Pure Water Monterey Expansion Will Meet Region's Water Demands Through 2050

A Review of Key Findings on Supply/Demand

A new peer review report by Dr. Lon House looks at the water demand and supply for the Monterey Peninsula and concludes that expansion of the Pure Water Monterey project will meet area water demands through 2050. It shows that **CalAm's Monterey Peninsula Water Supply Project (Desal Project) is:**

UNNECESSARY The Desal Project size is excessive to area water needs.
UNAFFORDABLE The Desal Project is likely to have major disadvantageous rate impacts on customers because of the huge capital investment (over $200 million) and annual fixed cost of the desal facilities (estimated at over $30 million annually).
UNJUST Low-income customers in the district will be especially hard hit by the huge water rate increases needed to pay for this expensive and unnecessary water facility.

Dr. House's report examines and confirms the previous findings in the "Supply and Demand for Water on the Monterey Peninsula" Report prepared by the Monterey Peninsula Water Management District (MPWMD) in September 2019 and counters criticisms regarding the MPWMD Report made on behalf of CalAm.

Updated Data Set Reveals Inaccuracies of CalAm Projections

The Environmental Impact Report relied on by the CPUC only used 2006-2016 data. Three more full years (2017-2019) of recorded water demand data is now available, which allows for a more accurate analysis of the Monterey Peninsula's realistic water demand. Moreover, new data is available regarding the future growth in demand which reveals that CalAm's earlier growth estimates were highly inflated.

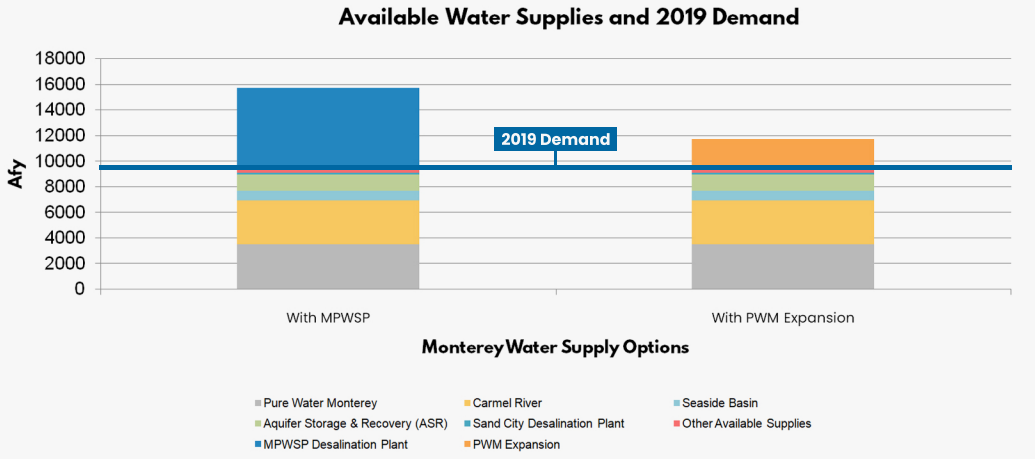
Realistic Demand Numbers are Much Lower than Previously Stated

- Data available now demonstrates that existing customer demand is over 3,500 LESS than what CalAm applied for with the CPUC.
- The future demand for "new" water (lots of record, Pebble Beach, tourism rebound) estimates also have dropped by 582-939 afy from earlier estimates made by CalAm.
- In total, the total existing plus future demand for water in CalAm's Monterey District is 4,000-5,000 afy LESS than the amount that CalAm used to size its Desal Plant.

	MPWSP Application	CPUC Adopted	10-Yr Average Customer Demand plus MPWMD New Demand Projections	5-Yr Average Customer Demand plus MPWMD New Demand Projections
Existing Customer Demand	13,290 afy	12,000 afy	10,619 afy	9,727 afy
New Water Demand	2,006 afy	2,000 afy	1,067–1,424 afy	1,067–1,424 afy
Total Eventual Demand	15,296 afy	14,000 afy	11,686–12,043 afy	10,794–11,151 afy

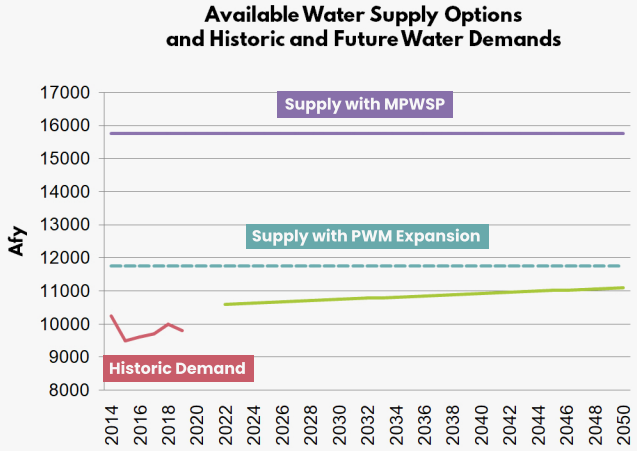
Available Supplies

Current supplies of water for the Monterey District include the Carmel River, Seaside Basin, Aquifer Storage and Recovery, Sand City Desalination Plant, other available supplies, and the original Pure Water Monterey project. There are two **potential future** supplies: the CalAm Desal Plant and an expansion of the Pure Water Monterey project.



Expansion of Pure Water Monterey will provide adequate water supplies through 2050. There will be 11,700 afy of water supply compared with a 2050 demand for water of 11,078 afy.

Using a reasonable forecast for future water demand compared with water supply options, **the expansion of the Pure Water Monterey project will meet area water demands through 2050 and at lower water rate impacts than the Desal Project.** This is a similar conclusion to that reached by the MPWMD Report but arrived at using different assumptions. The fact that both approaches produce comparable conclusions enhances and confirms the validity of the MPWMD Report.



The Critical Bottom Line

- CalAm's Monterey District customers already have among the highest water bills in the country.
- If the Desal Project is built, the average water bill is expected to jump $500 per year since a desal plant is the most expensive source of water.
- Low income customers will pay almost 6% of their income for water, having to work almost 10 hours per month at minimum wage just to pay for water.
- Since the Desal Plant has massive annual fixed costs (estimated at over $30 million per year) whether it is operating or not, this water will have **3 times the cost of Pure Water Monterey Expansion water** if run at full capacity (approximately $6000 vs. $2000 per acre foot).
- However, if (as anticipated) the Desal Plant will be run far below its capacity due to the exceedingly low demand for it, it would have 1**0 times the cost of Pure Water Monterey Expansion water** (over $21,000 vs. $2,000 per acre foot for 1,500 acre feet a year).