors if a request is filed by CAW within 21 days.

The District first alerted CAW of intermittent system imbalances in July 2008, shortly after Mr. Anthony became the new CAW General Manager. At that time, CAW had indicated that the imbalance may be due to temporary infrastructure problems and a one-time water transfer. However, the problem has persisted over the past 13 months, and the amount of overage has grown greater.

The annual water production limit for the Hidden Hills system is 229.9 acre-feet per year (AFY). Actual WY 2008 production was 227.9 AFY or 2.0 AFY short of the limit. However, nine permits totaling a potential water use of 2.745 AFY were approved in WY 2009 to date (October 1, 2008 through March 20, 2009), increasing the risk of the system going over its production limit in water year 2009, and potentially triggering enforcement action pursuant to MPWMD Rule 20.4.

Put simply, the allowed PREC value is 0.482 AFY per connection, which represents the average allowed water production per lot in Hidden Hills. The current average production per lot is 0.521 AFY, or 0.039 AFY more than should be used, or roughly 12,700 gallons per year per lot. At this usage rate, only 441 connections can be served, which means 36 of the 477 total permitted connections cannot be served without exceeding the permitted production limit. Thus, savings by existing customers is needed so all legal lot owners have access to the water supply.

“This problem can be solved,” said Fuerst. “The 12,700-gallon overage per lot equates to about 39 gallons per day. Existing lot owners can find ways to save water, and use their fair share, without adversely impacting their lifestyle.”

The full text of the March 20, 2009 letter to CAW is available on the District website at: <http://www.mpwmd.dst.ca.us/whatsnew/whatsnew.htm>.

For reference, the full MPWMD Rules and Regulations are available on the District website at: <http://www.mpwmd.dst.ca.us/rules/2009Mar/TOC.htm>. Key sections are Rules 40-C and D, Rule 20.4 and Rule 11 (definitions).

In this case, District Rule 40-D requires the District to formally notify CAW that the current PREC exceeds the permitted PREC, and require CAW to prepare and implement a plan to bring the system back into balance. CAW is required to provide a detailed breakdown of consumption by individual use types (e.g., single-family dwelling, commercial, etc.) as well as provide trends over time (the District has done this). CAW shall provide monthly data to enable MPWMD to continue to track system use. The suspension of receipt of water permit applications will continue after the system returns to compliance, and there is credible expert analysis that the system can and will remain in compliance. CAW will be charged appropriate administrative fees as required by Rule 60 for MPWMD staff, legal or consultant time to implement these requirements.