

Virgil M. Piper
3010 Eddy St., Marina, CA. 93933
(831) 384-9595 (fax 384-6059)
pipersvc@sbcglobal.net

July 14, 2014

California Public Utilities Commission
ATTN: Mary Jo Borak
c/o Environmental Science Associates
550 Kearny St., Suite 800
San Francisco, CA. 94108



NOTICE TO ALL PARTIES

California American Water Co. Application A.12-04-019:

Monterey Peninsula Water Supply Project (MPWSP)

MPWSP DEIR Comment Period Extended to September 30, 2015

To Whom it may concern:

I realize you folks are concerned about conflict of interest issues with respect to various patents and unproven benefits of the "Slant Well" technique; however, it is my feeling you should be equally concerned about the incredible cost which is being imposed upon Cal Am's ratepayers and the possible conflict of interest that you may have in that regard as a **Lead Agent** for this DEIR.

My argument is adequately expressed in an attached copy of a letter to the editor - published locally in the Salinas Californian July 3, 2015:

Dear Editor:

Cal Am Desal project leaves Rate-payers unprotected

While in attendance to a presentation of Cal-Am's Environmental Impact Report, I was informed that any mention of actual project "**costs**" could not be included as comments/criticisms of this project. Basic logic, however, indicates the cost of a project involving public funds or rate payer fees is just as important as any environmental issue.

The California Public Utilities Commission (CPUC), as well as Cal-Am, were fully aware – long before this EIR was started – that costs of this Slant Well project were excessive compared to other similar projects in the area (not to mention the potential for litigation over riparian rights to the water). In 2011 the Ratepayer Advocates (a subsidiary of the CPUC) had estimated the cost of this Slant Well technique at between \$7,000 and \$7,900 per acre foot.

Prior to 2012, Poseidon Resources LLC entered into a contract to provide desal water to the San Diego County Water Authority. Poseidon would assume all costs and provide water at a cost between \$2,042 to \$2,290 per acre foot. At the end

of 30 years they would deed over the plant to San Diego Water Authority for \$1.00.

Similar projects, the Deep Water Desal facility and the People's Desal Project located in Moss Landing, share features similar to the Poseidon project. They are located near an existing power plant and utilize existing water intake and outfall pipe lines which allow them to offer water at a \$2,000 plus-or-minus per acre foot.

A Public Utility, like California-American Water Co (Cal-Am), is a legal monopoly created, supposedly, for the public benefit. California, in an effort to restrict a public utility from excessive fees, rate increases or other potential abuses to their customer base, created the CPUC as an advocate for the rate payer.

I have to ask: "Since the CPUC is the "Lead Agent" for this EIR, ***Who remains to speak for the rate payer here?*** "

Considering Cal-Am's Slant Well project will be two to three times more expensive than alternative competing projects which offer the same product at a much cheaper price, one has to question why ratepayer costs are excluded from this EIR study!

At the very least, the CPUC could have established a maximum ratepayer cost of, let's say, \$2,100 per acre foot. Any cost above and beyond this rate would have to be Cal Am's responsibility; this would offer some protection for the ratepayer.

The problem is the CPUC has already approved rate increases to cover related expenses to this project on a piece-meal basis, so determining a fair remaining balance will be lost in the shuffle leaving the rate-payer unprotected.

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To be fair to the Cal Am rate payers and to fully perform the duty for which you were created, you folks should – ***at the very least*** – establish a maximum ratepayer cost for this project!

Sincerely,



Virgil M. Piper
Marina Planning Commissioner