



# Supplement to 8/17/2015 MPWMD Board Packet

Attached are copies of letters received between July 11, 2015 and August 11, 2015 . These letters are also listed in the August 17, 2015 Board packet under Letters Received.

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
Charles Cech	MPWMD Board	7/30/15	Protest Cal Am Rate Increase
Roy Kaminski	MPWMD Board	7/29/15	Water Consumption, Availability and Diversions from the Carmel River
Daniel Gho – Submitted by Rudi Fischer	MPWMD Board	7/20/15	Water Savings at Pacific Grove Golf Links 2008-2010
Andrew Bell	MPWMD Board	7/20/15	DeepWater Desal Project – Monterey Bay Regional Water Project

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## Arlene Tavani

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**From:** Charles Cech <chuck\_cech@hotmail.com>  
**Sent:** Thursday, July 30, 2015 4:18 PM  
**To:** public.advisor@cpuc.ca.gov; richard.rauschmeier@cpuc.ca.gov  
**Subject:** Protest Cal Am rate Increase

Regarding CPUC Application A.15-07-?  
 Filed By California American Water Company  
 July 8 2015

This application was submitted to the California Public Utilities Commission (CPUC) by California American Monterey Peninsula (Cal Am) on July 8, 2015 requesting authorization to modify their water conservation and rationing plan. It is nothing more than a gigantic residential water rate increase. It should also be noted that this document simultaneously proposes a substantial decrease for their commercial water rates. In an effort to justify these water rate changes this application contains a number of questionable and unsubstantiated statements.

Page 1) The first of these statements is, “The proposed changes are necessary to ensure that the securitization authorized by the State Legislature in Senate Bill 936 and State Revolving Funds (SRF) can be obtained and used to finance the replacement supply solution proposed in Application (A) 12-04-019, the Monterey Peninsula Water Supply Project (MPWSP) in an equitable manner and at the lowest cost.”

According to the States Water Resources Control Board (SWRCB) web site, the California State Revolving Funds (SRF) are available to “Any city, town, district, or other public body created under state law, including state agencies.” Therefore, Cal Am does not seem to qualify for SRF.

Next the Senate Bill 936 was signed by Governor Brown on September 19, 2014 when existing water rates were in place. Why is it now necessary to increase residential water rates and reduce commercial water rates to ensure funding of this already signed bill? The funds provided by this Senate Bill 936 will be repaid by Cal Am rate payers and will used to pay for a portion of Cal Am’s desalination plant in advance. However, at this time Cal Am is not in possession of a reliable ocean water source. No salt water to desalinate is a big problem for a future desalination plant.

The next portion of the statement in question is that Cal Am will provide a desalination system “in an equitable manner and at the lowest possible cost”. How is it equitable that the Cal Am rate payers will be paying for the entire desalination facility, some of it in advance of completion, but will own none of it? Why can they say it will be at the built at the lowest possible cost? Two larger alternative desalination systems have been proposed by other providers at significantly lower costs.

Page 2) The Cal Am statement in question is as follows. “These changes are also necessary to ensure that all past and future authorized revenue requirements are recovered in a manner that does not cause *rate impact pancaking*, especially with the overlays of the MPWSP and other project expenses over five years”.

The issue here is that, we the rate payers are conserving water during the drought trying to keep the State of California a viable location to reside. But Cal Am seems to have done nothing to reduce their operating expenses to compensate for loss of revenue. Now as a result of residents conserving water, their water cost will increase dramatically. However the hotels owners on the Monterey peninsula who have little incentive to

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reduce water consumption get a 14% reduction in their water bill. This places a new burden of revenue adjustment on top of the residents. This feels like pancaking to me!

Page 3) The statement in question is that, there is a “physical cliff” created by the SWRCB Cease and Desist Order (CDO) in 2009 giving Cal Am until December 31, 2016 to stop over drafting the Carmel river aquifer.

This so called “physical cliff” was not created by the SWRCB it was created by Cal Am due to their repeated failures over a 5 year period in providing an alternative water supply as required by the CDO. The worst part about this is that Cal Am customers are now stuck with paying over \$30 million for this series of Cal Am failures. Now, it begins to look like Cal Am’s latest multimillion dollar slant well approach to solve our water problems, may also turn into a failure. Additionally the “physical cliff” is a myth, Cal Am can continue to over pump the Carmel River aquifer, however they will be fined by the SWRCB if they do.

Of course, the ratepayers will be expected to pay for Cal Am’s misadventure! It appears that as long the ratepayers are responsible for the cost of Cal Am failures; Cal Am has little incentive to get it right the first time.

Page 4) The statement in question is as follows: “customers in the Monterey District will be impacted by the large, historical under collected balance in the accounts as well as the need to pre-fund a \$71.5 million surcharge for construction of the MPWSP. The issue of customer “rate shock” is also introduced on this page.

Exactly where did this “large, historical under collected balance” come from? Cal Am financial reports provided to the CPUC indicate that Cal Am has been profitable over the past 7 years. If the profits were not as large as Cal Am expected, Cal Am should have requested adjustments in the year of the shortfall not 7 years after the fact.

The \$71.5 million surcharge should not be initiated until Cal Am can prove they have an adequate, long term, functional, sea water source for desalination. Additionally, what happens to the \$71.5 million surcharge prepaid to Cal Am if Cal Am abandons the MPWSP?

To analyze “rate shock” the total cost of the Cal Am proposed desalination plus interest, profits, and taxes need to be considered. It appears that Cal Am customers will be paying for the desalination facility over 20 years. A rough estimate of the total cost at the end of the 20 years is around \$1 billion. Assuming 40,000 connections, that suggests a cost of more than \$100 per connection per month not including the cost of water consumed. That sure sounds like “rate shock”.

Page 5) The statements in question are: “The current rate design provides water for outdoor use at far too low rates, given the Monterey situation” and a second statement that “The design, with its individual allotment based system, is not equitable”

On average Monterey water costs over \$5000 per acre foot. The first statement above just does not make sense.

How is it a water delivery system that takes into consideration the number of people in a family be not equitable? With the present Cal Am tiered rate structure a family of five will be elevated to a higher consumption tier and a two person household will not. This will happen even if each individual uses the same amount of water as presently used when the allocation system is eliminated. Dropping the individual allocation is definitely not equitable.

Page 6 and 7) Includes a series of requests to the CPUC in very general terms, there is no data or specific amounts included to justify any of the requests. Feels like Cal Am is asking for a signed blank check!

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This Information is provided by:

Charles Cech

Monterey CA

chuck\_cech@hotmail.com



Submitted by  
Roy Kaminski

29 July 2015

RECEIVED

JUL 29 2015

MPWMD

To whom it may concern:

This is what the Monterey Peninsula Water Management District (MPWMD) and the California State Water Resources Control Board knew or should have known about water consumption, availability and diversions from the Carmel River in the water years indicated:

Water Year	Consumption in Acre Feet	Carmel River Diversions	Carmel River Basin Acquifers	End of Year (Sep) Usable Storage
1981	16,416	9,091		Main System
1987	18,117	5,593		
1991	12,118	2,118		
1998	14,403	1,557	27,408	33,264

\* (SWRCB)

Source: Monterey Peninsula Water Resources System Usable Storage in Acre Feet Report  
California American Water Monterey Division Customers & Consumption by Political  
& Classification in Acre Feet Report



Submitted at  
7/20/2015 Board Meeting<sup>7</sup>  
Item - Oral Communications

Water Savings at  
Pacific Grove Golf Links  
2008-2010  
Prepared by Daniel Gho

These totals are from the actual meters reads / usage reports that I have received from Cal Am water. Meter reads occur in the middle of the month and usually consist of 30 calendar days.

	Gallons Used	Savings from Previous year
January-December 2008	<b>32,907,000</b>	
January-December 2009	<b>28,375,500</b>	<b>4,531,500</b>
January-December 2010	<b>24,077,325</b>	<b>4,298,175</b>
	Total Savings in Two years	<b>8,829,675 gallons</b>
	Approximate Dollar Savings	<b>\$43,647</b>

A water cost increase occurred February of 2010. The increase went from \$3.43 for 750 gallons to \$4.00 for 750 gallons.

These water savings have occurred by implementing different watering techniques, since I took the position at Pacific Grove Golf Links in September 2008. The golf course looks and plays better with these new practices. There has been a significant savings in water usage and funds spent on water due to these reductions.

Our Goal this year is to reduce irrigation by 10 percent from 2010 totals, which we are on pace to achieve. Here are figures from June – July 2010 compared to 2011. The 2011 numbers are from our Central Control Computer not from Meter Reads. They represent actual night time irrigation numbers but do not account for supplemental irrigation or spot watering with a hose. Supplemental and hose irrigation total less than 5% of total irrigation.

June - July 2010	6,375,750 Gallons
June - July 2011	4,262,922 Gallons
Savings of 23%	1,475,253 Gallons



## Possible Solutions Regarding Future Water Rationings

The City of Pacific Grove and our Environmental Planner, Sarah Hardgrave, have been working with Monterey Peninsula Water Management District, along with Cal Am water to address future water needs for the City of Pacific Grove. I have spoke with her and Mike Zimmer, Public Works Superintendent, to come up with future solutions regarding irrigation water at Pacific Grove Golf Links. Here are our initial thoughts.

- Work with Cal Am Water and Pebble Beach Corporation to delivery reclaimed water from Forest Lake Reservoir
- Rehabilitate David Avenue Reservoir or use the site to house an above ground tank that can store water from runoff
- Drop multiple cistern tanks in our fifth and sixth fairways to catch spring and ground water that can supplement and add to our existing irrigation system
- Dredge out Crespi Pond making its holding capacity larger to use as supplemental irrigation
- Retrofit and build a pump station and use the old sewage treatment plant tanks for supplemental irrigation on the B9 fairways

Submitted at 7/20/15 Board Meeting  
Item - Oral Communications

3079 Hermitage Road  
Pebble Beach, CA 93953

July 20, 2015

Chairperson Markey and Board Members  
Monterey Peninsula Water Management District  
5 Harris Court, Building G  
Monterey, California 93940

**SUBJECT:**

Dear Chairperson Markey and Board Members:

I am gratified that the Water Management District is supporting an alternative to Cal-Am's desal project, ~~known as the Monterey Peninsula Water Supply Project~~, as insurance in the event Cal-Am's project should fail. I recently learned that the State Lands Commission issued a Notice of Preparation/Notice of intent of a Draft EIR/EIS for the Deep Water Desal Project, also known as the Monterey Bay Regional Water Project. As General Manager Dave Stoldt writes in his report in tonight's Board packet titled "Update on Development of Water Supply Projects," the State Lands Commission held a Scoping Meeting on the Deep Water Desal Project on June 16, 2015. This meeting was held at Moss Landing Marine Laboratories in Moss Landing.

I was able to find a link to the State Lands Commission's notice on the internet through the Soquel Creek Water District website, but could find no mention of it on the Water Management District's website. I encourage you to publicize the Deep Water Desal Project's milestones, including on your website. Since the Water Management is apparently funding half the cost of the project's environmental review documents, you may as well get your money's worth.

Thank you.

Sincerely,



Andrew M. Bell