



LEAGUE OF WOMEN VOTERS™
OF THE MONTEREY PENINSULA

APR 5 2010

MPWMD

April 3, 2010

Regina Doyle
Chair
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942

SUBJECT: VOTE ON WATER PURCHASE AGREEMENT

Dear Chair and Members of the Board of Directors:

The League of Women Voters of the Monterey Peninsula appreciates the Board reconsidering its vote on the Water Purchase Agreement in open session. The League is devoted to transparency in the governmental decision-making process. This includes timely public access to documents under consideration as well as opportunities to participate in public hearings.

Unfortunately, all major decisions related to the Regional Project have been made behind closed doors. Only recently, has the public been informed of significant agreements hammered out in secret meetings. The Water Purchase Agreement and Settlement Agreement have only been available since Tuesday.

Our preliminary review of the Purchase Agreement indicates that total project costs to be paid by Cal-Am ratepayers range from \$4,000 to \$7,000 per acre-foot. These numbers contrast dramatically from those presented by the Regional Project proponents less than two months ago of \$2,300 per acre-foot (attached overhead presentation in February 2010). They also vary considerably from other desalination projects, e.g., the Department of Water Resources Water Plan Update of 2009 estimates costs for desalination between \$1,000 and \$2,500 acre feet. At the same time, the Marina Coast Water District would pay \$149 per acre-foot. This rate structure is unfair to Cal-Am ratepayers who will be providing significant subsidies to non-Cal-Am users as well as paying for a project that provides limited assurance that it can deliver the water because of export and water rights questions that remain outstanding.

The Settlement Agreement includes no fixed price for water or a formula for determining costs in future years. There are no cost controls, and provisions even require Cal-Am ratepayers to pay for litigation regarding the Regional Project. There is no provision to address shortcomings once the Settlement Agreement is approved by the Public Utilities Commission. The agreement is for a minimum of 34 years with periodic renewals up to 94 years. In short, Cal-Am ratepayers are on the hook no matter what the costs.

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The delayed roll-out of information with inadequate time for review and public participation means that decisions are being made without full understanding of the plans, draft agreements and possible consequences. With extremely limited time for decision-makers and the public to analyze over 100 pages of very technical documents, we request that the Board either delay the vote until the Division of Ratepayer Advocates (DRA) releases its cost analysis at the end of April or deny the Water Purchase Agreement.

Thank you for your consideration.

Sincerely,

Dennis Mar
President

Enc.

Cc: Division of Ratepayer Advocates