

August 5, 2025

Alice Reynolds, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: CPUC Proposed Decision A2111024

Dear President Reynolds and Members of the Commission,

I write on behalf of LandWatch Monterey County to reiterate and correct the factual errors in CPUC Proposed Decision A2111024¹ and to propose an evidence-based alternative. LandWatch Monterey County is a data-driven nonprofit organization that advocates sustainable water; smarter, climate-friendly land use; and more housing to meet the needs of local working families. We've actively participated in the Commission's prior decision-making processes on this issue because meeting housing needs requires a sustainable and affordable water supply.

Factual error: Water demand growth will increase 40%, even as population growth slows and there is no reason to suppose per capita water use will increase.

Fact: Water demand growth cannot increase faster than population growth and per capita water use, or approximately 10% by 2045.

The growth in future water demand is determined by population growth and changes in per capita water use. The proposed decision estimates a 40% increase in water demand growth from 2020 to 2045. This is mathematically impossible because 1) AMBAG estimates population growth to increase by only ~10% during the same period and 2) per capita water use is virtually assured not to climb because water prices will increase and conservation efforts will continue.

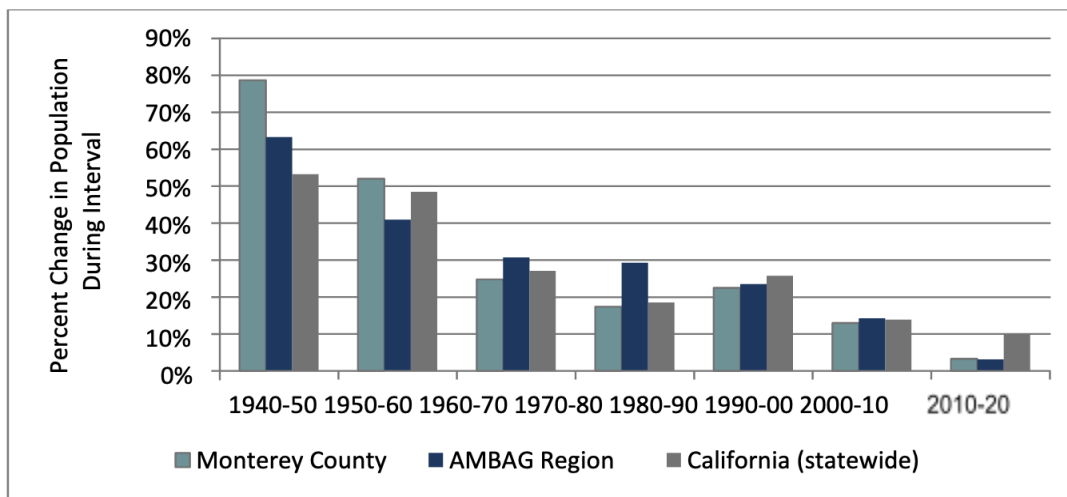
Population growth in Monterey County, the AMBAG region, and the state has slowed steadily and considerably since the 1940s. Specifically, Monterey County population growth rates have declined from over 50% per decade in 1940-1950 to less than 5% per decade in 2010-2020. In addition,

¹ CPUC Proposed Decision A2111024 related to Application of California-American Water Company (U210W) to Obtain Approval of the Amended and Restated Water Purchase Agreement for the Pure Water Monterey Groundwater Replenishment Project, Update Supply and Demand Estimates for the Monterey Peninsula Water Supply Project, and Cost Recovery

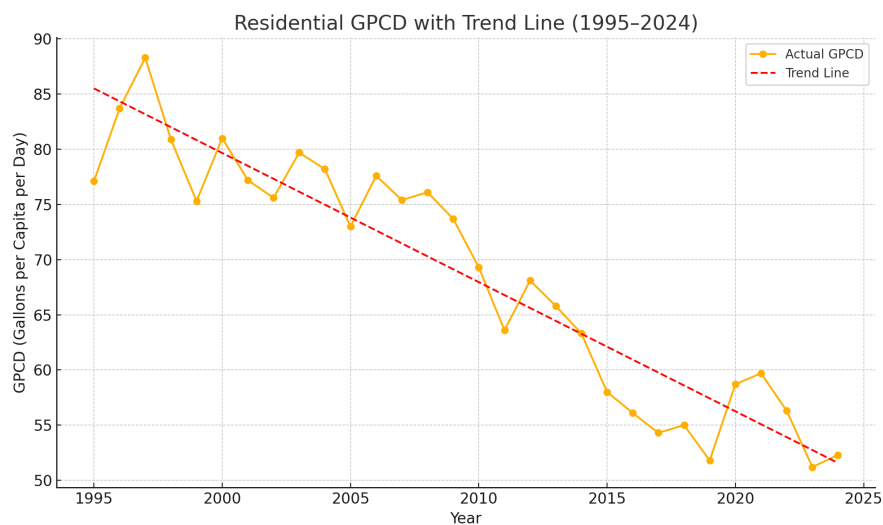
between 1995-2024, residential per capita water use (GPCD) in the Monterey Peninsula Water District declined by about 30%. The following four graphs show:

- Declining population growth rates in Monterey County (1940-2020)
- Declining per capita water use in the Monterey Peninsula Water Management District (MPWMD) (1995-2024)
- Declining gross water use in the MPWMD (1997-2023)
- Gross inconsistency between AMBAG population growth estimates and the Proposed Decision water demand estimates

Figure 20: Population Growth Rate in Monterey County, AMBAG Region and California (statewide) 1940-2010

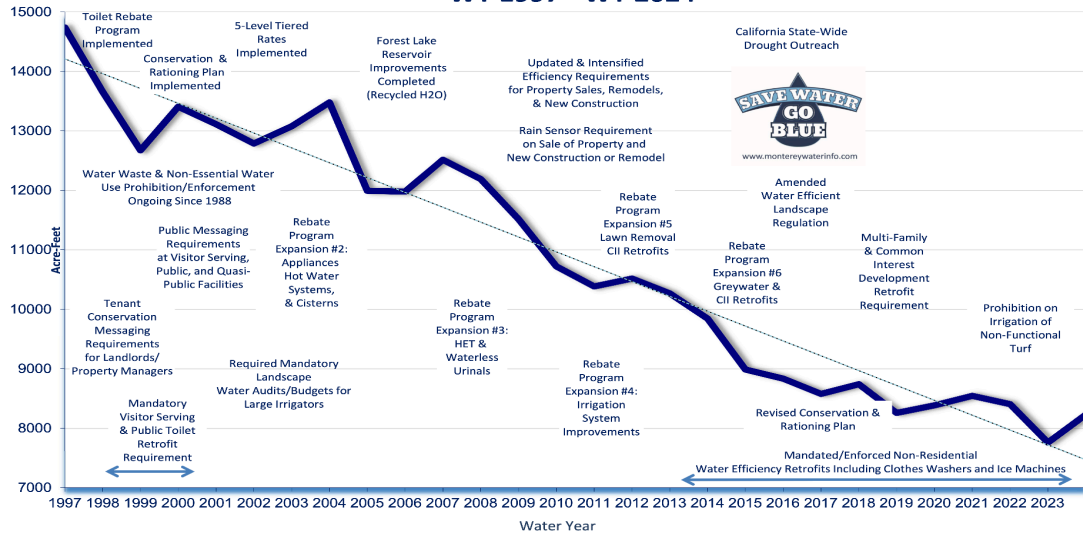


Source: California Department of Finance



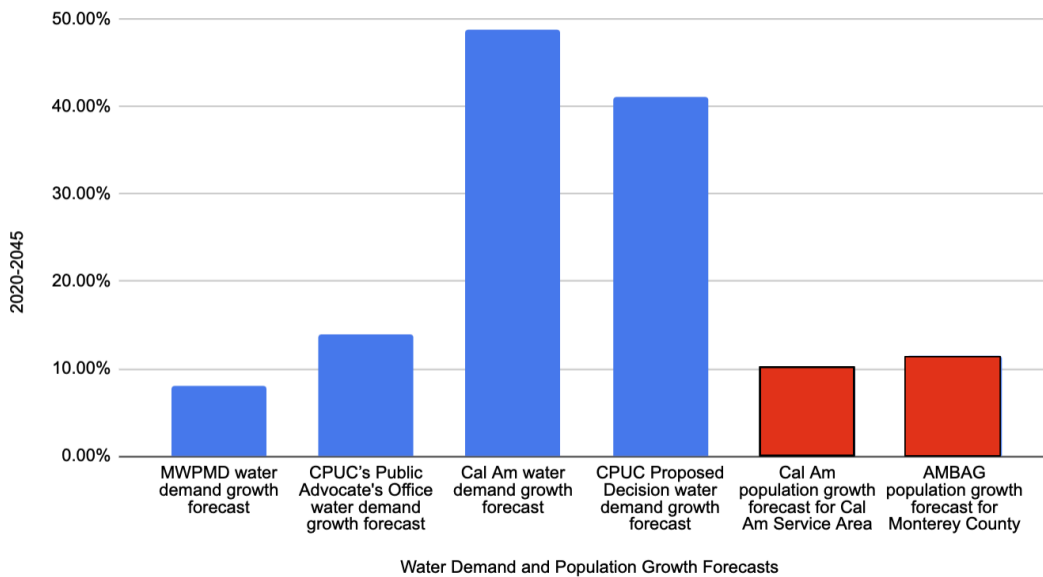
Source: MPWMD

Monterey Peninsula Water Demand WY 1997 - WY 2024



Data Source: CAW Customers and Consumption by Political Jurisdiction - Main System

Water Demand and Population Growth Forecasts 2020-2045 (Percent Increase)



Source: LandWatch compilation of data in the record

Furthermore, there are recent signs that AMBAG's 2022 population forecast, used by all parties, overestimates growth. For example, the US Census Bureau reports that between 2020 and 2024, Monterey County's population declined by 1% (4,255 people).² Moreover, AMBAG's 2026 population

² [Annual Estimates of the Resident Population for Counties: April 1, 2020 to July 1, 2024](#) (CO-EST2024-POP)

forecast projects slower growth than its 2022 forecast.³ For example, AMBAG's 2026 forecast projects a County population in 2045 of 458,107, which is 6.8% lower than the AMBAG 2022 forecast for 2045.

Factual error: Land use entitlements cause water demand growth independent of population growth.

Fact: Land use entitlements don't cause water demand, people do.

The Proposed Decision errs by double counting demand from land use entitlements. Water demand grows when population grows. Land use entitlements – legal lots of record and other entitlements - don't create demand. Rather, they simply make it possible to accommodate demand from population growth. If population growth slows – as the data clearly demonstrate – then demand will likewise be lower. No amount of land use entitlements will change that underlying fact.

There are thousands of opportunities for new growth in Cal Am's Monterey district, but those opportunities are only realized once people move here and start using water. An empty lot or an empty building by itself creates no demand for water.

Factual error: A hypothetical and yet unrealized tourism rebound will result in increased water demand.

Fact: There is no evidence for any future "tourism rebound" water demand; the industry has already recovered, and there is nothing to rebound from.

The Proposed Decision relies on the 2018 Certificate of Public Convenience and Necessity (CPCN) decision and a letter from the hospitality industry as justification for a "tourism rebound," which has been a moving and obscure target. In seeking the 2018 CPCN, CalAm initially characterized the 500 AFY "tourism rebound" as a recovery from the 2008 recession, but now CalAm argues that the 500 AFY is a recovery from the 2000 pandemic. However, there is no evidence to support the claim of pent-up demand because the data clearly shows the hospitality industry has already recovered from those temporary setbacks.

There is, therefore, no evidence to support pent-up demand for growth in tourism that is not reflected in the AMBAG employment projections. Data from Visit California⁴ shows that Monterey County has fared as well or better economically from tourism than other California counties over the past decade. Other data shows that Monterey's share of the Central Coast tourism market has

³ [AMBAG, Final Draft 2026 Regional Growth Forecast](#)

⁴ [The Economic Impact of Travel, California, 2024p Calendar Year, State, Regional and County Impacts](#), prepared for Visit California by Dean Runyon Associates.

increased relative to other communities. For the period 2014-2024, Monterey County direct tax revenues from tourism grew at a compound average rate of 2.8% – better than Santa Barbara, San Diego, San Francisco, and other coastal California counties where there are no claims that water supply limits tourism growth.

County Travel Impacts

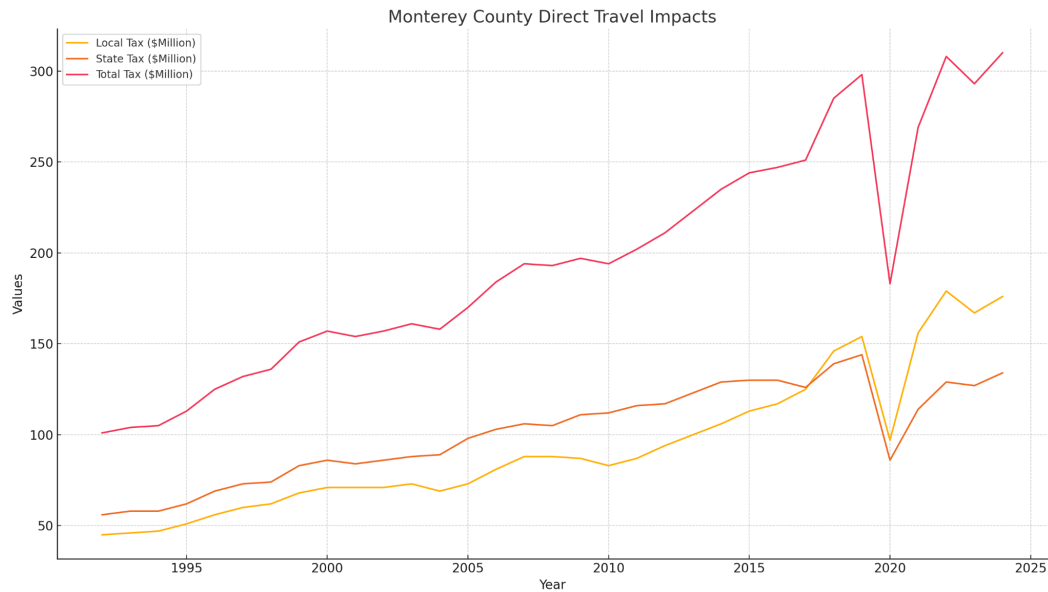
Direct Tax Revenue, 2014-2024p

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	% Chg. 23-24	CAGR 14-24
Tax Revenue (\$Millions)													
Merced	23	22	21	23	27	28	17	28	29	30	31	2.4%	3.2%
Modoc	2	2	2	2	2	2	2	3	3	3	3	2.9%	2.8%
Mono	42	45	50	55	57	62	45	58	68	67	66	-0.3%	4.7%
Monterey	235	244	247	251	285	298	183	269	308	293	310	5.8%	2.8%
Napa	136	142	155	152	167	176	111	148	179	189	190	0.6%	3.4%
Nevada	25	26	27	29	33	35	26	40	43	42	43	4.1%	5.7%
Orange	943	1,015	1,080	1,093	1,123	1,176	670	955	1,245	1,248	1,290	3.3%	3.2%
Placer	80	84	92	100	108	116	96	113	126	123	130	5.9%	5.0%
Plumas	9	8	9	9	10	12	9	10	11	12	12	5.5%	3.8%
Riverside	535	558	585	606	679	716	545	655	753	761	782	2.8%	3.9%
Sacramento	255	262	264	275	313	333	187	271	310	309	323	4.4%	2.4%
San Benito	7	7	7	8	10	11	7	12	13	13	13	-0.5%	5.9%
San Bernardino	327	334	338	357	399	431	335	434	481	473	488	3.2%	4.1%
San Diego	952	987	1,040	1,070	1,089	1,097	609	954	1,206	1,213	1,240	2.2%	2.7%
San Francisco	952	1,026	1,027	996	1,043	1,081	470	582	874	912	922	1.1%	-0.3%
San Joaquin	70	71	72	77	88	94	61	96	107	101	106	5.3%	4.2%
San Luis Obispo	142	147	148	154	169	183	147	188	208	197	202	2.5%	3.6%
San Mateo	432	460	497	516	566	505	282	336	462	470	494	5.0%	1.3%
Santa Barbara	161	167	166	169	175	190	120	177	202	192	200	3.7%	2.2%
Santa Clara	451	475	497	535	587	599	287	370	491	528	569	7.6%	2.3%
Santa Cruz	76	79	82	88	96	97	53	99	117	116	120	3.0%	4.7%
Shasta	35	34	35	36	41	44	31	43	45	43	45	3.6%	2.6%
Sierra	1	1	1	1	1	1	1	2	2	1	2	9.3%	2.7%

With 2020 as the only bad year for tourism because of Covid, the data show very strong subsequent year-over-year growth in direct tax revenues, demonstrating that the industry has recovered from the pandemic.

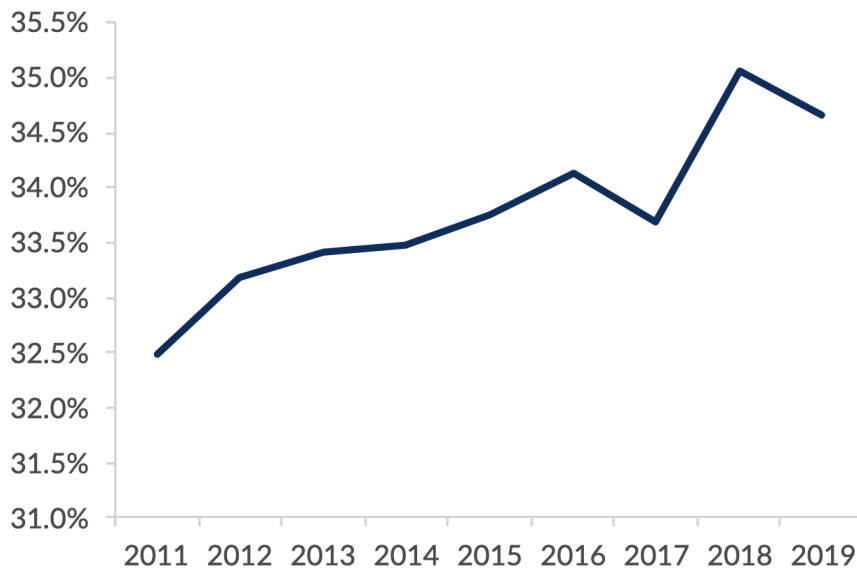
For the longer period 1992-2024,⁵ local and state tax revenues from Monterey County tourism grew steadily and consistently, again, except for 2020. This period includes the Great Recession (2008-2009) as well the 16 years after the State Water Resources Control Board's 2008 cease and desist order.

⁵ Ibid and Monterey County Travel Impacts 1992-2018P, April 2019 prepared for the Monterey County Convention and Visitors Bureau by Dean Runyon Associates.
https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/montereycounty/Dean_Runyan_2018_c28ef92d-b189-492c-ad5c-0404bed745c9.pdf



Monterey share of visitor spending in the Central Coast region

Share of total regional spending



Source: Dean Runyan Associates

* Includes Monterey, San Benito, San Luis Obispo, Santa Barbara, and Ventura Counties

Moreover, according to Dean Runyan Associates, “Monterey has been capturing an increased share of the region’s tourism market” for the period 2011-2020.“ In 2019, Monterey County accounted for 34.7% of all spending in the Central Coast region, up from 32.5% in 2011.”⁶

⁶ [Monterey County Tourism Improvement District Management District Plan 2023-2033](#)

It is impossible to square this pattern of consistent revenue growth and competitive share gain with a substantial unmet demand for additional water growth, that is, with the so-called “tourism rebound.” If such a phenomenon actually existed, one would expect consistently depressed tourism revenues and stunted revenue growth since 2008, especially relative to other counties. Instead, tourism revenues grew consistently year over year in Monterey County, at rates similar to, and in many cases greater than, other California counties. In addition, Monterey County captured an increased share of the Central Coast region tourism market

If water were constraining tourism and generating demand for a “tourism rebound,” how could Monterey County tourism dollars have grown and Monterey have captured an increased share of the region’s tourism market? It couldn’t.

Finally, the Proposed Decision ignores the availability of an accumulating surplus of water from Pure Water Monterey. The Proposed Decision does “get it right” by accepting the full value of Pure Water Monterey Expansion at 2,250 AFY and aquifer storage and recovery’s (ASR) long-term prospects as 1,210 AFY of available supply in all years going forward.

However, the Proposed Decision ignores the water surplus that the combined 5,750 AFY output of Pure Water Monterey Phase 1 and 2 will generate over the next several decades.⁷ The surplus, stored in underground aquifers, provides even more water security if there is extraordinary demand and substantially lengthens the time before new supplies become necessary.

Evidence-based alternative: The facts support one of two options: 1) revise the Proposed Decision or 2) defer it until there is actual demand data.

The facts in this case compel you to either:

1. Revise the Proposed Decision, including a reasonable demand estimate for 2050 of no more than 11,200 acre feet per year, before it is brought back to the full Commission for a vote; or
2. Defer the Phase II decision until you collect 5-10 years of actual water demand data and, in the near-term, recommend the SWRCB modify its cease and desist order to remove restriction on new connections because there is no further risk of “trespass” on Carmel River.

⁷ Direct Testimony of David J. Stoldt, pp. 42-43; Phase 2 Supplemental Direct Testimony of David J. Stoldt Corrected, p. 15 and Attachment A, pp. 7-8.

In conclusion, there is no evidence to support the excessive water demand estimates in the Proposed Decision. As drafted, the Decision is inconsistent with the CPUC's mission to "empower California through access to safe, clean, and **affordable** utility services and infrastructure." The Proposed Decision paves the way for an unnecessary, unaffordable, and environmentally damaging desalination plant that will dramatically drive up the cost of water and therefore the cost of living on the Monterey Peninsula. Affordable water is a prerequisite to affordable housing.

Why burden ratepayers by deciding now that there might be additional demand in the future? Why not delay the decision until more demand data is available? It makes no sense to rely on disputed numbers from the only party that stands to financially profit from those inflated estimates.

Sincerely,

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

Michael Delapa, Executive Director
LandWatch Monterey County