

Peninsula desal proposal goes before PUC
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By Jim Johnson

Formal hearings on the details of the proposed seawater desalination plant designed to provide Peninsula residents with a substitute water source begin this week.

Representatives from Monterey, Seaside, Carmel, Pacific Grove and Sand City will make their bid to participate.

The hearings, which begin at 9 a.m. today, will be conducted by Judge Angela Minkin and Commissioner John Bohn at the state Public Utilities Commission headquarters in San Francisco. They are expected to continue through Friday.

Proponents and critics of the desalination plant proposal will present their arguments, focusing mainly on cost estimates.

A public-private partnership involving California American Water, which is applying to the PUC for a permit to operate the desalination plant, the Marina Coast Water District and the Monterey County Water Resources Agency is backing the proposal under the terms of a project agreement.

Critics include the PUC's Division of Ratepayer Advocates and the Monterey Peninsula Water Management District, which has not signed on to the agreement.

In a new development, Peninsula city officials petitioned the PUC on Monday to be allowed to "intervene" or participate in the hearings after the mayors of each city met Friday. Minkin will decide whether to allow them to participate before the formal hearings.

Meanwhile, local advocacy group Citizens for Public Water has decided not to sign on to the project agreement for now, said spokesman George Riley, after announcing last week it was petitioning to do so.

Riley said the group supports the project concept but has a number of issues with its details, including the absence of Monterey Peninsula Water on the project advisory council.

Riley said the group wants a separate public oversight committee for the proposal.

Cal Am spokeswoman Catherine Bowie said the hearings are an "opportunity for the judge to hear both sides lay out their full arguments" in live testimony and cross-examination.

Bowie noted that the judge limited the scope of the hearings largely to the estimated costs of the proposed project, excluding other issues such as water balance and governance.

"That's good, because it keeps us focused," Bowie said. "It keeps us on track to getting the project built for the customers."

Representatives for the proponents are expected to spend much of their time defending their cost estimates, which range between \$328 million and \$372 million, or as little as \$2,700 per acre-foot of water, depending on the type of wells used.

Critics are poised to attack the cost estimates as incomplete and too low, and argue the agreement lacks critical cost controls to protect ratepayers who will be paying for the project. Division of Ratepayer Advocates officials have suggested the cost could be as much as \$500 million, or up to \$7,900 per acre-foot of water.

Both sides participated in workshops last month designed to reach agreement on a model for assessing project costs, but there are still disagreements based on the total capital costs included in the competing estimates, said DRA water division supervisor Diana Brooks. The DRA has proposed a cost cap on the project.

Under the proposal, Marina Coast would own and operate the plant, which would be built just north of the city. The county Water Resources Agency would supply water from brackish wells nearby, and Cal Am would purchase and pump the water to its customers. The plant could be finished by 2014 and would be designed to produce 10,500 acre-feet of water per year.

The project is designed to provide a replacement water source for Cal Am's Peninsula customers to allow a state-ordered reduction in the amount of water pumped from the Carmel River, which is being challenged in court.

Cal Am has applied to the PUC for a moratorium on new water connections in the Peninsula service area.

Later this month, the PUC will conduct public hearings on the proposal. The hearings have been set for 7 p.m. June 28 at Monterey City Council Chambers, 580 Pacific St., and 1:30 and 5:30 p.m. June 29 at the Oldemeyer Center, 986 Hilby Ave., Seaside.

Minkin is expected to issue a proposed decision Oct. 20, and the PUC is planning to review the proposal at its Nov. 19 meeting.#

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