

From: Ron Weitzman [<mailto:ronweitzman@redshift.com>]

Sent: Saturday, June 22, 2013 7:00 PM

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Cc: 'Nicholas.Subias@amwater.com'

Subject: RE: A.12-04-019 -- GWR Workshop Notes

Ms. Bailes, thank you for taking notes on the GWR workshop and sharing them with all the parties. It is a thankless job. I cannot speak for the other participants, but I did not say some of the things you attributed to me, and you attributed some things to others that I had said, as well as omitting some of my comments that I would like to be in the record. So to set the record straight, I have pasted below the written comments I had prepared and submitted to Mr. Zelazo and Mr. Kumra prior to the workshop. My comments are underlined. In addition to them, I had also recommended securing insurance against failure to receive the required Department of Public Health permits, and I pointed out that the “premium” equal to the amount by which the cost of GWR + desal exceeded the cost of desal alone could also pay for solar energy to power the desal, as well as for a storage facility to hold excess treated sewer water in the winter so farmers could use it in the summer, the implication being that GWR would not be entitled to such a cost premium. Again thank you for all the work you do in connection with this project. –Ron Weitzman, for Water Plus

DRAFT GWR Criteria for Discussion at CPUC Workshop

1. Permit and CEQA status is consistent with the project schedule.
2. Source water is secured for recommended project. At least 150% of required source water should be available to assure against losses in sewer water resulting from reduced demand caused by the expected steep rise in the unit cost of water. Run-off water should be tested for pesticides and other toxins both prior and subsequent to processing. Permits and rights for all

planned source water should be assured. The effect of global warming must be taken into account in determining the amount of source water available from each proposed source.

3. Level of comfort with CDPH as to the treatment process, injection, and overall permitting. Because of the use of sub-surface injection, diluent water will likely be necessary. Sources and amount of diluent potable water need specification, as well as the percentage of influent expected from each possible source of non-potable water. The distance between injection and extraction wells and the flow rate between them should allow for the minimal time required for the injected water to be in the aquifer, depending on impurities in the source water. Sub-surface injection for potable use, rather than for the control of saltwater intrusion, is an innovative proposal that requires stringent safeguards, especially when sources of input water other than sewer water are involved.

4. The same cost criterion should be applied to GWR as applied to any other water source. Each has its positives and negatives that would involve substantial subjectivity to quantify for the purpose of tailoring criteria to sources. The suggestion of a premium implies that GWR may be more costly than desalination. The comparison should be made between the costs of desalination alone and desalination plus GWR. Data from the SRI study suggest that this difference may be at least as large as \$1,000 per acre-foot favoring desalination alone. Is that a premium worth paying by ratepayers, especially when an alternative project at least as environmentally friendly is available? That project is a storage facility for treated wastewater unused in the winter that farmers can use in the summer. If this project is less costly than GWR, then a better use of the premium would be to fund this project, rather than GWR.

5. On schedule to meet CDO or, if not, meet or beat the desal schedule.

6. Completion of preliminary design.

7. Draft water purchase agreement should be approved only if it does not require payment for water not supplied. The agreement should specify the cost per unit of water delivered and not provide for a fixed periodic payment. Ratepayers should not assume the risk of an unreliable supply.

8. Project funding plan in place. The funding plan should assure against the interpretation of debt equivalency, as verified by credit agencies. The expectation of a fixed monthly payment made by ratepayers would not likely provide that assurance.

COMMENT. These criteria should be organized under categories specified by the ALJ: adequacy, reliability, cost, and legality, as well as timeliness. No party should specify or fail to specify criteria different from those specified by the ALJ. Whatever criteria are specified

should apply to all water sources, not just GWR. Criterion 1 could fall under legality; criterion 2, under adequacy, reliability, and legality; criterion 3, under legality; criterion 4, under cost; criteria 5 and 6, under timeliness; and criteria 7 and 8 under reliability and cost. Satisfaction of all criteria should be in the public interest.

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Sent: Monday, June 17, 2013 11:10 AM

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Cc: Nicholas.Subias@amwater.com

Subject: A.12-04-019 -- GWR Workshop Notes

To Workshop Participates,

Please find the GWR workshop notes from the meeting held June 13, 2013.

Regards,
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