

PUBLIC WATER NOW

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California Coastal Commission
45 Fremont, Suite 2000
San Francisco CA, 94105-5200

Mary Jo Borak, CPUC
c/o ESA, 550 Kearny Street, Suite 800
San Francisco, CA 94108

September 28, 2015

RE: Condition Compliance; Cal Am CDP A-3-MRA-14-0050 and 9-14-1735 Slant Test Well
RE: Comments on MPWSP DEIR

Dear Mr Lester and Ms Borak,

Introduction

Public Water Now is a leading advocate for terminating private ownership of Monterey Peninsula's water system by California American Water Company. PWN advocates for making it a publicly owned service similar to more than 80% of the rest of California and the United States.

In the course of researching Cal Am's desal project, we discovered potential conflicts of interest by Dennis Williams and his company Geosceince, which owns substantial patents for slant well design and implementation. The conflict arises because the company that can profit the most by a successful slant well test is the very same company that is charged with determining if the test is successful. With so much money at stake, it is easy to see how Geoscience could make such a finding, whether the data supports it or not.

We understand the CPUC has investigated this. Cal Am has issued some follow up actions, like the "no fee" agreement with Geoscience. However the CPUC has not issued any status report, nor any statement whether it has concluded its investigation.

This conflict of interest is very important because the success of this slant well is being closely watched statewide. Major state agencies want a subsurface intake to succeed. It wants to restrict open ocean intakes for environmental protection reasons. The state has ordered this approach: pursue subsurface, if feasible, before considering another intake option. IF FEASIBLE! So everyone cheering for Cal Am's water supply wants the slant

well to be proven FEASIBLE. And if conflicts of interest suggest a potential bias toward success, then is this a completely legitimate test? Furthermore, what is the degree of the potential conflict? What is the extent of the cloud that hangs over this project? Until the full conflict is investigated and reported to the public, the cloud remains.

This is only the first problem. There is an additional potential conflict of interest.

Point #1

Williams/Geoscience also has an agreement with the driller – Bourton Longyear. The patents are world wide. Bourton Longyear is an international driller. Do they have a vested interest in this test well being successful? Are there ulterior motives that could influence their work and opinions that they could exploit to their advantage? Are there undisclosed and unknown financial incentives for “success”? Could interpretations be skewed to exaggerate or erroneously justify feasibility, or cost effectiveness, and therefore the success of the slant well test? What about the potential for future financial gain by Geoscience and Bourton Longyear?

This second conflict of interest has not been investigated. But it should be. Will CPUC investigate this additional potential conflict of interest? Will the CCC?

Point #2.

Just yesterday, a noted local statistician, Ron Weitzman, has revealed his discovery of some potential cooking of the numbers by Williams/Geoscience regarding slant well data. This needs immediate professional review by CPUC. If true, this is the smoking gun for proof of manipulation of data suggested by a conflict of interest.

This project is so far along that many may want to brush undesired information under the rug, or somehow find a way to belittle the source of the revelation. This will not advance the cause for a legitimate test of a subsurface intake system for desal. It is imperative that CPUC undertake a full investigation of all potential conflicts, and the potential manipulation of data. The cloud of self-serving work will never give the SWRCB nor the CPUC the credible justification for the very goal this test was intended to support: proof that slant wells work. And this uninvestigated second conflict, and the potential manipulation of data, both further undermine any credibility of CCC and CPUC actions.

Point #3

These impacts are real or almost certain:

1. Ratepayers pay for others to make millions.
2. Ratepayers pay for this State-mandated experiment.
3. No significant state funds came with the mandate.
4. Ratepayers take the financial risk for failure, and related stranded costs.
5. A shortened test period serves only those who may profit. It does not adequately address the state's question of 'feasibility', nor does it generate facts for future use and

guidance.

6. The credibility of CPUC, the CCC and the entire project are now questioned.

Request

Public Water Now is appealing for two actions:

- 1) a thorough investigation of this second potential conflict by the CA Public Utilities Commission (CPUC) and the California Coastal Commission (CCC), both having jurisdiction.
- 2) an extensive statistician's review of the work of Geoscience and the findings of local statistician Ron Weitzman, filed with your offices a few days ago.

Respectfully,

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