



June 16, 2026

Chair Cohen and Honorable Commissioners
California State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825
CSLC.CommissionMeetings@slc.ca.gov
CalAm@slc.ca.gov

Re: LandWatch Monterey County's Comments on California-American Water Company's General Lease Application (File: A4181; SCH #: 2006101004)

Dear Chair Cohen and Honorable Commissioners:

LandWatch Monterey County, a regional organization dedicated to sensible land use, transportation, and water policy, submits these comments in opposition to Cal-Am's lease application.

Cal-Am's insistence on building a desalination plant in Marina—despite the availability of an existing, less expensive, and less environmentally damaging water supply—is difficult to justify. The water is not needed for the next 20 years given the demand projected by the California Public Utilities Commission (CPUC) and the supply from the Pure Water Monterey (PWM) advanced wastewater recycling plant.

Desalinated water would be prohibitively expensive. Its high cost discriminates against low-income customers and disadvantaged communities. The desalination plant's economic and environmental impacts are socially unjust: benefits would accrue to privately owned Cal-Am while costs would be imposed on the residents of Marina and Cal-Am ratepayers generally. Cal-Am's proposal serves its private investors by maximizing asset value and shareholder returns— particularly relevant to CalAm as it anticipates a public condemnation proceeding.

The State Lands Commission and the public trust doctrine, however, must prioritize public benefits over private interests. In the case of Cal-Am's desalination plant, that judgment is not a close call.

The Commission Lacks the Information Needed to Act—and Must Deny the Lease If It Proceeds.

The State Lands Commission should not take action on a lease for the Cal-Am desalination facility at this time because it lacks critical information about the project. If the Commission decides it cannot delay action, it must deny the lease because it lacks the information required to make findings regarding the feasibility, environmental impacts, public welfare, and environmental justice effects of the project and its alternatives.

The CPUC Has Never Approved the 4.8 Million Gallons Per Day (MGD) Facility or the Phased Approach Cal-Am Now Proposes.

The California Public Utilities Commission (CPUC) has jurisdiction over Cal-Am as a privately regulated utility. Cal-Am admits that the project must be changed by proposing a new “phased” approach that starts with a 4.8 MGD facility. However, in 2018, the CPUC specifically rejected both the 4.8 MGD facility and the phased approach as more costly and more environmentally damaging—based on submissions and arguments from Cal-Am itself.

No Agency Has Assessed the Environmental Justice Impacts of the Predictable, Massive Rate Increases That Would Result from This Project.

The Commission cannot make findings in support of its Environmental Justice Policy because it has no current analysis of the water rates that would be imposed on lower-income ratepayers and disadvantaged communities. Water rates sufficient to recover project costs—in light of changes to the project and its supply and demand circumstances—would have to be substantially higher than those projected in 2018 when the CPUC approved a different project. Nor can the State Lands Commission rely on the rates Cal-Am suggested in 2022 in its brief letter to the Coastal Commission, provided without analysis or supporting detail, when the Coastal Commission gave conditional approval of a Coastal Development Permit subject to further CPUC review.

None of the permitting agencies have evaluated the actual rate impacts from changes in the project and its circumstances and new information. Accordingly, the State Lands Commission should not act on the lease application until it resolves the environmental justice impacts to lower-income ratepayers and disadvantaged communities from the following:

- Construction costs in the 8 years since 2018 have increased **55%**.
- The smaller 4.8 MGD facility will lose scale economies compared to the originally proposed 6.4 MGD facility.
- The period in which Cal-Am must amortize costs has been shortened from 60 to 25 years due to updated projections regarding sea level rise.
- Under the CPUC’s 2025 determination of long-term demand and supply, **the desalination facility is not needed for at least 20 years**, and even by 2050 the facility would operate at only half of its capacity. Because most project costs are fixed, **operating at half capacity would approximately double** water costs.

How would water costs compare? Pure Water Monterey (PWM) water costs approximately \$2,808 per acre-foot. In 2022, the Coastal Commission estimated Cal-Am’s desalinated water from a 6.4 MGD facility operating at full capacity would cost around \$6,600 per acre-foot. Accounting for construction cost increases since 2018 and the smaller 4.8 MGD facility, LandWatch projects desalinated water would now cost \$11,052 per acre-foot at full capacity—and \$20,489 per acre-foot at half capacity (the realistic utilization rate in 2050). Unless shareholders absorb these substantial cost increases, ratepayers must do so. Cal-Am’s only mitigation commitment is to hold rate increases to \$10 per month for five years for customers enrolled in the Customer Assistance Plan—providing no long-term relief for disadvantaged and lower-income communities.

Only the CPUC has the authority and responsibility to address the effects of these enormous increases in unit water costs. Without that analysis, the Commission lacks the information to make findings regarding the environmental justice impacts of the rate increases Cal-Am may seek to

impose on lower-income ratepayers and disadvantaged communities. We develop these environmental justice issues further in the attachment to this letter.

The Commission Must Prepare a Subsequent EIR Before Considering Lease Approval.

LandWatch joins in the June, 2026 comments by Marina Coast Water District, the Monterey Peninsula Water Management District, and the City of Marina. LandWatch agrees that the Commission's "Environmental Memorandum" is not adequate and that the Commission must prepare a subsequent or supplemental environmental impact report (SEIR) before considering the lease approval. Significant new information provided in the State Water Resources Control Board's recent analysis of pumping from the proposed slant wells demonstrates that, contrary to the CPUC's 2018 EIR, groundwater impacts will be significant. Changes to the project and its circumstances demonstrate that impacts from the project's outfall modifications will be significant. The phased construction will increase impacts by disturbing sensitive biological resources twice. Sensitive resources would also be disturbed again to relocate the slant wells to accommodate newly projected sea level rise, assuming CalAm could even control the inland sites needed for that relocation. Impacts from the new brine storage pond will be significant. None of these new or more substantial significant impacts have been reviewed under CEQA. Nor has any agency considered new information about feasible alternatives to the project, e.g., the OceanWell desalination project proposed by Marina Coast Water District.

Until the Commission—or the CPUC—assesses the CEQA significance of the changes to the project and its circumstances and the new information, no agency should extend any further approvals.

The Public Trust Doctrine Independently Bars the Commission from Approving the Slant Well Lease.

Marina Coast Water District's comments establish substantial groundwater impacts from the proposed slant well lease, based on new analysis by the State Water Resources Control Board. The District explained why this requires additional CEQA review. But the State Lands Commission should also determine that these impacts are barred by the public trust doctrine, which the Commission is uniquely authorized and obligated to consider as the trustee of the tidelands and affected water resources.

The courts have recognized the State's responsibility to protect public trust uses whenever feasible.¹ "The core of the public trust doctrine is the state's authority as sovereign to exercise a continuous supervision and control over the navigable waters of the state and the lands underlying those waters."² *Environmental Law Foundation v. State Water Resources Control Board* (2018) 26 Cal.App.5th 844 extends *Audubon's* protections to resources impaired by groundwater extractions. And in 2024, in *California Coastkeeper Alliance v. County of Sonoma*, the Sonoma County Superior Court recognized that a permitting agency is required to consider the impacts of groundwater extraction on public trust resources, *including groundwater resources*, and mitigate those impacts to the extent feasible.

The public trust doctrine serves the function in an integrated system of preserving the continuing sovereign power of the state to protect public trust uses, a power which precludes anyone from acquiring a vested right to harm the public trust, and it imposes a continuing duty on the state to take such uses into account in allocating water resources.³ No party can acquire a vested right to appropriate water in a manner harmful to public trust interests; the state has "an affirmative duty"

¹ See, e.g., *National Audubon Society v. Superior Court* (1983) 33 Cal.3d 419, 435.

² *Id.* at 425.

³ *Audubon*, *supra*, 33 Cal.3d 419, 452.

to take the public trust into account in regulating water use by protecting public trust uses whenever feasible.⁴ Accordingly, the Commission must carefully consider the public trust consequences of permitting Cal-Am to impair groundwater resources through its slant well lease.

For these reasons, and as explained further in the detailed comments attached, LandWatch Monterey County respectfully requests a **“no” vote** on the decision to approve Cal-Am’s lease application. Thank you for your careful consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael DeLapa", with a stylized flourish at the end.

Michael DeLapa
Executive Director

⁴ *Id.* at 446–447.

ATTACHMENT: Environmental Justice Issues from Rate Impacts

1. The Commission's Environmental Justice Policy Requires Assessment of Rate Impacts on Disadvantaged Communities.

The Commission's Environmental Justice Policy requires that it "[a]ssess and analyze how proposed Commission actions might impact environmental justice communities."⁵ The purpose is to enable the Commission to "minimize additional burdens on and increase benefits to marginalized and disadvantaged communities resulting from a proposed project or lease."⁶

Several implementation strategies in the EJ Policy Appendix support this goal:

- 5.1. Modify lease application forms to require applicants to identify environmental justice communities in the area and to **identify potential impacts and mitigation**.
- 5.2. As part of the application process, research impacts and work with the applicant and impacted communities to **develop strategies to decrease those impacts** and increase benefits to impacted communities.
- 5.3. When there are concerns that a project will result in disproportionate burdens to vulnerable communities, weigh those against the merits of the project and, where feasible, **require reduction or elimination of those burdens**.⁷

The Commission's Environmental Memorandum cites prior environmental justice consideration by the CPUC and the California Coastal Commission—including findings of environmental justice impacts such as increased water costs. The Environmental Memorandum cites CPUC Mitigation Measure MM 4.9-1 and CCC Special Conditions 16 and 17 as full mitigation for environmental justice impacts and concludes the "project would not generate a new impact related to socioeconomic and environmental justice or substantially increase the severity of a previously identified impact."⁸

This conclusion is unfounded. The Environmental Memorandum contends that "there are no changed circumstances surrounding the Phase 1 Project or new information of substantial importance that would affect the Final EIR/EIS's conclusions related to socioeconomic and environmental justice."⁹ But the Environmental Memorandum fails to identify or consider the unmitigated rate impacts caused by changes to the project, changed circumstances, and significant new information. Without that assessment, the Commission cannot find the proposed project consistent with its environmental justice policy. Substantial evidence demonstrates that the unmitigated effect of water rates on lower income ratepayers and disadvantaged communities will be significant.

⁵ SLC, Environmental Justice Policy, Policy 5a

⁶ *Id.*, Policy 6a.

⁷ *Id.*, Appendix.

⁸ Environmental Memorandum, p. 43.

⁹ *Id.*

2. The Project and Relevant Circumstances Have Changed, and There Is Significant New Information.

The 2018 CPUC FEIR for the Monterey Peninsula Water Supply project (MPWSP) concludes that “[i]mplementation of the MPWSP would double the current water rates for ratepayers within Cal-Am’s Monterey District (Truong, 2016).”¹⁰ Critically, that conclusion rested on a 2016 email and cost estimates that are now a decade out of date.

As discussed below, the rate impacts of the MPWSP as Cal-Am now proposes the project would be substantially greater than this 2016 projection for three reasons. First, project changes—including the reduction in size from 6.4 MGD to 4.8 MGD and increased construction costs—would both reduce scale economies and directly increase capital costs. Second, changed circumstances—including reduced projected demand and the availability of substantial, less expensive Pure Water Monterey supplies—would result in excess capacity, the costs of which could be imposed on ratepayers. Third, new information, including updated sea level rise projections, would shorten the amortization period for the slant wells from 60 to 25 years, further increasing per-unit costs.

3. No Agency Has Assessed the Rate Effects of These Changes.

None of these factors have been assessed by the CPUC because it approved a different project in 2018, based on different supply and demand data and different sea level rise assumptions. In 2025, the CPUC reassessed demand and supply and found that the shortfall between 2050 demand and available annual production supply would be only 2.3 MGD—not the 5 MGD shortfall it found in 2018.¹¹ Yet the CPUC refused to open a third phase of proceedings to assess the effect of revised supply and demand assumptions on the need for desalination – leaving it to CalAm to initiate a request for CPUC approval of the 4.8 MGD facility.¹²

Crucially, Cal-Am has *not* sought CPUC permission for the phased 4.8 MGD project it now plans, even though the CPUC specifically rejected that approach in 2018.¹³ Cal-Am appears to be pursuing approvals from other agencies first, even though those agencies lack the rate impact analysis of changed project circumstances that the CPUC alone would be charged to make.

In addition, in granting a conditional CDP in 2022, the Coastal Commission also failed to evaluate the rate effects. The Coastal Commission relied on the bottom-line summary of rate effects in Cal-Am’s short letter purporting to assess “Impact on Customer Rates” from the 4.8 MGD phased facility. Cal-Am admitted that “the projections presented in this summary are estimates based on current available information, and have not been approved by the CPUC.”¹⁴

¹⁰ CPUC, MPWSP FEIR, p. 4.20-15.

¹¹ In 2018, the CPUC found 2050 demand to be 14,000 AFY and supply to be 9,055 AFY. (CPUC Decision D18-09-017, pp. 46, 50-51.) In 2025, the CPUC found 2050 demand to be 13,372 AFY and supply to be 11,204 AFY. (CPUC Decision D25-08-006, as modified by D25-10-001, p. 1.) A million gallons per day is 1,100 AFY.

¹² CPUC, Decision D26-04-046, pp. 5-6.

¹³ The CPUC’s 2018 approval of the desalination project was for a 6.4 MGD facility, i.e., Alternative 5a. (D.18-09-017, pp. 72, 79, 206, 207.) The CPUC specifically rejected the phased 4.8 to 6.4 MGD approach, finding there would be “little or no cost differential” and it would not avoid or substantially lessen any significant impacts of the project.” (*Id.*, pp. 69-70.) Indeed, the CPUC found that a phased implementation would “increase environmental impacts, face additional scrutiny in the permitting review process, and increase costs to ratepayers.” (*Id.*, emphasis added.) These findings were based on arguments and data submitted by Cal Am, which at the time did not want to proceed with a phased approach.

¹⁴ Ian Crooks, Cal-Am, letter to Tom Luster, CCC, October 27, 2022, p. 1, available at [pdf page 33 of Th7a8a-11-2022-exhibits.pdf](#).

Cal-Am told the Coastal Commission that its projected rate increases of \$47 to \$50 per month were based on “current modeling,” but its letter did not provide that modeling.¹⁵ There was no way for the public or the Coastal Commission to determine whether the Cal-Am “summary” of rate increases actually reflected the changed project, changed circumstances, or new information.

The only change that Cal-Am identified in its 2022 summary letter to the Coastal Commission on rate impacts was the reduction in the initial project size from 6.4 MGD to 4.8 MGD. There is no evidence that Cal-Am considered increased construction costs, the loss of scale economies, the shorter amortization period for slant wells, or the increased rates needed to cover fixed costs for a facility operating at a fraction of its capacity in light of changed supply and demand data. Cal-Am presented only the purported bottom line rate effect without showing its work. The Commission cannot rely on this without independent analysis.

The State Lands Commission should wait for Cal-Am to seek CPUC approval before proceeding. The existing record is inadequate to support an assessment of the effects of the new project on disadvantaged and lower-income communities.

4. Construction Cost Increases Would Substantially Increase Rates.

Since 2017 when Cal-Am determined project costs, there has been a **55.49% cumulative increase** in construction costs.¹⁶ The Commission cannot assess the impact of this cost increase on rates without analysis, and the record provides none.

5. Loss of Scale Economies Would Substantially Increase Rates.

The 2022 Coastal Commission Staff Report concluded that water rates would be affected by the loss of scale economies from the smaller 6.4 MGD to 4.8 MGD facility.¹⁷ Previous rate analysis assumed fixed costs would be spread over a 6.4 MGD facility. As the CPUC found in 2018, there are

¹⁵ Id., pp. 2-3.

¹⁶ See California Department of General Services, Construction Cost Index, available at <https://www.dgs.ca.gov/RES/RESOURCES/Page-Content/Real-Estate-Services-Division-Resources-List-Folder/DGS-California-Construction-Cost-Index-CCCI>.

¹⁷ Coastal Commission 2022 Staff Report, Th7A & 8A, Nov. 4, 2022, pp. 141- 142, available <https://documents.coastal.ca.gov/reports/2022/11/Th7a8a/Th7a8a-11-2022-report.pdf>. [“The expected costs of Cal-Am’s Project are much higher than those of the Pure Water Expansion. In its 2018 proceeding, the CPUC set a cost cap of \$279 million for capital costs for the MPWSP, which included Cal-Am’s 6.4 MGD desalination facility and the baseline Pure Water project. [footnote] At the time, CalAm estimated its operation and maintenance costs for the desalination plant to be approximately \$19.3 million per year, for a total of approximately \$579 million (in 2017 dollars) in operation and maintenance costs over 30 years.¹³² Current estimates are that Cal-Am’s water would cost more than \$6,100 per acre-foot, while the current Pure Water project provides water at cost of \$2,808 per acre foot. [footnote] Recent figures for the Pure Water Expansion are estimated to include about \$60 million in initial capital costs and about \$190 million in operational and maintenance costs over a 30-year operating life. Although the desalination facility would produce more water than the Pure Water Expansion, its cost per unit of water would be about twice as much. Cal-Am has not provided an assessment of how its recently proposed Project phasing might affect the expected costs. Although the first phase would involve reduced initial capital costs for construction and some reduction in operations and maintenance costs, the overall cost per unit of water could be higher than expected, especially when it is not certain if and when additional water from the second phase might be made available to spread costs over a larger volume of water to be produced. As noted above, Cal-Am will also likely need to either account for recouping its Project costs over a shorter Project operating life - i.e., the 25 years it expects its wells to operate - or account for the additional costs to relocate or rehabilitate those wells if they are to continue operating beyond that period.”].

few fixed cost savings in the 4.8 MGD facility, and those savings are offset by increased O&M costs for the smaller facility.¹⁸ With the proposed 4.8 MGD facility, Cal-Am would spread essentially the same fixed costs over a smaller water volume, increasing unit costs. Again, the record provides no current analysis.

6. A 25-Year Amortization Period Would Substantially Increase Rates.

The Coastal Commission Staff Report found that Cal-Am may not be able to relocate its wells inland to avoid sea level rise because it lacks any legal interest in the necessary inland property.¹⁹ Current Coastal Commission policy requires planning for greater sea level rise than was assessed by the CPUC, and current modeling projects that Cal-Am would need to relocate wells within approximately 25 years.²⁰ CalAm does not control or own the necessary site.²¹

Thus, Special Condition 6 limits the CDP term to 25 years or until January 1, 2050—based on Cal-Am’s own characterization of the wells’ approximately 20- to 25-year economic life. As the Coastal Commission Staff Report warned, “a shorter operating life of the desalination facility may also create substantial changes in the Project’s financing and water rates, since Cal-Am may seek to recover its costs in a much shorter time than the anticipated 60 years.”²² The Staff Report further acknowledged that “Cal-Am has not provided an assessment of how its recently proposed Project phasing might affect the expected costs” and that the “overall cost per unit of water could be higher than expected.”²³

7. Excess Capacity Due to Changed Supply and Demand Circumstances Would Substantially Increase Rates.

Excess capacity could effectively double rates—yet it has not been assessed. In 2025, the CPUC found that due to Pure Water Monterey supplies, the supply-demand shortfall in 2050 will be only 2.3 MGD, not the 5 MGD found in 2018. **Additional capacity will not be needed until 2047**—two decades away. The table attached as Appendix A demonstrates this: assuming CPUC-determined annual supply production of 11,204 AFY and constant annual demand growth to reach 13,732 acre-feet by 2050²⁴ Cal-Am’s aquifer storage capacity absorbs annual surpluses through 2047, when stored supplies are finally exhausted.

In short, even without the desalination facility, Cal-Am will have a surplus of water for the next 20 years. A 4.8 MGD desalination facility would remain idle for those 20 years if Cal-Am honored its must-take contract for the substantially less expensive Pure Water Monterey water.

8. The CPUC Must Resolve Whether Ratepayers or Shareholders Absorb Excess Capacity Costs.

Cal-Am appears to be planning to substitute more expensive desalinated water for less expensive alternative supplies, and/or to charge ratepayers for excess capacity. Cal-Am proposed to the Coastal Commission that it would construct and put the 4.8 MGD facility into operation by

¹⁸ CPUC Decision D.18-09-017, pp. 69, 128-129.

¹⁹ Coastal Commission 2022 Staff Report, pp. 8, 92-97.

²⁰ *Id.*, p. 97.

²¹ *Id.*, p. 95.

²² *Id.*

²³ *Id.*, p. 142.

²⁴ CPUC Decision D.25-08-006 as modified by D.25-10-001.

December 2026—decades before demand would justify it.²⁵

The CPUC's 2018 Decision D.18-09-017 does not resolve whether ratepayers or shareholders would pay for excess capacity. It simply deferred the question, promising future “operational restrictions” if Cal-Am pursued a Pure Water Monterey expansion contract.²⁶ Despite this, Cal-Am applied for and received a Water Purchase Agreement without proposing the required operating restrictions. The CPUC has since left it to Cal-Am to petition for approval of the 4.8 MGD facility in its own time²⁷—an approach that protects neither ratepayers nor the Commission's own record.

9. Rate Impacts from Excess Capacity Would Be Enormous.

Variable O&M costs are a very small portion of total desalinated water costs; the bulk are the fixed costs for equity, depreciation & amortization, taxes, and fixed O&M. Those fixed costs must be covered regardless of the volume of water produced.

In 2022, David Stoldt, General Manager of the Monterey Peninsula Water Management District, updated construction costs based on increases from 2018 to 2022 and evaluated unit water costs of a 6.4 MGD facility at various capacity utilization levels.^{28, 29} Updating his analysis further to reflect Construction Cost Index increases since 2022 and the smaller 4.8 MGD facility (see Appendix B), LandWatch projects the following water costs:

- Desalination at **full capacity** (4,705 AFY): **\$11,052/AF**
- Desalination at **50% capacity** (2,353 AFY, the realistic 2050 utilization rate): **\$20,489/AF**
- Compare: Pure Water Monterey water costs **\$2,808/AF**³⁰

The last time any public agency considered the unit cost of Cal-Am's desalinated water—back in 2022—it was projected at \$6,100 per acre-foot.³¹ It is patently unreasonable to expect ratepayers to absorb costs of up to \$20,000 per acre-foot for desalinated water when Pure Water Monterey water is available at \$2,808 per acre-foot.

²⁵ Ian Crooks, letter to Tom Luster, Oct. 27, 2022, available at <https://documents.coastal.ca.gov/reports/2022/11/Th7a8a/Th7a8a-11-2022-exhibits.pdf>.

²⁶ CPUC Decision 18-09-017, p. 44.

²⁷ CPUC Decision D.18-09-017, Ordering Paragraph 22 (Cal Am shall seek approval of non-minor “project refinements by a petition to modify today's decision.”)

²⁸ David Stoldt, Monterey County Herald Guest Opinion, When Did the Cost of New Water Become a Secret, Nov. 4, 2022, available at <https://www.montereyherald.com/2022/11/04/guest-commentary-the-cost-of-new-water/>.

²⁹ Stoldt initially evaluated the construction and financing cost increases since 2018 for the originally proposed 6.4 MGD facility, demonstrating that the unit water cost for a 6.4 MGD facility operating at *full* capacity would have increased to \$7,981 per acre-foot by 2022. This figure is itself a substantial increase over the \$6,100 per acre-foot cost cited by the Coastal Commission's Staff Report, which is based on a now-dated 2018 Cal Am estimate. (See Coastal Commission 2022 Staff Report at 111, citing CPUC Proposed Decision in Proceeding No. A-21-11-024 (modified October 31, 2022), in turn citing City of Marina Exhibit MARINA-01 at 9, in turn citing Coastal Commission Staff Report (dated August 2020), in turn citing Cal-Am's Advice Letter 1220, Attachment C-3, December 31, 2018.)

³⁰ Coastal Commission 2022 Staff Report, p. 141.

³¹ *Id.*

Because the Commission has neither the data, the analysis, nor the authority to impose operating restrictions on Cal-Am, and because the rate effects of excess capacity would be substantial, the Commission should decline to proceed with lease consideration until these rate effects have been assessed by the CPUC. Absent that analysis, the Commission cannot make valid public welfare and environmental justice findings.

10. Existing Mitigation Is Not Sufficient.

The Environmental Memorandum cites mitigation for environmental justice impacts, but that mitigation is not sufficient to address rate impacts from project changes, changed circumstances, and new information.

First, the Environmental Memorandum cites CPUC Mitigation Measure MM 4.9-1, but that measure addresses only traffic impacts—not rate impacts.³²

Second, the Environmental Memorandum cites Coastal Commission Special Condition 16, which caps rate increases at \$10 per month for five years for customers enrolled in Cal-Am’s Customer Assistance Plan. This mitigation is insufficient. As the Coastal Commission Staff Report concluded, “the \$10 cost cap for five years will not address the *long-term* impacts this Project will have on low-income ratepayers and there is no certainty the additional proposals will be approved by the CPUC.”³³

Cal-Am also proposed a \$500,000 contribution to the United Way Hardship Benefit Program.³⁴ Cal-Am acknowledges that as of 2022 it had 3,700 lower-income customers enrolled in its Customer Assistance Program.³⁵ However, assisting just 231 ratepayers over five years (2018–2022) cost \$136,209.³⁶ Thus, Cal-Am’s \$500,000 offer will not meaningfully assist 3,700 lower-income ratepayers facing the rate increases described above.³⁷

³² CPUC, Cal Am MPWSP Mitigation Monitoring, Compliance, and Reporting Program, Sept 2019, pp. D-32 to D-34, available at [MPWSP MMCRP Final.pdf](#).

³³ Coastal Commission 2022 Staff Report, p. 110, emphasis added.

³⁴ *Id.*, p. 43.

³⁵ Ian Crooks, Cal Am, letter to Tom Luster, CPUC, Oct. 27, 2022, p. 3, available at pdf p. 35 at [Th7a8a-11-2022-exhibits.pdf](#).

³⁶ Coastal Commission 2022 Staff Report, p. 110.

³⁷ *Id.*

APPENDIX A – Exhibit 1: Water Supply and Demand Analysis (CPUC 2025 Determination)

Based on CPUC 2025 Determination of Supply and Demand (D.25-08-006)

Year	Future Customer Demand	CPUC Available Supply	Annual Surplus / (Shortfall)	Available Storage	Total Available Supply
2025	9,245	11,204	1,959	0	11,204
2026	9,424	11,204	1,780	1,959	13,163
2027	9,604	11,204	1,600	3,739	14,943
2028	9,783	11,204	1,421	5,339	16,543
2029	9,963	11,204	1,241	6,759	17,963
2030	10,142	11,204	1,062	8,000	19,204
2031	10,322	11,204	882	9,062	20,266
2032	10,501	11,204	703	9,944	21,148
2033	10,681	11,204	523	10,647	21,851
2034	10,860	11,204	344	11,170	22,374
2035	11,040	11,204	164	11,513	22,717
2036	11,219	11,204	(15)	11,678	22,882
2037	11,399	11,204	(195)	11,662	22,866
2038	11,578	11,204	(374)	11,468	22,672
2039	11,758	11,204	(554)	11,093	22,297
2040	11,937	11,204	(733)	10,540	21,744
2041	12,117	11,204	(913)	9,806	21,010
2042	12,296	11,204	(1,092)	8,894	20,098
2043	12,476	11,204	(1,272)	7,802	19,006
2044	12,655	11,204	(1,451)	6,530	17,734

2045	12,835	11,204	(1,631)	5,079	16,283
2046	13,014	11,204	(1,810)	3,448	14,652
2047	13,194	11,204	(1,990)	1,638	12,842
2048	13,373	11,204	(2,169)	(351)	11,204
2049	13,553	11,204	(2,349)	(2,520)	11,204
2050	13,732	11,204	(2,528)	(4,869)	11,204

Annual demand growth: 179.48 AFY. Note: 2048 is the first year in which accumulated storage is exhausted and additional supply is needed. Parentheses indicate negative values.

Key finding: Demand does not exceed total available supply (including stored water) until 2048. No additional supply is needed for the next 20+ years.

APPENDIX B – Exhibit 2: Cost of Cal-Am Desalination Water by Capacity Utilization

(\$ per AF) – Based on Capacity Utilization; Excludes Return Water Sales Revenue

	4,705	4,235	3,764	3,294	2,823	2,353	1,882	1,412	941	471	0
Capacity %	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
Equity, Depreciation & Amortization, Taxes	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1	\$21.1
Operations & Maintenance - Fixed	\$4.3	\$4.3	\$4.3	\$4.3	\$4.3	\$4.3	\$2.2	\$2.2	\$2.2	\$2.2	\$0.0
Operations & Maintenance - Variable	\$7.6	\$6.8	\$6.1	\$5.3	\$4.6	\$3.8	\$3.0	\$2.3	\$1.5	\$0.8	\$0.0
Debt	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0	\$19.0
Total Annual Revenue Required (\$M)	\$52.0	\$51.2	\$50.5	\$49.7	\$49.0	\$48.2	\$45.3	\$44.5	\$43.8	\$43.0	\$40.1
Cost of Water (\$/AF)	\$11,052	\$12,101	\$13,411	\$15,096	\$17,343	\$20,489	\$24,065	\$31,548	\$46,514	\$91,413	∞

Notes: Assumes Fixed O&M is cut in half after 50% utilization via layoffs and other reductions.

Assumes Fixed and Variable O&M is cut to zero at 0% utilization.

4,705 AFY yield at 100% is same ratio of 6,252 AFY delivered to the Peninsula for a 6.4 MGD plant.

Key finding: At the realistic 50% utilization rate projected for 2050, desalinated water would cost \$20,489/AF—nearly 7x the cost of Pure Water Monterey water (\$2,808/AF). The highlighted column shows the 50% capacity scenario.