



Slant well tests resume – lots of work left to do!

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Despite opposition from the usual Peninsula parties the California Coastal Commission on October 6th unanimously approved amendments to Cal Am's test slant well permit and allowed testing to resume. Cal Am promptly performed some needed repairs on the well and resumed pumping. Results so far are quite promising – the well works fine and the amount of fresh water included in the pumping is minimal, so harm to the Salinas Valley Groundwater Basin (SVGB) is not a major issue.

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The Groundwater Recharge Project (GWR), renamed Pure Water Monterey, has timely filed its application for a State Revolving Fund low-interest loan to finance its project. Included in the application is a draft of the Water Purchase Agreement with Cal Am; although still in draft form, the state accepted the draft as part of the application.

In conjunction with the final approval of GWR, the California Public Utilities Commission has adopted a schedule for parallel processing of the Monterey Peninsula Water Supply Project (MPWSP), which is primarily the desal project and aquifer storage and recovery (ASR) projects, and its deliberations and decision on whether to approve the Water Purchase Agreement that will make GWR an official part of the overall project.

Testimony begins in December with updated desal cost estimates and in January 2016 updated water demand, brine discharge and the amount and method for required return water to the SVGB.

The PUC is scheduled to reach a decision on Phase 2 of the MPWSP application (on the GWR water purchase agreement) in August of 2016. That may or may not determine the final size of the desal plant (remember the application says a larger desal plant if GWR doesn't make the grade, a smaller desal if GWR is part of the mix); the Coalition was instrumental in keeping the option of a larger desal in play in the settlement agreement proposing the schedules the PUC adopted.

The Coalition continues to push for a larger desal plant whether GWR becomes part of the project mix or not for several reasons. A larger desal plant will provide, among other things, the opportunity for a more relaxed desal operation schedule, currently scheduled to be at approximately 98% of capacity all the time. The Coalition is also insisting on realistic answers to the issue of assigning a monetary value to GWR externalities, in order that the decision on the water purchase agreement be fair in its treatment of comparative consumer costs of GWR water and desal water.

Phase 1 (the desal and ASR portions of the MPWSP) is scheduled to be decided before the end of 2016.

The Coalition will be active and involved in the parallel proceedings and all the settlement discussions.



Also in play at this point is Cal Am's latest rate case, filed with the PUC in July. In this rate case, Cal Am seeks to change the residential rate methods it uses to make them easier to understand and fairer to all water users. In the previous rate case, Cal Am simplified its non-residential rates. In this rate case Cal Am also seeks to end for the first time the subsidy commercial ratepayers provide to residential users; the result, if approved by the PUC, will mean all users will pay a fair share of total bill for water use.

The Coalition is a party in the rate case and is hard at work on reaching a settlement in the first phase of the case, expedited elimination of summer outdoor water allotments. All of the parties but one agree that this is an advisable rate adjustment and necessary to show the State Water Resources Control Board that we are serious about conservation and serious about our petition to amend the Cease and Desist Order deadline (and remember, that deadline is December 31, 2016 – a scant year away!).

The proposal to amend the CDO deadline has been submitted, but SWRCB is not expected to respond until the fall of 2016. The Coalition participated in drafting the proposal.

The Monterey Peninsula Water Management District (MPWMD) and Cal Am are working on a revised water conservation and rationing plan. The Coalition worked with both entities to make sure that the tremendous efforts by hospitality and other commercial interests to save water are recognized in the draft rationing plan under discussion.

We are getting closer to securing a sustainable water supply but there is much work left to be done!