UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
West Coast Region
777 Sonoma Avenue, Room 325
Santa Rosa, California 95404

June 19, 2015

Andrew Barnsdale
California Public Utilities Commission
c/o Environmental Science Associates
550 Kearny Street, Suite 800
San Francisco, California 94108

Dear Mr. Barnsdale:

Thank you for the opportunity to comment on the California Public Utilities Commission (CPUC) Draft Environmental Impact Report (DEIR) for the Monterey Peninsula Water Supply Project (Project) proposed by the California American Water Company (CalAm). CPUC is the Lead Agency under the California Environmental Quality Act (CEQA).

The purpose of the proposed Project is to replace existing supplies that are constrained by the legal decisions affecting the Carmel River and Seaside Groundwater Basin water resources. The Project would extract water from below the seafloor in Monterey Bay, California, produce desalinated water, convey it to the existing CalAm distribution system, and increase the system's use of storage capacity in the Seaside Groundwater Basin. The Project would include a seawater intake system below the seafloor in Monterey Bay, California; a desalination plant; an offshore brine discharge system; product water conveyance pipelines and storage facilities; and an aquifer storage and recovery system. The DEIR also evaluates a Project variant that would include a reduced-capacity desalination plant and all other facilities included in the proposed Project, plus an agreement to purchase 3,500 acre feet/year from the proposed Pure Water Monterey Groundwater Replacement (GWR) project. A separate DEIR was prepared for the GWR project, and NOAA's National Marine Fisheries Service (NMFS) provided comments on that DEIR via letter dated June 3, 2015.

NMFS is responsible for the administration of the Federal Endangered Species Act (ESA), as it applies to threatened and endangered anadromous salmonids, and the essential fish habitat (EFH) provisions of the Magnuson-Stevens Fishery Management Act (MSA). South-Central California Coast (S-CCC) steelhead Distinct Population Segment (DPS) are listed as threatened under the ESA and are present in the Carmel River and the Salinas River. Populations of steelhead within the S-CCC DPS are at critically low levels. NMFS recently completed its recovery plan for S-CCC steelhead (NMFS 2013) and determined steelhead in the Salinas River (including Gabilan Creek) is an essential population to recover for the viability of the S-CCC DPS. The S-CCC steelhead recovery plan identifies surface water diversions and passage impediments as a significant threat to steelhead survival and recovery in the Salinas River watershed.

NMFS supports CalAm's efforts to address overdrafting of the Carmel River, which causes adverse impacts on S-CCC steelhead, and has been working with CalAm to find an alternate source of water for municipal use for many years. Generally, NMFS supports using desalinated water to reduce CalAm's diversions from the Carmel River system. We have the following additional, general comments focused on potential impacts to ESA listed steelhead and their critical habitat and EFH for groundfish, coastal pelagics and salmon:

NMFS's primary ESA concerns regarding the Project (and Project variant) are impacts that may affect the S-CCC steelhead DPS and their designated critical habitat including impacts to the Salinas Basin Groundwater and decreased flows in the Salinas River and the Reclamation Ditch/Tembladero Slough. Any adverse impacts resulting from the Project must be minimized to assure this species does not become extinct. Decreasing flows can delay the migration of upstream adults and downstream juveniles within the system. Decreased flows can contribute to increased water temperatures and a decrease in water quality, both detrimental to salmonids. Demands on water resources (*i.e.*, groundwater and surface water) in the Salinas River and Gabilan Creek watersheds have dramatically altered each system's hydrology and therefore have impaired historical passage flows and the number of days available for migration of S-CCC steelhead. Any additional decrease in flows could result in jeopardy to the species.

Nearshore areas within Monterey Bay are designated as EFH for multiple species managed under the Pacific Groundfish, Coastal Pelagic, and Pacific Salmon Fishery Management Plans (FMP). Proposed intake and discharge systems could decrease the quality of nearshore, marine EFH through discharge of brine and entrainment and impingement of larval fish and other prey. We recognize and support proposed Project elements that avoid and minimize these impacts, including the subsurface intake system and diffusers to dissipate brine discharge. We recommend the Project include monitoring to verify accuracy of salinity modeling at the point of discharge and corrective actions if salinity levels increase to levels that would negatively impact fish and/or invertebrates in the vicinity of discharge.

The Project will most likely need a U.S. Army Corps of Engineers Clean Water Act (Section 404) permit. To issue a permit, the Corps must consult with NMFS under the ESA and EFH. NMFS strongly recommends CalAm work with us early on in the development/design phase to ensure the project will avoid impacts to listed species and their designated critical habitat, while improving groundwater replenishment within Monterey County.

Please contact Ms. Korie Schaeffer at (707) 575-6087, or via email at korie.schaeffer@noaa.gov should you have any questions regarding this letter.

Sincerely,

Alecia Van Atta
Acting Assistant Regional Administrator
California Coastal Office

cc: Bridget Hoover, Monterey Bay National Marine Sanctuary, Monterey, CA

Literature Cited

NMFS. 2013. South-Central California Coast Steelhead Recovery Plan. West Coast Region, California Coastal Area Office, Long Beach, California.