



Errata Sheet

date November 30, 2012
 to All Parties of Record in A.12-04-019
 from Environmental Science Associates on behalf of CPUC Energy Division
 subject Errata Sheet for Monterey Peninsula Water Supply Project EIR Scoping Report

Page 6, Table 2 → The following row is added under the subheading *Local and Regional Agencies*:

Monterey Peninsula Regional Water Authority	Chuck Della Sala	November 8, 2012	L_MPRWA
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Page 11 → The following bullets are added above the heading *Surface Water Hydrology and Water Quality*:

- The desalination plant should have sufficient capacity to ensure Cal-Am can meet its replenishment obligations to the Seaside Groundwater Basin. [L_MPRWA-02]
- Conveyance facilities should be sized to accommodate any potential future increases in desalination plant capacity. [L_MPRWA-03]
- The EIR should consider the possibility that CalAm's replenishment obligation for the Seaside Groundwater Basin could be greater than 350 acre-feet per year, and the desalination plant should be sized with the assumption that a higher replenishment rate will be required. [L_MPRWA-06]
- The capacity of the desalination plant should provide a reasonable buffer in the event that CalAm's demand projections turn out to be understated. [L_MPRWA-07]
- Conveyance facilities should be sized such that they are cost-effective for ratepayers in the long term. [L_MPRWA-09]

Page 20 → The sixth bullet under the heading *Alternatives* is modified as follows:

- The EIR should evaluate project alternatives at the same level of detail as the proposed project. [L_Monterey-03; L_MPWMD-02; L_PacGrove-06; G_CPW-02; L_MPRWA-01; L_MPRWA-05]

Page 25 → The following bullet is added above the heading *Growth Inducing Effects*:

- The Alternatives analysis should evaluate an alternative that couples a desalination plant with the three small water supply projects proposed by the City of Pacific Grove. [L_MPRWA-08]

Page 25 → The sixth bullet under the heading *CEQA/NEPA Process* is modified as follows:

- The EIR should be clear about the NEPA requirements relevant to the MPWSP. If NEPA environmental review is required, the CPUC should prepare a joint CEQA/NEPA document to minimize schedule delays. [L_Monterey-04; L_PacGrove-03; L_MPRWA-04; L_MPRWA-10]

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November 8, 2012

Andrew Barnsdale
California Public Utilities Commission
c/o Environmental Science Associates
550 Kearny Street, Suite 800
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RE: CPUC Application 12-04-019
Subj: Notice of Preparation for Environmental Impact Report

Dear Mr. Barnsdale:

This letter sets forth the comments of the Monterey Peninsula Regional Water Authority ("Authority") concerning the California Public Utilities Commission's ("CPUC") Notice of Preparation of an Environmental Impact Report ("EIR") for the California American Water Company's ("Cal-Am") proposed Monterey Peninsula Water Supply Project. The Authority respectfully requests the EIR address the following principal comments:

- 1. The project alternatives should be evaluated with the same level of detail that the EIR evaluates the proposed project (i.e., a "project level" analysis). L_MPRWA-01
- 2. The production capacity of the desalination facility, identified for review in the EIR, should be sufficient to both replace water supplies that Cal-Am will lose from the Carmel River and the Seaside Groundwater Basin and to provide water for Cal-Am to meet its replenishment obligations to the Seaside Basin, the quantity and timing of which is presently being determined. L_MPRWA-02
- 3. The capacity of the project pipelines and other project components that cannot be expanded at a later date (i.e., those that are not modular), identified for review in the EIR, should be sufficient to accommodate potentially necessary upsizing of the project in the future. L_MPRWA-03
- 4. The CPUC should confer with federal agencies that may have permitting responsibility over the project to determine whether compliance with the National Environmental Policy Act ("NEPA") will be required so that the EIR can be developed as a joint EIR/EIS to satisfy NEPA's requirements, if necessary. L_MPRWA-04

Further detail concerning these requests is set forth below.

I. Detailed Analysis of Project Alternatives

There is considerable uncertainty pertaining to the feasibility and timing of the proposed project. Uncertainties include the technical viability of the proposed slant wells for source water, water rights associated with the Salinas Valley Groundwater Basin, access to ocean outfall capacity, and project financing, among other matters. L_MPRWA-05

It is also not presently clear that the proposed project is the most cost-effective in comparison to other potentially feasible alternatives, including the DeepWater Desal Project (DeepWater Project) and People's Moss Landing Water Desalination Project (People's Project).¹ These issues will hopefully be resolved during the pendency of the subject application. It is possible that one of the project alternatives will become the preferred project for approval by the CPUC within the Certificate of Public Convenience and Necessity. To avoid the delay that would result should the draft EIR need to be revised and recirculated to address the chosen alternative, the Authority respectfully requests that the proposed alternatives be evaluated with the same level of detail that the EIR evaluates the Proposed Project. The alternatives that should receive such "project-level" analysis include the DeepWater Project, the People's Project, Cal-Am's proposed 5.4 MGD desal project developed in conjunction with the Monterey Regional Water Pollution Control Agency's proposed Groundwater Replenishment Project, and the potential alternatives for critical project components that may be necessary to address contingencies (e.g., alternative desalination plant locations and intake well locations and configurations).²

L_MPRWA-05
(Con't)

The authority is mindful that, as a general rule, project alternatives need not be evaluated in the same level of detail as the proposed project (CEQA Guidelines § 15126.6(d)), and that more expansive evaluation of the project alternatives will require greater expenditures. However, the Authority believes that the additional effort is justified because of the tight timeframe facing the Monterey Peninsula to complete the development of a replacement water supply project ahead of the 2017 deadline established by the State Water Resources Control Board. The Authority is comprised of the Mayors of all six peninsula cities and represent communities that in aggregate represent the majority of the affected Cal-Am ratepayers. In this role, the Authority is in an ideal position to weigh the tradeoff between the increased expenditures on one hand and the increased risk of project delay on the other hand. The Authority strongly believes the increased expenditure is justified because it will reduce the risk of much more costly project delay. The Authority therefore urges the CPUC to undertake the proposed expanded review of the project alternatives to ensure that the most appropriate project can be developed ahead of this deadline.

II. Desal Project Sizing

The necessary sizing of the desalination project is not yet settled and several considerations warrant caution in establishing the size of the project to be evaluated in the EIR. First, while Cal-Am is legally obligated to replenish the Seaside Basin, it is not yet clear what rate of annual replenishment will be required of Cal-Am. Cal-Am recently proposed a replenishment rate of 350 acre-feet per year for roughly 50 years. It is likely that Cal-Am will be required to satisfy its replenishment obligation in a greater amount per year over a shorter period. We understand that the Seaside Basin Watermaster may soon commission basin modeling to assist in determining a recommended replenishment rate. Also, the ultimate decision will likely be made by the Monterey Superior Court that oversees the Watermaster and the Seaside Basin adjudication judgment. The requisite replenishment rate will likely be determined within three to six months. At this time, we urge the CPUC to proceed conservatively, with an assumption that the replenishment rate will likely be substantially greater than 350 acre-feet a year or, alternatively, to evaluate several possible replenishment rates in the EIR so that the eventual rate chosen will be bounded by rates considered in the EIR.

L_MPRWA-06

Second, Cal-Am's modeling of demand projections in comparison to the proposed project sizing of 10,306 acre-feet of new supply (15,250 of total supply), as presented at the workshop held on July 26, 2012, demonstrates a thin quantity of contingency water. Should Cal-Am's demand projections turn out to be understated (e.g., because of higher than anticipated water demands or other unknown factors³), additional replacement water

L_MPRWA-07

¹ The Authority has not yet determined whether it will support Cal-Am's proposed Project or one of two proposed alternative desalination projects. The Authority has retained the consulting engineering firm, Separation Processes, Inc. ("SPI"), to review the proposed project in comparison to the alternative projects to determine which project is most likely to be completed in a timely and cost-effective manner. SPI has just issued its final report to the Authority earlier this week. Once the Authority has time to review the report, it will then determine which of the three projects it intends to support within the CPUC proceeding.

² The DeepWater Project and the People's Project continue to develop. Therefore, the Authority urges the CPUC to collaborate with the proponents of these projects to identify and include all new data, descriptions and reports for these projects.

³ As one example of a potential unknown factor that could affect Cal-Am's water demand, should the Seaside Basin experience seawater intrusion, the Watermaster's seawater intrusion plan could require Cal-Am to

supplies will be needed. The Authority believes that it is inappropriate to place the community's future welfare in potential jeopardy because of an improperly undersized project. We therefore recommend that the size of the desalination project, that will be evaluated in the EIR, be sufficient to provide adequate water to satisfy the yet-to-be-determined Seaside Basin replenishment rate and a reasonable buffer to meet potential contingencies.

L_MPWRA-07
(Con't)

The Authority also notes that the City of Pacific Grove has proposed a suite of three potential small projects that may reduce a portion of Cal-Am's water demands in the future. By recognizing the coupling of the desalination project and the small projects as an alternative to the desalination project alone, the EIR should consider how these projects may factor into the sizing or operations of the desalination project, as well as other potential environmental impacts.

L_MPWRA-08

III. Sizing of Pipelines and Non-Modular Project Components

It is particularly important that the pipelines for source and product water, and certain other components of the project that are not susceptible to modular addition in the future, be sized conservatively to allow for future project expansion if necessary.⁴ While certain aspects of the project can be modularized to address future contingencies, several other components, such as pipelines, cannot be modularized. For this reason, the Authority urges the CPUC to be particularly conservative in choosing a capacity of these components to be evaluated in the EIR, which will accommodate modular upsizing of the project in the future if needed.

L_MPWRA-09

The Authority recognizes that pipeline flow capacity is affected by pipeline diameter and pressure, and that higher flows may be achieved by increasing pressure, which requires additional horsepower, and thus, energy consumption. The optimal pipeline size, that will be evaluated in the EIR, should accommodate a conservative estimate of potential demand, including Seaside Basin replenishment and other demand considerations. Once this demand projection is established, the pipeline sizing determination must balance the higher capital costs of larger diameter pipelines with the energy costs to operate the system, with the goal of achieving the most cost-effective pipeline sizing for ratepayers over the long-term.

IV. Conferencing with Federal Agencies; Potential NEPA Compliance

There is a significant possibility that one or more federal agencies may need to issue a permit for the proposed project or one of the alternatives if an alternative project is chosen as the preferred project. For example, a permit may be required from the Office of National Marine Sanctuaries for the intake of source water or discharge of brine (depending upon the chosen project and its configuration). The Authority believes the CPUC should collaborate with all relevant federal agencies to determine the scope of permits that would be required for the proposed project as well as the alternative projects, and to consider developing the EIR as a joint EIR/EIS to comply with the provisions of NEPA if NEPA compliance is required.

L_MPWRA-10

Thank you for your consideration of the Authority's comments as set forth above. Should you desire, I will gladly make myself and others from the Authority available to further discuss these comments. The Authority is grateful to the CPUC for its efforts to assist the Monterey Peninsula in achieving the most appropriate replacement water supply project in a timely manner.

Sincerely,



Chuck Della Sala
President, Monterey Peninsula Regional Water Authority

substantially reduce its extraction of groundwater below its share of the presently assumed safe yield (Cal-Am's share is assumed to be 1,474 AFY). This reduction would need to be offset from greater replacement water.

⁴ A larger project may be necessary if, for example, one of the other water supply projects does not produce the anticipated quantity of water.