

WATER NEWS

News You Need to Know - NOW

Where WaterPlus stands on the future water supply for the Monterey Peninsula

By Ron Weitzman, President, WaterPlus

To achieve an adequate, reliable, and timely new water supply at the lowest possible monthly cost to Monterey Peninsula ratepayers, Water Plus strongly supports the following:

Public ownership of our water supply, particularly desalination

The cost of capital to ratepayers is considerably lower for a publicly owned desalination plant (less than 3.5%) than for one owned by Cal Am (between 8% and 9%).

A new water supply of 10,000 or more acre-feet per year

Demand being greater than supply, as it is on the Monterey Peninsula, a large desalination plant will produce water at a lower unit cost than a small one because of economies of scale. A large desalination plant will also provide a more nearly adequate water supply than a small one while avoiding the need for a steeply spiked and costly rate structure.

Water from sources other than desalination only as a surplus to the amount needed

Because of the dependence of new water sources other than desalination on wet winters, as well as permission from current holders of water rights, an overall water supply that relies on these sources would be highly unreliable, especially as the progression of global warming increases the frequency of dry winters.

A desalination plant sited outside the Salinas Valley Groundwater Basin

Lawsuits threatened by organized water users and holders of water rights in the Salinas Valley are likely to take from two

to ten years to resolve before any water can be exported from the valley for use elsewhere, much more time than exists to meet the state-ordered deadline.

A desalination plant sited at Moss Landing

The CPUC selected Moss Landing in 2002 as the preferred site for a desalination plant on the Central Coast. Not only is this site outside the Salinas Valley Groundwater Basin, but also its development is likely to be less costly and more timely than elsewhere because of facilities and permits that already exist there.

Competition among all proposed desalination projects at shareholder or investor risk

Since the first preconference hearing on the current Cal Am water-supply proposal, Water Plus has advocated for open competition among the proposers of all new water supply projects for the Monterey Peninsula at investor rather than ratepayer risk. The purpose of this advocacy has been to ensure that the new water supply will have the least possible impact on ratepayer monthly bills, while providing an adequate, reliable, and timely water supply.

Now that the CPUC has preempted Cal Am as a private water supplier from the Monterey County ordinance permitting only a public supplier to own and operate a desalination plant in the county, the preemption should also apply to the Regional Desalination Project at Moss Landing and the DeepWater Desal LLC project prior to their possible acquisition by a public agency. That is

because the preemption decision applies to the applicant (as a privately-owned company) rather than the project (on its merits).

That being the case, the CPUC should evaluate all three projects in competition with each other and authorize delivery of water from the one that comes out on top rather than evaluating only Cal Am and prodding it to change until it is acceptable.

Alternatively, Monterey County could repeal its ordinance and let all three projects compete on the open market with the instruction from the CPUC to Cal Am that it obtain the water needed from the source that provides an adequate, reliable, and timely supply at the lowest monthly cost to ratepayers.

Because this alternative would require Cal Am to use shareholder rather than ratepayer money in developing its project, perhaps under the auspices of a subsidiary company, Cal Am would likely withdraw from the competition if the CPUC perceived one or both of the other projects to be viable.

In the case of either alternative, the CPUC would have to evaluate all three projects to determine their viability. Water Plus urges the CPUC to do so. ♦



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