

MONTEREY PENINSULA REGIONAL WATER AUTHORITY



July 8, 2016

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Dear Ms. Marcus, Mr. Howard and Mr. Quint:

**Re: Comments of the Monterey Peninsula Regional Water Authority Regarding Staff's Preliminary Recommendation re California-American Water Request to Modify Cease and Desist Order WR 2009-0060**

On June 29, 2016, the Monterey Peninsula Regional Water Authority ("Authority"), joined the California-American Water Company ("Cal Am"), the Monterey Peninsula Water Management District, the City of Pacific Grove, and the Pebble Beach Company in a comment letter to you regarding the State Water Resources Control Board ("SWRCB") staff's Preliminary Staff Recommendation ("Preliminary Recommendation") to Modify Cease and Desist Order WR 2009-0060 ("CDO"). This letter provides additional comments by the Authority.

While the Authority appreciates staff's recommendation to extend the CDO's deadlines, we urge revision of the Preliminary Recommendation with respect to the Effective Diversion Limit ("EDL"), carryover credits, and supplemental water rights acquisitions. The Preliminary Recommendation creates a substantial risk of an EDL exceedance and corresponding enforcement proceedings during the CDO extension period. This risk is unwarranted and potentially counterproductive.

The CDO extension application submitted by Cal-Am, the Authority, and other applicants included tight supply restrictions and a "stair-step" elimination of the unauthorized Carmel River withdrawals if project milestones were missed. The tight EDL was coupled with a minor degree of flexibility to ease the risk of an EDL exceedance, while also creating incentives for additional conservation through the carryover credits program and community support to pursue

supplemental water rights. Many community leaders remain concerned that the application's parameters are already too restrictive. The Authority nonetheless supported the application as an acceptable compromise under the circumstances.

The Preliminary Recommendation's parameters, by contrast, are far more restrictive and plainly unworkable. If existing water demands, which are largely beyond the control of Cal-Am and local government, return to levels seen just two years ago, the EDL will be exceeded immediately. Even the demands of Water Year 2014-2015, which was the most efficient year to date accompanying the drought and a statewide conservation campaign, would be greater than staff's proposed EDL when the next stage of Seaside Basin reductions take effect in Water Year 2017-2018. By removing the opportunity to establish a small buffer in the context of carryover credits and new water rights acquisitions, the Preliminary Recommendation further increases the risks of an EDL exceedance.

The Preliminary Recommendation's overly tight restrictions put the Monterey Peninsula's economy, including its critical hospitality sector, at risk. They also jeopardize major anchors of our economy such as the Naval Postgraduate School and the Defense Language Institute, which are vulnerable in the next round of Base Realignment and Closure reviews (BRAC). Our contact with the Governor's Military Council over the past year reinforces the need for a reliable water supply. Flexibility to adapt for future needs is a critical factor necessary to retain these facilities. The prospect of rationing would create high risk. Loss of these institutions would change the character of our peninsula and our city permanently and severely damage our economy for decades into the future.

The high likelihood of a violation of the CDO under the Preliminary Recommendation also threatens to harm the cooperative working relationship between Cal-Am, local officials and SWRCB staff that has emerged in recent years. The Authority has sought to lead the community to support timely new water supply projects. To make our case, we must be able to navigate the current water crises without unnecessary community hardship. The heightened prospect of a CDO violation and water rationing threatens to erode this community support. The result could well be more disruption to progress, undermining the goals of both the SWRCB and local leadership.

While there are obvious downsides with overly tight restrictions, there is no evident benefit. The moratorium will continue, as will the existing conservation programs, which are among the most aggressive in the state. Neither Cal Am nor our local officials can be further motivated to support the new water supply projects. We are already doing all that is within our capacity. In short, the severely tight restrictions in the Preliminary Recommendation do nothing to further the solution. They do heighten the risk of a CDO violation and community hardship, amplifying tensions and undermining community resolve to achieve a solution. The result would be counterproductive.

For these reasons, the Authority respectfully requests that staff revise the EDL and other key aspects of the Preliminary Recommendation consistent with the requests made in the June 29, 2016 letter submitted by Cal Am, the Authority, and the other applicants.

Sincerely,

  
Bill Kampe  
President