



## Con: Proposal burdens Peninsula

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There is no question that the Peninsula needs a new water supply project, and the Monterey Peninsula Water Management District board voted to support the regional project concept.

But we are dismayed to see a proposed agreement that places the financial burden on the Monterey Peninsula and takes unacceptable risks regarding how much water the Peninsula ultimately receives.

All parties should pay for the benefits received from a regional project, and it should be a source of water that we can count on for decades to come.

We urge you to support the following changes to the proposed agreement:

- Before committing to financing for this \$450 million project, test wells should be operated by an independent party for at least one year to better understand the freshwater/salt water mix, which affects how much water the Peninsula will receive.
- If testing proves promising, the project can proceed, but with a joint ownership agreement that grants partial ownership of project facilities to Peninsula customers in proportion to what they pay.
- The Marina Coast Water District should not have the option to seek to terminate the agreement after

34 years. Likewise, other termination provisions in the contract should be modified to give Peninsula customers more control.

· Expenses for the project should be subject to the Public Utilities Commission ratemaking procedures.

Here are our concerns with the agreement, written behind closed doors without Peninsula representation:

· The cost of project water would be at least \$4,000 per acre-foot, which Peninsula customers would pay. Marina Coast Water District would pay only \$149 per acre-foot.

· Marina Coast Water District and Monterey County Water Resources Agency will own the project facilities, but Peninsula customers would pay virtually all costs, including expensive maintenance. After 34 years, we could be told to find another water source, but they keep the facilities at no cost.

· The desalination plant relies on water pumped from the seawater-intruded Salinas Valley Basin, drawing a blend of fresh- and salt water. Because of state law, Salinas Valley Basin groundwater cannot be used south of Marina — whatever percentage is "fresh" water will go to Marina Coast and other basin pumps. Proponents state that the percentage of fresh water won't exceed 15 percent, but there are indicators to the contrary. Let's do some test wells and find out.

· The agreement states that the amount of fresh water will be measured and averaged, but then says the amount of fresh water "shall be deemed not to exceed 15 percent during the first five calendar years." State law does not allow the parties to "deem" a fact which is nonexistent to circumvent legal requirements. If the percentage is 20 percent, then it

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is 20 percent; it cannot be "deemed" to be 15 percent. This is unenforceable. After five years there is no guarantee how much water goes to the Peninsula. This is critical for the reliability and cost-effectiveness of this project for Peninsula customers.

· If the project doesn't work as proposed, if there are delays in obtaining permits or if there are delays caused by litigation, any party can terminate the agreement. Upon termination, all facilities paid for by Peninsula remain in the hands of Marina Coast Water District and county Water Resources, free of charge.

· The agreement allows Cal Am to pass the project expenses onto Peninsula customers without review by the PUC. This means the Peninsula has given up its rights to challenge any costs associated with the project for the maximum term of the agreement, which is 94 years! This is worth a lot of money to Cal Am, which normally must prove the reasonableness of costs to the PUC before passing the costs to customers.

· A fair public process was not used. Marina Coast Water District, Cal Am and county Water Resources privately developed the agreement and didn't make it public until March 30. They plan to present the proposed agreement to the PUC judge April 7, giving local officials and the public six days to learn and understand what it means.

· The parties who would own the project are not accountable to the people who would pay for it.

· The proponents say Peninsula rates will "double," but it will be much more than that.

It is urgent that the Peninsula ask to be treated fairly. By standing together, we can obtain an

equitable arrangement. If we do not object now, we will be stuck forever with the consequences of our inaction. We should ask that no agreement be approved until these critical issues are addressed.

The PUC's Division of Ratepayer Advocates is staunchly defending Peninsula water customers. We need to add our voices to theirs. Please attend upcoming local agency meetings where the agreement will be voted on, and e-mail the PUC commissioner at [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov), or fax to (415) 703-2057.

Kristi Markey, Alvin Edwards and Judi Lehman are members of the Monterey Peninsula Water Management District board.

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