

Item 11:
Process for Lifting the
Cease & Desist Order and
Moratorium on New
Meters

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General Manager

April 15, 2024



Monterey Peninsula Water Resource System



Channel Maintenance Circa 1940s



Carmel River circa 1980



Summer & Fall Pumping of the Aquifer

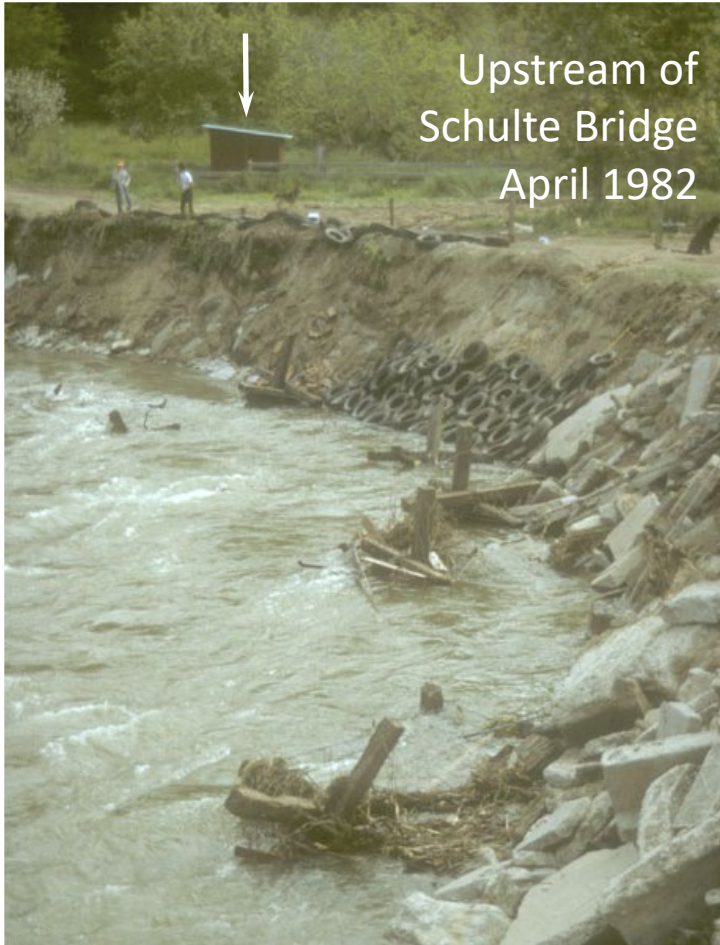
Eroded Stream Banks Near
Carmel Valley Ranch - 1998



After Restoration of
Stream Banks and
Perennial Flow - 2002



Schulte Road Project



State Regulators Start to Show Interest

**Order on
Four Complaints Filed Against
The California-American
Water Company**

Carmel River
Monterey County

Order No. WR 95-10

JULY 6, 1995

**STATE WATER RESOURCES CONTROL BOARD
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY**

CRSA (1987), Residents Water Committee (1989), Sierra Club (1991), CA Dept of Parks & Rec (1991)

What is the “Cease and Desist Order”?

On January 15, 2008, the Assistant Deputy Director for Water Rights issued a notice of proposed cease and desist order

Alleging that 13 years after the adoption of Order 95-10 Cal-Am continues to divert about 7,150 afa from the river without a valid basis of right, the Prosecution Team (Prosecution Team or PT) seeks issuance of a cease and desist order under Water Code section 1831, subdivision (d). Cal-Am requested a hearing. This order (1) finds that Cal-Am: (a) failed to comply with the requirements of Order 95-10, and (b) is in violation of Water Code section 1052; and (2) issues a cease and desist order (CDO).

Water Code section 1052, subsection (a) provides “[t]he diversion or use of water subject to this division other than as authorized in this division is a trespass.”

State Regulatory Actions



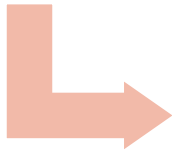
| Year | Action |
|------|--|
| 1995 | Order 95-10 establishes Cal-Am legal water right and orders reduction from 12,907 AFY in 1994 to 3,376 AFY |
| 2009 | Cease and Desist Order (CDO) to terminate all unlawful diversions from the river no later than December 31, 2016 |
| 2011 | CPUC sets moratorium on new service connections (No New Meters) |
| 2016 | CDO extended to terminate all unlawful diversions from the river no later than December 31, 2021 |



What Will it Take to Lift the CDO & Moratorium?

Ask the
SWRCB

- Cal-Am certifies that a permanent supply has been substituted for illegal diversions. (*What if Cal-Am doesn't?*)



SWRCB
Concurs

- Deputy Director for Water Rights concurs in writing (*How long will that take?*)



CPUC Lifts
Moratorium

- Cal-Am files Tier 1 Advice Letter (*30 days*)

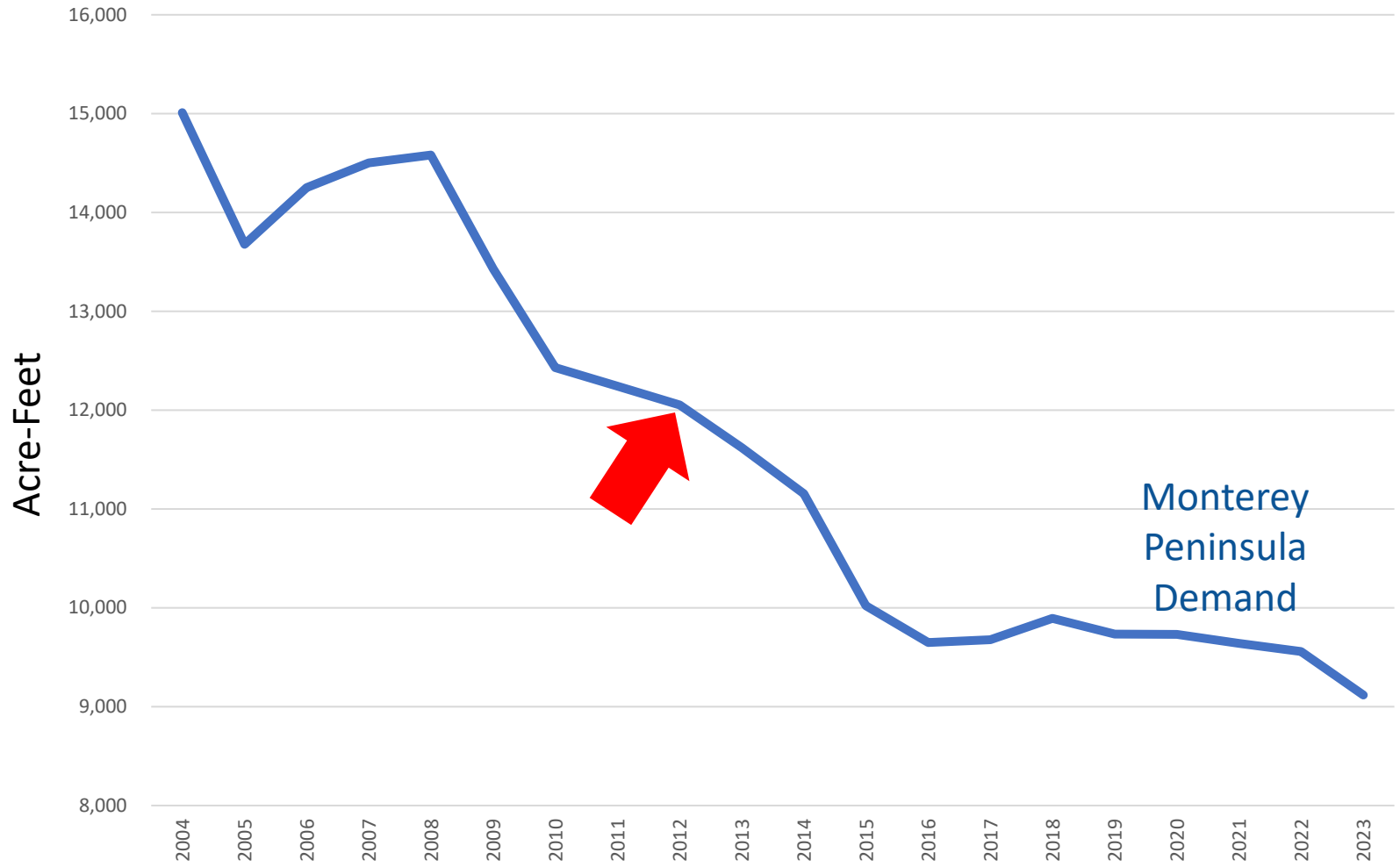
What is a Substitute Supply?

- Must meet current demand and future demand for a reasonable period into the future.
- Do not want to “be back in the principal’s office” in a few short years...

| Supplies not Affected by Drought | Supplies Affected by Drought |
|---|--|
| Carmel River 3,376 AFY | Pure Water Monterey Expansion 1,905 – 2,250 AFY |
| Seaside Basin 1,474 AFY* | Aquifer Storage and Recovery 0 – 2,843 AFY |
| Pure Water Monterey (Base) 3,500 AFY | Sand City Desalination 160 – 200 AFY |
| Malpaso LLC 86 AFY | |
| Seaside Basin Wheeled from Others 20 AFY | |

* Desire to leave 700 AFY “In Lieu” recharge

Water Demand – Last 20 Years





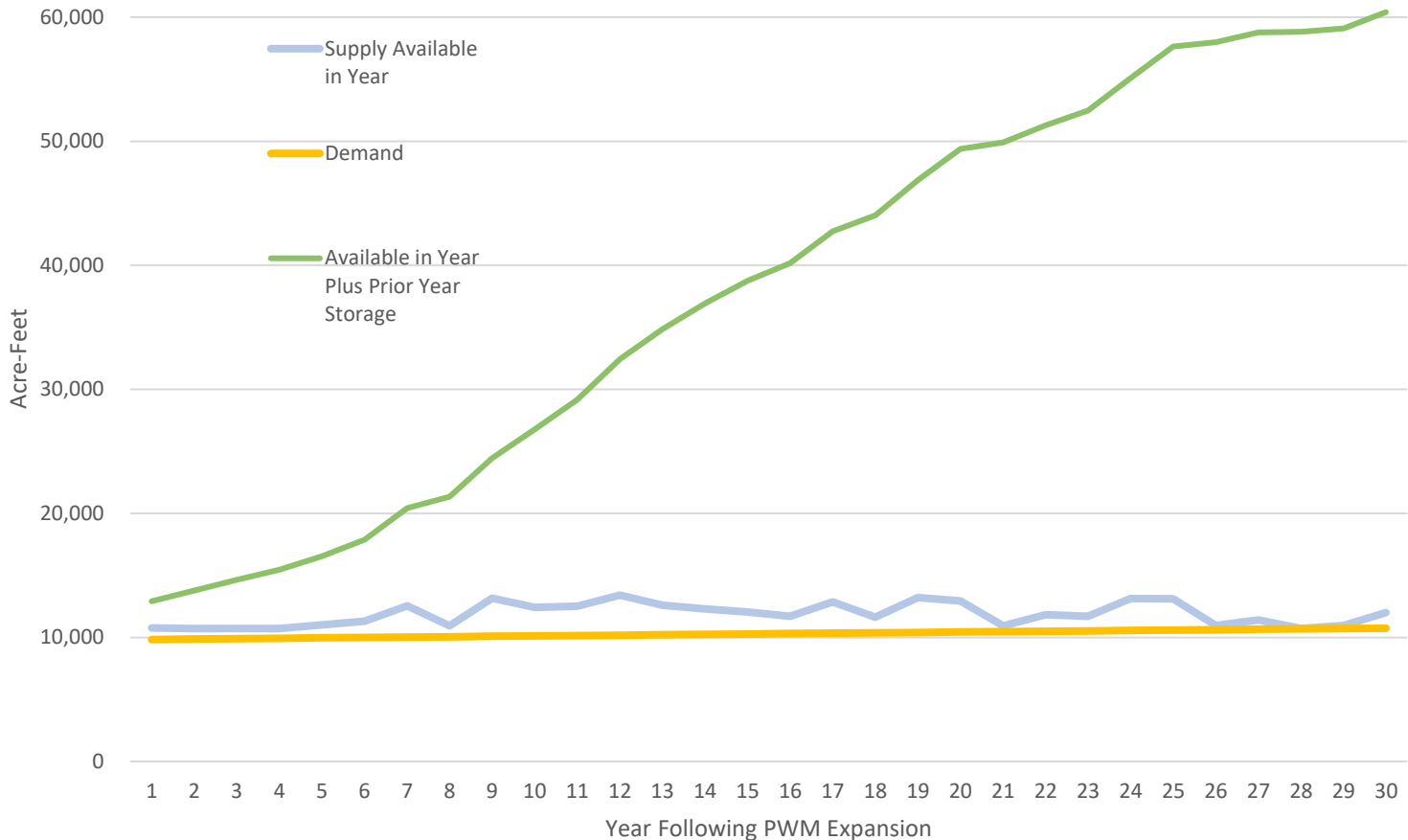
Supply v Demand Scenario Analysis

Expected Outcome

- Use 59 years of actual hydrologic data
- Start in a 5-year drought
- ASR injects up to 17 AF per day if weather allows
- PWM Expansion “borrows” 145 AF from storage in dry years
- Start with 2,159 AF in storage (ASR balance at end of 2023)
- Demand grows at AMBAG 2022 Regional Growth Forecast

What Does the Expected Outcome Look Like?

Supply and Storage Available v. Demand
30 Years Following PWM Expansion





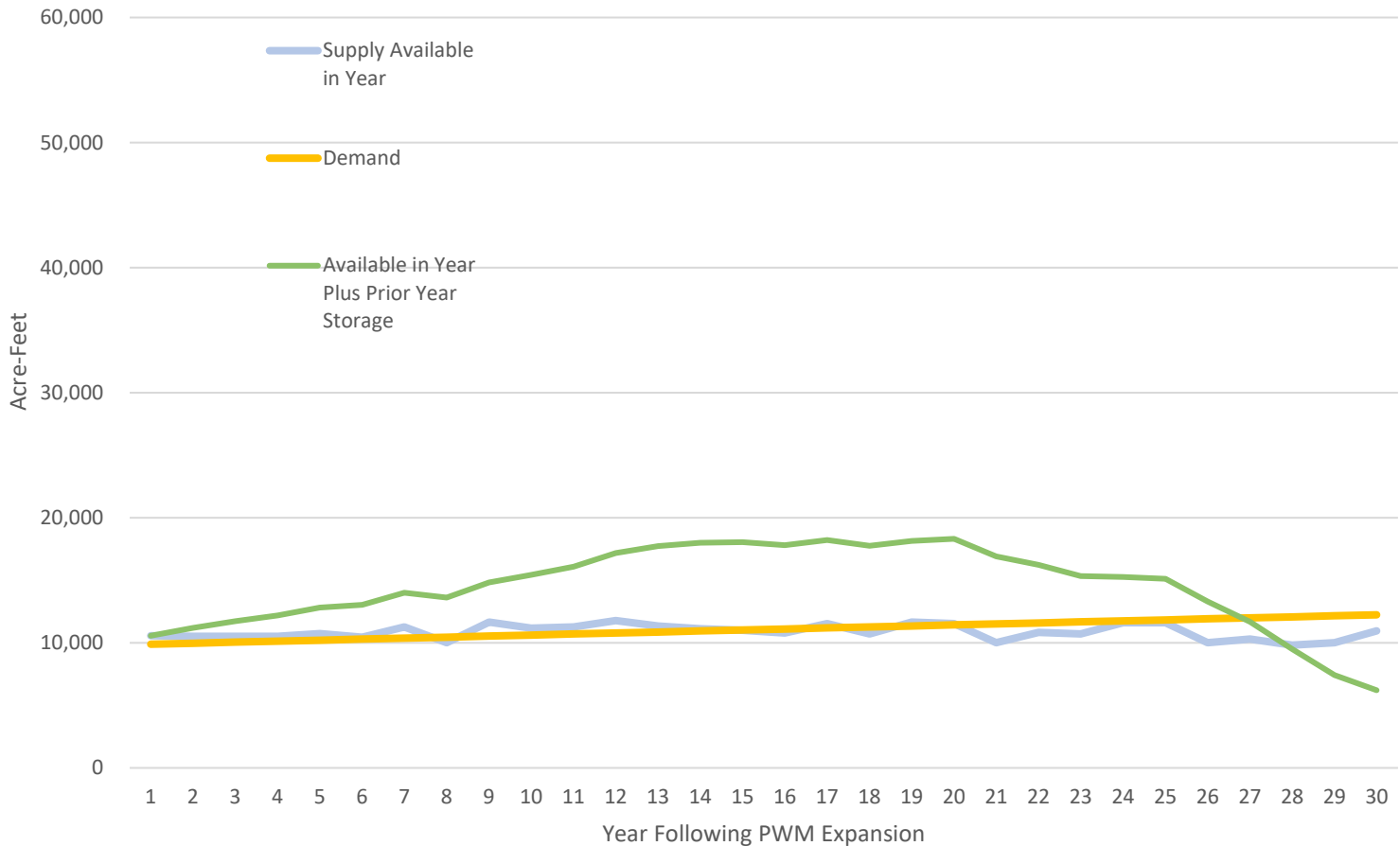
Scenario Analysis

Worst Case Outcome

- Use 59 years of actual hydrologic data
- Start in a 5-year drought
- ASR constrained to under 10 AF per day if weather allows
- PWM Expansion “borrows” 345 AF from storage in dry years
- Seaside Basin “In Lieu” program begins in year 6
- Start with no storage
- Residential demand grows at 3X AMBAG rate and Non-Residential demand grows at 2X AMBAG rate

What Does the Worst Case Look Like?

Supply and Storage Available v. Demand
30 Years Following PWM Expansion
Scenario 8



Timing

July 2024
Decision in CPUC Phase 2
Proceeding (Supply & Demand)

September 2024
MPWMD Files Application to SWRCB
Requesting Modification to Order

Late 2024 / Early 2025
Work on Community Support
Coordinate w/ SWRCB

Late 2025 / Early 2026
Hope SWRCB is Ready to
Concur in Writing

Shortly Thereafter
Push Cal-Am to File Tier 1 Advice
Letter w/ CPUC



Long & Winding Road...





Questions?