

CAL AM:**Cal Am rate case makes headway; Settlement murky on costs to residents****Monterey Herald – 8/19/05****By Virginia Hennessey, staff writer**

California American Water and a state consumer watchdog group have reached a proposed settlement on much of Cal Am's rate-hike application, but it doesn't bring Monterey Peninsula residents much closer to knowing how much their water bills will go up.

The costs of planning and building Cal Am's proposed desalination plant in Moss Landing have been removed from consideration at this point. Cal Am has filed a separate application for that project and has asked for immediate rate relief to cover pre-construction costs.

As undefined as the picture may be, the settlement agreement between Cal Am and the California Public Utilities Commission's Office of Ratepayer Advocates does allow for some forecasting of potential revenue increases for Cal Am.

Then again, how those revenue increases would affect the average ratepayer is unclear because another issue still to be settled is the rate design. Cal Am wants to "streamline" its block-rate design, which increases rates exponentially as water use goes up, and apply a block rate to commercial users.

What can be deduced is that Cal Am's revenue will likely increase between 17 percent and 24 percent in 2006 and further in 2007 and 2008.

Various scenarios presented in the agreement show revenues going up by 16.8 percent if Cal Am is denied reimbursement on the Carmel River Dam and San Clemente retrofit; 22.3 percent if it collects on the San Clemente and not on the Carmel River Dam; and 24.5 percent with reimbursement for both dam projects.

Administrative Law Judge Christine Walwyn, who is presiding over the rate application at the utilities commission, did not ask for a calculation of revenue increases in the event that Cal Am is granted reimbursement for the Carmel River Dam and not the San Clemente Dam.

Cal Am is asking for reimbursement of \$1.8 million it spent planning the Carmel River Dam and \$18.5 million it estimates it will take to retrofit or remove the silt-filled and seismically unsafe San Clemente Dam. The Ratepayer Advocates office is fighting the charges on both projects, arguing that Cal Am pursued the dam even after local voters rejected funding for an identical project, and that ratepayers will not benefit from safety improvements to the San Clemente Dam.

Even if the company is awarded reimbursement for both dam projects, the projected revenue increase is far less than what Cal Am originally asked for.

When the rate case was filed in February, Cal Am asked for a doubling of rates in the next three years. After the costs of the desalination project were separated, Cal Am estimated the rate-increase request at 50 percent.

The settlement agreement represents give and take on both sides of the table on the basic costs of running the business, said Cal Am Vice President Kevin Tilden.

"The good news is we reached agreement on the general, day-to-day nuts and bolts of the business and what's appropriate for ratepayers to pay for water service," he said.

The bad news is, the tough decisions are yet to come. Testimony before Walwyn in the evidentiary hearing ended this week. Briefs and responses from the various parties are due to Walwyn by Sept. 29. The administrative law judge has not yet set a date for release of her proposed decision. The commission should make a final decision by the end of the year. #

<http://www.montereyherald.com/mld/montereyherald/news/12424080.htm>

CAL AM BILLING ISSUES:

Free water fallout; Cal Am audit finds more people receiving water, not bills

Monterey Herald – 8/21/05

By Virginia Hennessey, staff writer

It appears the problem of residents receiving water without bills from California American Water in recent years was not limited to a couple of households in Seaside.

Two sisters, one in Monterey and one in Carmel, say they stopped receiving Cal Am bills two years ago, about the same time that Sally Hoover, and Bob and Shelly Blackwell, moved to Seaside and fell off the Cal Am radar. All say they were told there was a "computer glitch" that led to the snafu.

Which raises the questions: How many other residents have been receiving free water over the years? And how much is the situation responsible for Cal Am's controversial "unaccounted-for water" rates.

Unaccounted for water is the amount of water Cal Am pumps from the Carmel River and other sources, but for which it does not bill customers. Last calculated, Cal Am's rate stood at 9.5 percent of the total water it produces.

The Monterey Peninsula Water Management District, whose ordinances require Cal Am to maintain its lost water rate at 7 percent or lower, blames the water on a poorly maintained, leaking system.

Cal Am says the water comes from many sources: leaks, water for firefighting, water stolen from hydrants by construction crews. But until now, water delivered to nonsubscribers was not identified as a big problem.

How big a problem it is, is unclear.

"I don't believe we even were aware of these situations," said Stephanie Pinter, water-demand manager for the district. "You can rest assured that the district will be requesting additional information from Cal Am. We will be asking them to answer those questions."

The issue became clearer Friday when Cal Am conceded it had recently conducted an internal audit that uncovered a number of residences that were receiving water, but no bills.

Company spokesman Kevin Tilden said he did not know how many unbilled users were identified, but said three of them were the Seaside residents profiled in Thursday's Herald.

One afternoon last week, without notice, Hoover and the Blackwells suddenly found themselves without water. The Lassen Street neighbors found notices on their front porches saying their water was turned off because they failed to provide billing information to Cal Am.

The neighbors thought they had been paying their water bills since they moved in more than two years ago, but realized when their faucets went dry those bills were from the Monterey Regional Water Pollution Control Agency, which provides wastewater treatment.

They have since established Cal Am accounts and are willing to pay for past usage, but were outraged Cal Am shut off their water without notice.

It turns out Cheri Love of Monterey had a similar experience, also beginning in early 2003. In her case, however, she might still be receiving free water had she not let the company know she was not receiving bills.

Love moved to her Aguajito Road home in January 2003 and received one water bill. Her sister, Ramona Thurman, moved to Atherton Drive in Carmel around the same time and still has her notation marking the date when she called Cal Am to have the company switch the account to her name.

It was not until the fall of 2004, when Thurman saw a Cal Am meter reader in her yard, that she realized she'd not been receiving bills. She called her sister, who then realized that she hadn't been receiving bills either.

"I pay what (bills come) in," she said. "I just didn't think about it."

Both women called Cal Am and had their accounts established. Thurman said the company had no record of her, despite the fact they had been reading her meter.

"That's the most bizarre thing," she said. "They still didn't know who we were when I called."

Her first bill was for close to \$2,000. Cal Am, she said, billed 17 months' worth of water use as one month's use, so most of the water was billed at the highest rate on the block-rate system. Company officials agreed to recalculate the bill, but while they were calculating and the bill remained unpaid, Thurman got a notice threatening to turn off her water. The parties came to terms in the end.

Love said she was told she had fallen out of the company's system because of a computer glitch.

Cal Am's Tilden confirmed the company installed an upgrade to its computer software in early 2003, but the company had not confirmed if that upgrade had anything to do with residences dropping out of Cal Am's billing system.

He said the company is continuing to investigate what happened, how many residences were involved, and how much water use had gone unaccounted.

Frank Ferrante, a former Cal Am employee who supervised the company's meter readers until 1998, said he was puzzled at the situation. In his day, he said, if a meter reader saw a property that wasn't in the system, they made a notation and tracked down the reason.

"Two years is unbelievable that she could go without billing," Ferrante said of Hoover's case.

He was dismayed by the residents' assertions that their water was turned off without notice. Before he left the company, he said, employees were required to hand a 48-hour warning notice to a customer before water could be turned off. If a resident couldn't be contacted, he said, the notice was slipped under the door and a supervisor was notified.

Hoover said her notice was placed on her front porch after her water was turned off and she didn't discover the notice until that night because she uses her garage door.

Cal Am General Manager Steve Leonard defended the company's notification policies.

"Door hangers are the standard of the industry. Always has been and always will be," he said. "We don't control the wind, and we don't control what door people go in and out of. That's the best we can do."

He continued to defend the company's action in a subsequent letter to the editor of The Herald.

"We did not shut off any customers," he stated. "The people who were shut off never were customers. The individuals disconnected were people who moved into their residences and started consuming water without ever informing the company."

Tilden and Cal Am's Monterey operations superintendent, Lesley Silva, said Friday they had no explanation for how an employee could have been reading Thurman's meters without a bill being issued.

"That's part of the investigation," said Silva.

Pintar said there will also be an investigation into how much the situation contributed to Cal Am's unaccounted-for water rate.

She said accurate information on water use is vital to the district's conservation program, as well as fair and equitable rates. Cal Am establishes a property's rate structure according to its size and the number of people housed, information it usually gathers when a property changes hands.

Pintar said the district tracks property transactions through the county registrar's office so it can require new owners to install water-conserving fixtures.

Tilden said the company relies on occupants to close and open accounts.

Dave Berger, general manager of the water district, said Cal Am had committed to hiring an outside expert to "unbundle" and analyze the various sources of its unaccounted-for water sometime this year.

Tilden said the company has taken measures to reduce the rate of lost water, sending letters to fire departments asking that they notify Cal Am when they use hydrant water, and to construction companies informing them how to check a meter for use of hydrant water at construction sites.

The company has not followed on the commitment to hire an outside evaluator, he said. #

<http://www.montereyherald.com/mld/montereyherald/news/12439886.htm>

MEASURE W:

Taking sides on Peninsula water issue; Chesshire seeks board spot again Go to: montereyherald.com for ballot arguments for and against Measure W and their rebuttals

Monterey Herald – 8/23/05

By Virginia Hennessey, staff writer

Nowhere in the wording of Measure W are voters asked if they favor a public takeover of California American Water's local water system.

And nowhere does it say that the Monterey Peninsula Water Management District would be the public agency to accomplish a takeover if one happened.

But if ballot arguments for and against the initiative are any indication, that's what the upcoming campaign will be all about: Whom do you want to provide your water, Cal Am or the water district? Which entity do you trust more, or less?

Battle lines are already being drawn. Ron Chesshire, a former water board member, carpenters union official and opponent of the ballot measure, announced his candidacy to replace water board member Judi Lehman, a Measure W supporter.

And the Pacific Grove Chamber of Commerce voted last month to oppose the measure, even before it had been turned in to the elections office. Moe Ammar, executive director of the chamber, said the decision was a vote of no confidence in the district.

It was a 4-3 vote of the water district's board of directors that put the measure on the ballot. The measure was proposed by board member Alvin Edwards, who is also up for re-election, and supported by directors Lehman, Kristi Markey and Dave Potter.

Before voting on the measure, board members stressed that it did not designate the district as the public agency that would pursue any future takeover, and agreed they would take no stand in the ballot arguments.

Following the lead of Felton residents, who last month passed a ballot measure funding a public takeover of their Cal-Am operated system, local

supporters named their initiative Measure W. Unlike Felton, however, it asks only if voters want to pay up to \$550,000 for the district to study the process and cost of a public takeover.

Argument against profits

The argument in favor of Measure W criticizes Cal Am as a foreign-owned, for-profit corporation that wants to triple rates over the next five years in an area that already pays among the highest rates in the state. It blames the company for "illegally taking massive amounts of water from the Carmel River (and) over-pumping the Seaside Basin" and says the company's poor management has led to "water-wasting system leaks, loss of storage capacity and poor customer service.

"For a one-time charge of about \$14 per water connection, we can fund an independent analysis of Cal Am's value and the process required to acquire its water distribution system," it reads.

The argument is signed by an unlikely coalition of business and environmental interests, including former Monterey Mayor Peter Coniglio and Naval Postgraduate School professor Ron Weitzman, both members of Monterey Friends of Locally Owned Water; environmentalist Janice O'Brien; Patricia Bernardi, Carmel River activist and former chairwoman of the water district board of directors; and Darryl Kenyon of the Monterey Commercial Property Owners Association.

The argument against Measure W is signed by Ronald Pasquinelli of the Monterey Peninsula Taxpayers Association, former water board member Edwin Lee, former Del Rey Oaks mayor Jack Barlich and Chesshire, who identifies himself as a former water board member, but not a candidate or carpenters union official.

Costs questioned

The group argues the initiative's \$550,000 price tag is misleading. Ratepayers would pay millions in legal fees if they ever decided to pursue public acquisition from an unwilling Cal Am, opponents said, not to mention the cost of buying the system, fixing its leaks and developing a new water source.

"Who would buy Cal Am?" the argument asks. "Only two years ago district voters voted overwhelmingly to dissolve the district, now that district wants to explore expanding their power and buying out Cal Am."

The group's rebuttal to the argument in favor of Measure W is even more direct, asserting that the district has spent more than \$70 million of taxpayer money since it was formed and still has not developed a new water source, one of its original missions.

"Don't be fooled by the Monterey Peninsula Water Management District's power grab," it reads. "The more of your money and power the district has, the longer we will be without a new water supply."

In addition to Pasquinelli and Chesshire, the rebuttal is signed by conservationist Frank Emerson, former Pacific Grove Mayor Jeannie Byrne and Ammar of the Pacific Grove Chamber of Commerce.

Measure W's supporters also presented a rebuttal, calling the threat of legal action a "hollow" attempt to "frighten voters" and asserting the cost of fixing the local system and developing a water source would be cheaper under public ownership because ratepayers wouldn't have to feed Cal Am's profits and would have access to tax-free grants and low-interest rates.

No public operator named

"Measure W designates no specific agency as the owner of the system following public acquisition," it reads. "Rather, Measure W's investigation will make clear the various public ownership options for our consideration."

The argument, also signed by attorney Michael Stamp and former county supervisorial candidate Jane Parker, also uses wording taken directly from the ballot argument in favor of Felton's Cal Am takeover -- language adopted under court order after Cal Am financed a citizen's lawsuit opposing the original language.

"Cal Am is a corporate monopoly with the legal right to generate a profit no matter how poor the service or how high the price," it reads.

With less than three months to go before the election, the campaign promises to be bruising.

Donation from Cal Am

Ammar conceded that the Pacific Grove Chamber of Commerce's vote to oppose Measure W followed a \$6,000 contribution from Cal Am for promotion of Good Old Days, a chamber-sponsored town celebration.

In recent weeks Cal Am has conducted a telephone survey to gauge local sentiment toward the company, a move that American Water, its corporate parent, has made in most cities where it has faced the threat of a public takeover. The surveys have been used to help guide attacks on the takeover efforts. Cal Am has made it clear in recent months that it will not face takeover in Monterey without a fight.

A similar survey was used in Felton to help formulate a "Felton Communication Plan," which called for Cal Am to "make the road a rocky one for proponents (and) an unpleasant experience for the incumbent county supervisor, Mark Stone."

The plan also said Cal Am had hired "an experienced community relations and political organizer to live and work in the community."

Last week, Cal Am hired Catherine Bowie for a similar role in Monterey. Bowie was part of the team at Armanasco Public Relations that directed Cal Am's "public outreach" effort for its proposed desalination plant. A state consumer watchdog group has questioned whether that effort, billed to ratepayers, included lobbying costs that are not supposed to be passed on by the company.

'Water summit' planned

The first public blows in the campaign may be exhibited at a "water summit" sponsored by the water management district beginning at 5:30 p.m. on Thursday at the Embassy Suites in Seaside. The town hall-style meeting is slated to be an update on various water-supply proposals, which may open the gate for discourse on Measure W. #

Measure W Monterey Peninsula Water Management District Shall the Monterey Peninsula Water Management District be directed to investigate the cost and process to publicly acquire the private water utility system presently owned and operated by the Monterey District of California American Water (Cal-Am), and be directed to recover up to \$550,000 for costs of the investigation as a surcharge upon water bills of Cal-Am customers? | Vote | YES | | VOTE | NO | #
<http://www.montereyherald.com/mld/montereyherald/12452827.htm>

Arguments for and against Measure W Monterey Herald – 8/23/05

85% of California's residents own their own water systems. Only a few communities - including ours - get their water from for-profit companies. And very,very few get their water from a foreign-owned conglomerate.

Now we rate payers, who already pay among the highest water rates in California, are being told that we must double what we currently pay for our water. In fact, if Cal-Am has its way, the rates will triple in five years, even before it charges us for a new water supply.

A rate payer owned system has many advantages.

It is local and accountable to you.

It can borrow money at low rates.

It is tax exempt.

It can secure State and Federal grant funds.

It doesn't charge you extra so that it can earn a profit.

For a one time charge of about \$14 per water connection, we can fund an independent analysis of Cal-Am's value and the process required to acquire its water distribution system.

We urge you to vote "YES" on Measure W to investigate a publicly owned alternative to Cal-Am.

Background:

For more than 50 years we have entrusted our water to for-profit companies, most lately, the California-American Water Company monopoly.

Cal-Am's incompetent stewardship has resulted in:

Illegally taking massive amounts of water from the Carmel River.

Over pumping the Seaside basin.

Its poor management and maintenance have led to:

Many water-wasting system leaks

Loss of storage capacity.

Poor customer service.

As a for-profit business Cal Am is allowed to charge us almost 10% above its actual costs, as a profit -- regardless of its poor care of our water system and its failure to serve our needs. We cannot leave our water in Cal-Am's hands.

Please Vote "YES" on Measure W.

Peter Coniglio, Chair, Monterey Friends of Locally Owned Water (FLOW)

Janice O'Brien, Environmentalist

Patricia Bernardi, Former Chairperson of MPWMD

Ron Weitzman, Professor

Darryl Kenyon, Monterey Commercial Property Owners Association

REBUTTAL TO ARGUMENT FOR MEASURE W

Don't be fooled by the Monterey Peninsula Water Management District's power grab:

Measure W will increase your rates but provide NO NEW WATER SUPPLY!

In the 2002 ballot, 66% of voters wanted the District disbanded.

After you voted to disband the District, the District spent more than \$30,000 of your money on a lobbyist in Sacramento to defeat your decision.

Since your decision, the District has spent an additional \$11 million of your money and hasn't produced one drop of new water.

The District has already spent more than \$70 million of your money since they were formed. For what?

They want you to believe the problems were created by someone else so that they can expand their power instead of implementing your vote.

The more of your money and power the District has, the longer we will be without a new water supply. The District's desperate political games will:
Harm the Carmel River environment

Will raise your rates 30% for you to finance their power grab

Use eminent domain to increase the District's political power

STOP efforts to solve the water supply problem.

You do not have to be for or against public ownership to know this is a bad idea.

The issue is getting more water and it doesn't matter whether you are for or against CalAm to realize the District is wasting your money--again!

We need water, not a power grab.

Please VOTE "NO" on Measure "W".

Ronald J. Pasquinelli, President, Monterey Peninsula Taxpayers Association

Frank Emerson, Conservationist / Carmel River restoration advocate

Moe Ammar, President, Pacific Grove Chamber of Commerce

Ron Chesshire, Former Director, Monterey Peninsula Water Management District

Jeannie C, Byrne, Former Mayor, City of Pacific Grove

ARGUMENT AGAINST MEASURE W

Measure W should be defeated, we urge voters to reject this expensive and fatally flawed measure.

We Can't Afford To Waste The Time Or The Money!

Measure W is expensive-- a minimum of \$550,000. The District cannot afford to waste time and money on it; they couldn't balance their budget this year so their employees are giving up a weeks pay to try to balance the budget.

Cal Am does not want to sell; You the ratepayer will have to pay millions for the years of lawsuits that will follow any attempt to condemn the water system. This would be on top of the cost of buying the system, and on top of the cost of fixing all the leaks in the system and on top of the cost of whatever new water supply project is selected. We don't need to pay over a half million dollars to tell us our water bills would go sky high if we buy out Cal-Am.

Measure W does not help us protect the environment and get an adequate water supply. In fact, it is just another expensive and time-consuming diversion from the District's job of finding a stable and secure water supply that would ensure our quality of life and would make restoration of the Carmel River a reality.

Measure W has nothing to do with water management, the water district's job. It's yet another time-consuming and expensive study which produces what? Not water, just another study.

Who would buy Cal-Am? Only two years ago district voters voted overwhelmingly to dissolve the District, now that District wants to explore expanding their power and buying out Cal-Am.

Our Community Needs Water, Not More Politics!

Please join us in voting NO on Measure W! It's a waste of time and YOUR money!

Ronald J. Pasquinelli, President
Monterey Peninsula Taxpayers Association

Ron Chesshire, Former Director
Monterey Peninsula Water Management District
Edwin B. Lee, Former Director
Monterey Peninsula Water Management District
Jack D. Barlich, Former Mayor
City of Del Rey Oaks

REBUTTAL TO ARGUMENT AGAINST MEASURE W

Measure W is about the cost of our water.

Cal Am wants to double our water bills over the next three years, and triple them in five. Cal Am is a corporate monopoly with the legal right to generate a profit no matter how poor the service or how high the price.

Only public ownership can assure reasonable water bills.

For a one-time cost of \$14 per water connection, Measure W will start the process of taking public control of our water system. No time is better than now.

The need to repair leaking pipes, replace antiquated pumps and fix the silted-up and seismically dangerous dam, plus possible penalties for 10 years of overpumping the Carmel River, lowers the value of Cal-Am's system.

Remedying these problems will cost less under public ownership for all the reasons identified earlier, including: no profit for private stockholders, no taxes, and lower interest rates on loans.

Plus, a public owner is more accountable for system maintenance.

Measure W designates no specific agency as the owner of the system following public acquisition. Rather, Measure W's investigation will make clear the various public ownership options for our consideration.

The opponents' hollow threat of legal action by Cal Am is made merely to frighten voters.

85% of the population gets water from public systems. Public ownership of our water system is as sensible as public ownership of our roads. Let's get started on that ownership now. It's worth a \$14 investment.

Vote "YES" on Measure W!

Patricia Bernardi, former chair, Board of Directors, Monterey Peninsula Water Management District

Michael Stamp,
Attorney and Constitutional Law Professor

Ron Weitzman,
Professor, Naval Postgraduate School

Jane Parker,
Seaside resident. #

<http://www.montereyherald.com/mld/montereyherald/news/12449989.htm>

**WATER PROJECTS IN MONTEREY:
Meeting to look at water projects; Six agencies will make presentations**

Monterey Herald – 8/24/05

By Virginia Hennessey, staff writer

Everything you ever wanted to know about the status of proposed water-supply projects in coastal Monterey County will be at your fingertips Thursday at a town hall meeting sponsored by the Monterey Peninsula Water Management District.

Representatives from six agencies will be on hand at Embassy Suites Hotel Monterey Bay in Seaside to make presentations about projects ranging from desalination plants in Moss Landing to groundwater recharge with recycled water. Displays will be available for viewing at 5 p.m., followed at 6:30 p.m. by a panel discussion and public question-and-answer period. Panelists will be answering questions that have been e-mailed to the district, as well as questions from the audience.

Included on the agenda are presentations on:

- California American Water's proposed Coastal Water Project, which includes a desalination plant in Moss Landing and an expanded aquifer storage and recovery program, which takes excess winter runs from the Carmel River and injects the water into the Seaside Basin aquifer for extraction during dry months.
- Pajaro-Sunny Mesa Community Service District's North Monterey County Desalination project, a partnership between the district and Poseidon Resources Corp. to build a desalination plant, also in Moss Landing. The project is in competition with Cal Am's Moss Landing project.
- The Monterey Peninsula Water Management District's long-term water supply project and desalination plant, which calls for a smaller desalination plant in Sand City.
- The water management district's aquifer storage and recovery program, which it operates in conjunction with Cal Am.

- The Regional Urban Water Augmentation Project, a partnership between Marina Coast Water District and the Monterey Regional Water Pollution Control Agency that calls for desalination in Marina and expanded use of recycled water for irrigation and other non-potable uses.
- The pollution control agency's groundwater recharge project, which further treats recycled water and injects it into the Seaside Basin for recharge and drinking purposes.
- The Regional Urban Water Supply policy board, a joint governance concept, spearheaded by the Monterey County Water Resources Agency, to guide regional solutions to water supply needs.

Representatives from the water management district will update their matrix comparing the various projects.

District officials have been involved in the process to develop a regional governance structure for a project that would help meet its need to replace water now pulled from the Carmel River and the Seaside Basin. The district's board suspended work on an environmental impact report on its Sand City desalination proposal in 2004 to await the results of regional proposals, such as Cal Am's and Pajaro-Sunny Mesa's competing projects.

The evening is intended as an opportunity for residents to obtain information at one time on all of the projects and to provide input to the district. The board will not discuss or take action on any of the proposals at the meeting. The board will discuss information presented at the meeting and provide direction to staff at its upcoming strategic planning workshop beginning at 8:30 a.m. at the Sunset Center in Carmel on Sept. 8. #

<http://www.montereyherald.com/mld/montereyherald/12461998.htm>

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August 25, 2005

Chemical found in Scotts Valley well

Gasoline additive MTBE doesn't exceed state limit for health risk

By **JONDI GUMZ**

SENTINEL STAFF WRITER

SCOTTS VALLEY — A potentially toxic chemical that leaked out of underground gasoline tanks on Mount Hermon Road has crept into a well serving 7,800 residents.

Scotts Valley is the second community in Santa Cruz County with a drinking-water well contaminated by methyl tertiary butyl ether, known as MTBE.

One city official suggests the well should be shut until the contamination is removed.

A quarterly test on July 20 found a concentration of 1.2 parts per billion in untreated water, according to Bill O'Brien, acting general manager of the Scotts Valley Water District. After treatment, the chemical was not detectable, he said.

The state requires action at 5 parts per billion, where customers can taste and smell the chemical, and considers it a health hazard at 13 parts per billion.

The finding was of such concern that O'Brien notified the state health department, boosted testing to once a week, sought the advice of consultants and alerted district directors.

"It's serious," director David Hodgin said Wednesday. "We're very closely monitoring what's going on. It doesn't affect anyone now, but it could in the future."

Scotts Valley Vice Mayor Stephany Aguilar endorsed closing the well until the contamination is removed.

"It would be my hope that they would switch to a different well," she said.

O'Brien said he wouldn't turn off the well now because the amount of contamination is "such a low concentration."

Underground contaminants have been an issue in Scotts Valley for more than 15 years.

Benzene, a chemical found in gasoline and known to cause cancer, was found at unsafe levels in Scotts Valley Well No. 9 in 1988.

It disappeared inexplicably a few months later, then resurfaced a block away four years later — in a private well for Manana Woods, a development of 119 homes outside the Scotts Valley city limit.

Manana Woods homeowners were advised to drink bottled water until a filter system was installed.

Benzene contamination also led to the closing of a well serving the Hidden Oaks condos, located a short distance from the other two wells.

In 1999, MTBE was found in the Manana Woods well. Homeowners sued the oil companies that supplied fuel to four gas stations on Mount Hermon Road.

The case was settled out of court, and the terms kept confidential.

Sue Roth, president of the Manana Woods Mutual Water Co., was surprised that MTBE migrated into the public water system.

"We felt we were capturing it," she said. "It got around us."

California banned MTBE as a gasoline additive starting in January 2004, but quantities of the chemical that escaped from underground storage tanks before the ban remain.

Figuring out where the chemical is located and how to remove it is challenging and costly.

Manana Woods homeowners have a \$2.5 million treatment plant that removes all MTBE from their drinking water.

In Scotts Valley, oil companies deemed responsible for the MTBE cleanup have paid for monitoring wells and pumping to remove contaminated water — 14 million gallons in 2½ years, according to the Regional Water Quality Control Agency, which monitors the cleanup.

The pumping also pulled out 9 pounds of benzene, 64 pounds of MTBE, and 18 pounds of TBA, tertiary butyl alcohol, which is created when MTBE degrades.

Like its parent chemical, TBA causes cancer in animals and is considered a human health risk.

O'Brien said he doesn't know if state funding is available to pay for water treatment. But he said TBA is a concern because it isn't caught by the special carbon filters that remove MTBE.

Contact Jondi Gumz at jgumz@santacruzsentinel.com.

All about MTBE

Methyl tertiary butyl ether is a colorless chemical compound added to gasoline to reduce emissions that created air pollution.

- It was banned in California after more than 3,000 underground fuel storage tanks were found to be leaking, contaminating groundwater.

- Studies indicate MTBE causes cancer in animals and has the potential to cause cancer in humans.

- Removing MTBE from water takes time and money.

- Wells in Santa Monica, Lake Tahoe, and South San Jose have been shut down due to MTBE contamination.

- More than 50 sites in Santa Cruz County are being monitored for MTBE, which is only a few less than the number under scrutiny four years ago. Most are gas stations.

- The BP, Shell and Union 76 gas stations on Mount Hermon Road in Scotts Valley are a top priority for cleanup. Others near the top of the list are the Chevron station on Highway 9 in Felton, Brothers Country Corner Market in Freedom and the Union 76 station on Freedom Boulevard in Watsonville.

 Print Article

You can find this story online at:

<http://www.santacruzsentinel.com/archive/2005/August/25/local/stories/01local.htm>

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