

Decision No. 89195 AUG 8 - 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's
 own motion into the operations,
 practices, service, equipment,
 facilities, rules, regulations,
 contracts, and water supply of the
 MONTEREY PENINSULA DISTRICT OF
 CALIFORNIA-AMERICAN WATER COMPANY,
 a corporation, and of RANCHO DEL
 MONTE DIVISION OF WATER WEST
 CORPORATION.

Case No. 9530
 (Filed April 3, 1973)
 Petition for Modification of
 Water Rationing Plan
 (Filed November 9, 1977)

FREDERICK J. BENN
 & LELIA M. BENN,

Complainants,

vs.

CALIFORNIA-AMERICAN WATER COMPANY,

Defendant.

Case No. 10006
 (Filed November 17, 1975)

ENTERPRISE CANNERY, a partnership
 consisting of WILLIAM V. SHAW and
 MARY MORSE SHAW and ANSEL ADAMS
 and VIRGINIA ADAMS as trustees under
 that Declaration of Trust dated
 January 9, 1974, as amended, and
 SEBASTIAN SOLLECITO,

Complainants,

vs.

CALIFORNIA-AMERICAN WATER COMPANY,
 a corporation,

Defendant.

Case No. 10083
 (Filed April 19, 1976)

C.9530 et al. fc

Bryant H. Prentice, Jr.,
Complainant,

vs.

Monterey Peninsula District of
California-American Water Company,
a corporation,

Defendant.

Case No. 10088
(Filed April 21, 1976)

SAMUEL URCIS and DORY URCIS,
Complainants,

vs.

CALIFORNIA-AMERICAN WATER COMPANY,
a California corporation,

Defendant.

Case No. 10173
(Filed September 15, 1976;
amended January 17, 1977)
(Rehearing granted June 7, 1977)

Application of SANTO COPPUCCIO for
a variance from the restrictions of
Ordering Paragraph 4 of Decision
No. 84527 to permit move of existing
meter to new location.

Application No. 57185
(Filed March 28, 1977)

O P I N I O N

Hearing in Case No. 9530 was set on May 1, 1978, in Monterey for the purpose of informing the Commission of any changes in water quality and available supply of California-American Water Company (Cal-Am) in the Monterey area and to receive the recommendations of interested parties for modification of existing orders limiting water service. After three days of hearing, the matter was adjourned to afford public agencies an opportunity to prepare recommendations.

On May 26, 1978, at the direction of the hearing officer, proposed findings of fact, conclusions, and proposed ordering paragraphs were presented by the Commission staff (Exhibit R-12), Cal-Am (Exhibit R-13), and the Monterey Peninsula Water Management Agency (Agency) (Exhibit R-15).

The hearing was recessed one day to afford the parties opportunity to reconcile their views. As a result of the conference, Exhibit R-17 set forth the joint recommendation of the Commission staff, Cal-Am, and Agency of proposed findings and ordering paragraphs.

The matter was submitted upon the receipt of transcripts on July 11, 1978.

After the introduction of Exhibit R-17, Cal-Am and Agency agreed on the following proposed finding:

Cal-Am currently has the financial ability and has made the business decisions necessary to develop four new wells and related iron removal plant in the lower Carmel Valley. This new project has been endorsed in concept, subject to appropriate environmental mitigation measures by Agency and the Zone 11 Water Advisory Committee appointed by the Monterey County Board of Supervisors.

With the exception of the first sentence, the staff also concurred in the finding.

Pebble Beach Corporation supported the proposed findings and ordering paragraphs.

David L. Hughes, a lot owner, requests that the findings set forth a specific definition as to who a consumer is in the legal sense of Section 2708 of the Public Utilities Code. Comments by Mr. Hughes on this issue are set forth in Exhibit R-18. Decision No. 86807 discusses the issues presented by Mr. Hughes. It is not

appropriate at this time to consider further specification of the term "consumer".

The Monterey Peninsula Water Management District has now been created with the approval by the voters on June 6, 1978, of Assembly Bill No. 1329, Exhibit R-14.

We shall adopt the findings jointly recommended by the staff, Cal-Am, and Agency, and Finding 28 which was jointly recommended by Cal-Am and Agency but opposed by the staff.

Findings

We find that:

1. The total supply of water available to the Monterey Peninsula District of Cal-Am, annually on a continuing basis, is 22,000 acre-feet.
2. In 1975 the maximum total amount of water that could prudently be produced by Cal-Am's existing facilities was 15,500 acre-feet. Recorded system delivery by Cal-Am for 1976 was 16,045 acre-feet.
3. Since that time, Cal-Am's Monterey Peninsula District facilities have been expanded in the following manner:
 - a. Construction of the Begonia Iron Removal Plant and the Canada de la Segunda Pipeline projects, authorized by Decision No. 87431 in Case No. 9530, has been completed, and both projects have been placed in operation. Completion of these projects enables Cal-Am to overcome the two obstacles to immediate expansion of deliveries from Carmel Valley: Water quality and transmission line capacity.
 - b. Installation by Cal-Am of three new wells in the Carmel Valley has been completed. These wells are identified as Stanton, Scarlett No. 7, and Los Laureles No. 6; annual production by these wells is 500 acre-feet, 1,000 acre-feet, and 500 acre-feet, respectively. Permanent use permits have been issued by the county of Monterey for all three wells. The use permits issued for the Stanton

and Scarlett No. 7 wells include conditions requiring Cal-Am to take specified steps to prevent adverse environmental effects which may be caused by operation of the wells.

4. With the addition of three wells in the Carmel Valley and the Begonia Iron Removal Plant and the Canada de la Segunda Pipeline, the maximum total amount of water that can now prudently be produced and delivered by Cal-Am's existing facilities in a normal year is 18,000 acre-feet per year, determined as follows:

From the Carmel River	9,000 acre-feet
From the Carmel Valley Aquifer	7,000
From the Seaside Aquifers	<u>2,000+</u>
	18,000 acre-feet

5. According to the State of California Department of Water Resources (Exhibit R-3), despite two of the driest years on record (1975-1977) and, accordingly, a low runoff, an estimated 20,000 acre-feet of water remained in the Carmel Valley alluvium which could be withdrawn without threat of seawater intrusion. The majority of this reserve lies downstream from Cal-Am's present well fields.

6. Based upon records of actual use it appears that the capacity of the Seaside aquifer(s) might have been underestimated in prior interim orders in this proceeding as for eight years they have been pumped at an average rate of nearly double their estimated capacity without any sign of any seawater intrusion, but have been recharged fully from the rains of the 1977-78 season (Exhibit R-2; CPUC Staff Report, p.3). Cal-Am will continue to monitor its wells in the Seaside aquifer and all other wells within its system for seawater intrusion and continue to make the reports required by Ordering Paragraphs Nos. 6 and 12 of Decision No. 84527.

7. Cal-Am has commenced the process required to construct four additional wells and a related iron removal treatment plant in the lower Carmel Valley. The four new wells and iron removal treatment plant are planned to develop approximately 5,000 acre-feet per year of additional supply from the lower reaches of the Carmel Valley aquifer. With that additional supply Cal-Am could produce and deliver 22,000 acre-feet of water annually. The application for appropriate use permits for these four new wells and treatment plant has been filed with but has not yet been heard by the county of Monterey. The environmental review process has been started by the county of Monterey. The environmental effect of such additional facilities has not been addressed officially as yet.

8. Due to rationing in 1977, the most recent year for which normalized water usage for the Monterey Peninsula District can reasonably be determined is 1976.

9. For the Monterey Peninsula District, normalized water usage for 1976, without rationing or conservation, was 16,565 acre-feet.

10. The number of new service connections in the Monterey Peninsula District has not increased significantly since 1975 due to the Commission's restrictions on main extensions and water service connections. The rationing plan ordered for the Monterey Peninsula District is currently set at Phase 0 (voluntary conservation).

11. Based on Findings 8, 9, and 10, a reasonable, if not conservative, estimate of the present annual water requirements of existing Monterey Peninsula District customers is 16,565 acre-feet, the normalized usage for 1976.

12. Based upon Cal-Am's conservative projections (Exhibit R-1) and without taking into consideration the effects on demand of existing or future water conservation programs, and even assuming a continuation of existing zoning (and there is substantial evidence that future zoning revisions will result in a material decrease,

rather than any increase, in density and thus a decrease in potential water demands), and assuming a continuation of historical growth rate patterns in the Monterey District of Cal-Am (1.97 percent compounded growth rate), then:

a. The 18,000 acre-feet of water per year which Cal-Am can now produce and deliver in a normal year will be adequate to serve all customers in Cal-Am's Monterey District in a normal year until approximately 1983; and

b. 22,000 acre-feet per year of water (i.e., the quantity of water Cal-Am expects to be able to produce and deliver after development of the aforesaid new wells in the lower Carmel Valley) may be adequate to serve all present and all potential customers of the Monterey District of Cal-Am in a normal year, even after a full 100 percent buildout in Cal-Am's present service territory. Obviously, the additional 5,000 acre-feet annually which Cal-Am expects to develop in the lower Carmel Valley will also provide additional supply in the event of future droughts.

13. Cal-Am's water supply in the Monterey Peninsula District of 18,000 acre-feet per year exceeds the present annual water requirements of existing customers of the Monterey Peninsula District by approximately 1,500 acre-feet per year. Stated another way, present water consumption is approximately 90 percent of Cal-Am's present normal annual water production capabilities and approximately 70 percent of the total 22,000 acre-feet per year available to the company.

14. Water can be supplied by Cal-Am to additional consumers within its Monterey Peninsula District without injuriously withdrawing the supply wholly or in part from those who have theretofore been supplied by Cal-Am, while at the same time reducing its withdrawals from the Seaside aquifer to 2,000 acre-feet per year.

15. The Commission's restrictions on main extensions and water service connections are no longer required to protect the water supply of existing customers of Cal-Am's Monterey Peninsula District or to serve as water conservation measures.

16. The use of Monterey Peninsula water resources affects the entire Peninsula and not just that portion served by Cal-Am. The determination and implementation of restrictions or limitations on the use and management of such resources can best be accomplished by the responsible local government agencies, coordinated when necessary with Cal-Am and the Public Utilities Commission.

17. The rate and nature of growth in the Monterey Peninsula, like the management of water resources, is an area-wide concern. Because Cal-Am's water supply is sufficient to accommodate growth within its Monterey Peninsula District service area, the extent and nature of the growth can most appropriately and effectively be determined by the responsible local government agencies and not by either Cal-Am or by this Commission through restrictions on water service connections and main extensions.

18. As a result of Assembly Bill 1329 (Chapter 527) and a vote of the electorate in the area served by Cal-Am's Monterey District, there is now in existence the Monterey Peninsula Water Management District, having very broad powers, including taxing powers. That district is, by the terms of its own enabling legislation, the appropriate public agency to be concerned with such matters as the solution to the development of a supplemental long-term water supply if needed, and administration of water rationing programs in the event of future droughts. ✓

19. Appendix C to Decision No. 86807 provides conditions under which water service may be obtained by owners of record of lots which were, as of January 5, 1977, zoned for single residential use. Upon removal of this Commission's restriction on water service ✓

connections, no basis exists for the Commission to treat this class of applicants for residential water service differently than other such applicants. Appendix C should therefore be rescinded.

20. Because normal rainfall patterns have only recently returned to the Monterey Peninsula, the water rationing plan established by Decision No. 86987 (Appendix A), as modified by Decision No. 87715, should be retained, with the exception of paragraph 1 of Item 1 (Mandatory Nonresidential Restrictions), to facilitate immediate implementation of water rationing, if necessary, in the future. It is necessary to modify the existing rationing plan to add a phase to provide for voluntary conservation for all water users, residential and nonresidential.

21. Paragraph 1 of Item 1 (Mandatory Nonresidential Restrictions) of Appendix A to Decision No. 86987 places a limitation on outside watering by nonresidential customers. No basis exists for treating this class of customers differently than other classes to which this limitation does not apply. Paragraph 1 of Item 1 should therefore be deleted from Appendix A to Decision No. 86987.

22. When water rationing is in effect, the amount of water used for irrigation of outside landscaping should be limited to the quantities authorized under the rationing plan.

23. Ordering Paragraph 2 of Decision No. 86807 places limitations on irrigation of outside landscaping in the urban renewal projects in the cities of Monterey and Seaside. No basis exists for treating this class of customers differently than any other classes. Ordering Paragraph 2 of Decision No. 86807 should therefore be rescinded.

24. Ordering Paragraph 2 of Decision No. 88466 in Case No. 10114 is applicable to Cal-Am's Monterey Peninsula District except as modified herein. (See Finding 21.)

25. Cal-Am, by financing and constructing the necessary production, storage, and transmission facilities, including the Canada de la Segunda project, the Begonia Iron Removal Plant project, and three new wells in the Carmel Valley, has furnished and maintained such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons and the public, as required by Section 451 of the Public Utilities Code.

26. Water service by Cal-Am should not be extended beyond the boundaries of its Monterey Peninsula District service area without prior Commission approval.

27. The reports required from Cal-Am by Ordering Paragraph 11 of Decision No. 84527 are moot. The reports required from Cal-Am by Ordering Paragraph 13 are no longer necessary because the problems have been overcome. However, Cal-Am should file a final report on the quality of the Ord Terrace water and the status of the utility's efforts to improve it.

28. Cal-Am currently has the financial ability and has made the business decisions necessary to develop four new wells and related iron removal plant in the lower Carmel Valley. This new project has been endorsed in concept, subject to appropriate environmental mitigation measures by Agency and the Zone 11 Water Advisory Committee appointed by the Monterey County Board of Supervisors.

29. Action taken by this Commission in this decision will satisfy the requests made in Cases Nos. 10006, 10083, 10088, and 10173, and in Application No. 57185.

Conclusion

We conclude that various orders in Case No. 9530 should be modified as herein provided and Case No. 9530 should be terminated, and that Cases Nos. 9530, 10006, 10083, 10088, and 10173 should be terminated and Application No. 57185 should be dismissed.

O R D E R

IT IS ORDERED that:

1. The following ordering paragraphs and Appendix of the prior Interim Orders in Case No. 9530 are hereby rescinded:
 - a. Ordering Paragraph 1 of Decision No. 81443.
 - b. Ordering Paragraph 2 of Decision No. 84527.
 - c. Ordering Paragraph 3 of Decision No. 84527.
 - d. Ordering Paragraph 4 of Decision No. 84527.
 - e. Ordering Paragraph 11 of Decision No. 84527.
 - f. Ordering Paragraph 13 of Decision No. 84527, subject to filing of a final report by California-American Water Company (Cal-Am) within 30 days of the effective date of this order.
 - g. The Ordering Paragraph of Decision No. 85409.
 - h. Ordering Paragraph 2 of Decision No. 86807.
 - i. Ordering Paragraph 3 of Decision No. 86807.
 - j. Ordering Paragraph 4 of Decision No. 86807.
 - k. Ordering Paragraph 5 of Decision No. 86807.
 - l. Appendix C of Decision No. 86807.
2. Paragraph 1 of Item 1 (Mandatory Nonresidential Restrictions) of Appendix A to Decision No. 86987, the Eighth Interim Order in Case No. 9530, is hereby deleted. Appendix A to Decision No. 86987 dated February 18, 1977 in Case No. 9530 is modified to provide for additional phases as set forth in Appendix A to this decision.
3. The provisions of Decision No. 88466 in Case No. 10114 relating to water conservation are made a part of this order, except as otherwise modified herein. Cal-Am is directed to assist, where feasible, local government agencies in establishing water measures for the Monterey Peninsula District, including legislation by local government agencies to limit water service for use in irrigation of outside landscaping for new construction to include the following conditions:
 - a. Use of plants which are native, naturalized, or low water consuming; and

b. Automatic sprinkler systems, if used, will include moisture sensors, programmed to override the sprinkler controls.

4. Exhibit R-1, pages 1 and 2, is attached hereto as Appendix B. Similar updated information will be prepared by Cal-Am in cooperation with the responsible local government agencies, and supplied by Cal-Am to the Commission and to those local government agencies on an annual basis.

5. Cal-Am shall continue to cooperate with appropriate local agencies in Monterey County to monitor for seawater intrusion in both the Seaside and Carmel Valley aquifers.

6. Cal-Am shall not extend water service beyond the boundaries of its present service area in the Monterey Peninsula District without prior Commission approval.

7. Except as rescinded or otherwise modified herein, all orders in Case No. 9530 shall remain in effect.

8. Case No. 9530 is hereby terminated. ✓

9. Cases Nos. 10006, 10083, 10088, and 10173 are hereby terminated without prejudice.

10. Application No. 57185 is hereby dismissed.

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 8th day of AUGUST, 1978.

Robert Bateman
President

Verizon L. Sturgeon
Robert P. Lovell

Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Monterey District Water Rationing Program
For
Residential Users
(Additional Phase)

<u>Well Production in Acre- Feet Per Day</u>	<u>Phase</u>	<u>Allocation in Acre-Feet Per Day</u>	<u>Basis For Phase</u>
Greater than 34.4	1	Unrestricted	Voluntary conservation

Monterey District Water Rationing Program
For
Nonresidential Users
(Additional Phase)

<u>Well Production in Acre- Feet Per Day</u>	<u>Phase</u>	<u>Allocation in Acre-Feet Per Day</u>	<u>Basis For Phase</u>
Greater than 34.4	2	Unrestricted	Voluntary conservation

APPENDIX B
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CALIFORNIA-AMERICAN WATER COMPANY
MONTEREY PENINSULA DISTRICT

WATER CONSUMPTION PROJECTION
(In the Present Certificated Service Territory and Excluding Conservation)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Active Existing Services 12/31/76	Potential Additional Services in Areas Presently Unserved	Acres Presently Served	Acres Presently Unserved	Density Acres Per Service	Average Acre Feet Per Service Year	Recorded 1976 System Delivery In Acre Feet	Consumption With Additional Service In Acre Feet Per Year	Total Required Acre Feet Per Year With 100% Buildout
<u>INCORPORATED AREAS</u>									
			(a)	(b)					
Monterey-Ryan Ranch	--	400	--	400	1.0	1.0	--	400	400
Monterey	7,319	2,208	2,654	801	0.36	0.73	5,352	1,612	6,964
Pacific Grove	5,630	97	1,341	23	0.23	0.37	2,117	36	2,153
Carmel-By-The-Sea	2,905	112	544	21	0.19	0.33	958	37	995
Seaside	5,448	441	1,504	122	0.27	0.42	2,290	185	2,475
Sand City	155	232	139	207	0.89	0.38	59	88	147
Del Rey Oaks	593	150	198	50	0.33	0.39	232	59	291
Subtotal	22,100	3,640	6,380	1,624			11,008	2,417	13,425
<u>UNINCORPORATED AREAS</u>									
		(c)	(c)	(c)					
Subdivisions in Carmel Valley and Areas Surrounding									
Carmel	4,777	358	2,772	358	1.0	0.66	3,153	236	3,389
Aguajito	105	87	525	435	5.0	0.53	56	46	102
Del Monte Fairways	287	243	--	243	1.0	0.66	189	160	349
Carmel Highlands	254	169	305	203	1.2	0.53	135	89	224
Carmel Valley Service Area	185	3,115	185	3,115	1.0	0.66	122	2,056	2,178
Del Monte Forest	2,268	2,240	--	--	--	0.61	1,382	1,366	2,748
Subtotal	7,876	6,212					5,037	3,953	8,990
<u>TOTALS</u>									
Incorporated Areas	22,100	3,640					11,008	2,417	13,425
Unincorporated Areas	7,876	6,212					5,037	3,953	8,990
GRAND TOTALS	29,976	9,852	39,828	Services, 100% Buildout			16,045	6,370	22,415

WATER CONSUMPTION PROJECTION - Continued

Footnotes:

- (a) From the Canada-Begonia EIR Table 15, Developed Acres Minus Public and Institutional Acres.
- (b) From the Canada-Begonia EIR Table 15, "Vacant & Other Acres".
- (c) Cal-Am calculation of area from U.S.G.S. Maps & Lot Count.

Column 1 = Cal-Am Annual Report to CPUC

2 = (4) + (5)

3 = From the Canada-Begonia EIR Table 15 and Cal-Am acreage calculation.

4 = Cal-Am calculation for Unincorporated Areas & EIR Table 15 for Incorporated Areas.

5 = (4) + (2) For Unincorporated Areas and (3) + (1) For Incorporated Areas, assuming that future zoning will be continued at present policies.

6 = Cal-Am record, annual average consumption divided by the number of services in different areas.

7 = (1) x (6) excluding Incorporated Areas.

8 = (2) x (6)

9 = (7) + (8)