



SERVING THE MONTEREY PENINSULA

Monterey
County

The Herald

A MediaNews Group NEWSPAPER

Submitted by
George Riley at
12/9/13 Board Meeting
oral communications

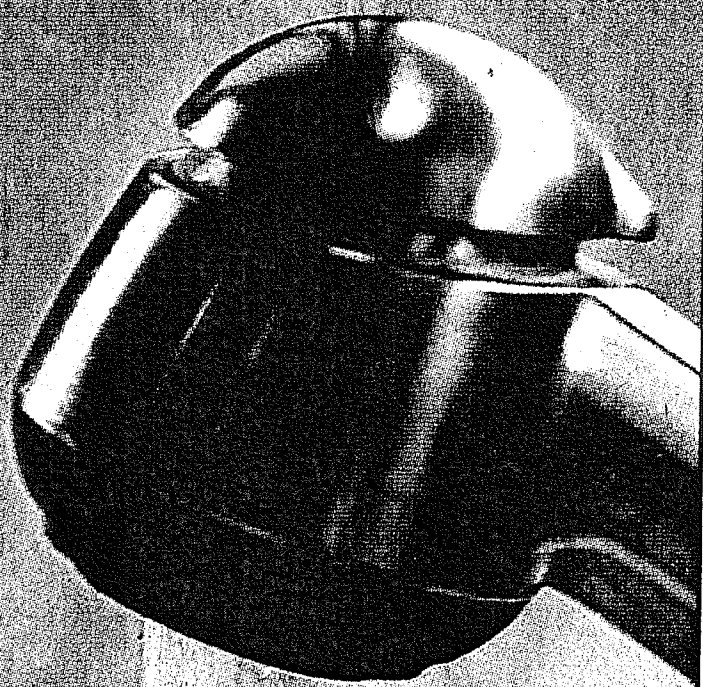
Sunday, June 2, 2013

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MONTEREY PENINSULA  A QUEST FOR WATER

The path to your tap

WHAT YOU NEED TO KNOW
ABOUT THE WATER SUPPLY PROJECT



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In all, customers will pay an estimated \$1.9 billion over the 40-year life of the project, including interest on a loan and the company's rate of return, or profit margin according to Cal Am. About

Please see Water page A7

half of that would go to pay for the actual desal plant.

Ratepayer advocates working for the state Public Utilities Commission (PUC) have argued that Cal Am's cost estimates are inflated. They have called for cost caps, but company officials suggest that could result in higher costs.

Cal Am says it would keep customers' costs down somewhat by placing a surcharge on their bills before the project is built. That means the company could not collect its normal profit margin on about \$100 million of the project costs. The company will also seek a low-interest state loan.

A group made up of the Peninsula's mayors is proposing a public contribution of up to \$100 million more, which they say could save customers an estimated \$124 million over the life of the loan.

When will my water bill increase? By how much?

According to Cal Am's projections, customers' water bills are expected to double — and could nearly triple — by 2017 from a 2012 baseline, though less than half of that increase will be directly attributable to the project.

Bills could begin to increase as soon as next summer if Cal Am's request for a surcharge is granted by the PUC.

According to the company's projections as recently as last year, residential customers who use relatively little water could see their monthly bills increase from about \$21 now to between \$40 and \$56 by 2017, with about \$17 to \$24 of the increase due to the project.

Higher-use customers could see a monthly

Higher-use customers could see a monthly increase from about \$146 to between \$308 and \$496. Of that increase, about \$119 to \$198 would be a result of the water project.

An average commercial customer could see an increase from about \$350 per month to between \$709 and \$752, with about \$298 to \$317 attributable to the project.

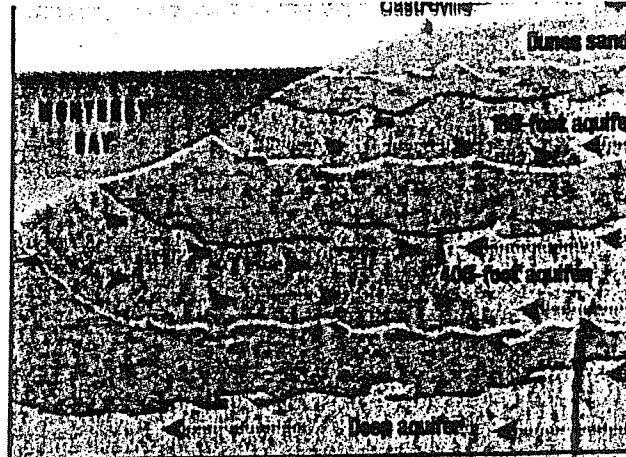
Also causing bills to go up are the San Clemente Dam removal and general rate increases, among other things, including costs related to the failed desal project.

Cal Am's projections are subject to fluctuation resulting from other surcharges that could come off water bills in the next several years. Actual rates will be set by the PUC.

If there is no project, what will the economic impact be?

Devastating, according to testimony by two experts from Berkeley Economic Consulting.

Mark Berkman and David Sunding, who testified during the PUC's review of the previous desal project, estimated the Peninsula would say goodbye to more than \$1 billion a year if it loses just half of its current water supply, which they suggested was the "minimum" reduction under the state cutback order. That includes an estimated \$742 million annual loss in commercial sales from hotels, restaurants, grocery stores and the like;



Source: Monterey County Water Resources Agency

\$261 million per year in lost industrial production, such as food production; and the loss of 6,000 jobs.

groundwater basin because it could exacerbate seawater intrusion.

What is the general nature of opposition to the project?

Some believe the proposed project is too expensive and a privately owned desal plant will unfairly benefit Cal Am at the expense of Peninsula customers.

Others believe the project could end up promoting growth on the Peninsula, and prefer mixing additional conservation with other measures, such as the increased use of graywater.

There are also concerns about potential environmental impacts on everything from the Monterey Bay National Marine Sanctuary to the Seaside basin, where several sources of treated water will collect.

And there are those who specifically oppose the plan to draw desal feeder water from the Salinas Valley

What are the potential environmental impacts?

Those are being studied in the project's environmental impact report, which is being conducted by S. Francisco-based Environmental Science Associates on behalf of the PUC. The report is due in February.

Among the issues to be considered:

- The impact of brackish water wells on seawater intrusion in the Salinas Valley groundwater basin.

- The project's energy needs and carbon footprint.

- The impact of discharging a mixture of desal brine and wastewater into the Monterey Bay National Marine Sanctuary.

- The effect of increasing or decreasing the size of the project.

- How the Seaside basin's water quality will

David Stoldt,
general

July 26 & 27, 2012

Technical Workshops on
Monterey Peninsula Water Supply Project
A.12-04-019

CALIFORNIA
AMERICAN WATER



- **Project Sizing, Costs and Ratepayer Impacts** (continued)
 - **What is the cumulative impact on ratepayers if all current Cal-Am requested rate increases were approved by the Commission?**

Projected Impact to Monterey Water Bills

Project	Usage (cct)	2012 Current Monthly Bill	2017 Projected Monthly Bill Range	\$ Increase Related to Water Supply Project
25 th Percentile Bill	3	\$21.12	\$40 - \$59	\$17 - \$26
50 th Percentile Bill	5	\$28.90	\$54 - \$83	\$22 - \$37
Average Bill	6	\$34.09	\$64 - \$97	\$29 - \$43
75 th Percentile Bill	8	\$44.48	\$86 - \$126	\$35 - \$56
95 th Percentile Bill	16	\$146.58	\$299 - \$511	\$119 - \$223
Average Commercial Bill	62	\$348.97	\$709 - \$774	\$288 - \$356

Assumptions:
 • Usage = 1cct = 100 cubic feet = 748 gallons
 • Proposed 2017 bill includes multiple estimates
 • Reflects data from May 2011