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NEWSLETTER
2025 Q4

PROJECT UPDATE

Supportive Infrastructure Projects and Other Updates

ALSO INSIDE

PROJECT DESCRIPTION
PROJECT UPDATE

CONSTRUCTION UPDATES

The Monterey Peninsula Water Supply Project received California Coastal Commission approval in November of 2022. The Coastal Development Permit includes 20 conditions of approval that must be satisfied prior to construction of Project components in the Coastal Zone. California American Water is making significant progress on these critical conditions, including submission of the Report of Waste Discharge to the Regional Water Quality Control Board, needed to receive a permit to discharge brine through M1W's outfall, and submission of a lease application to the State Lands Commission. Importantly, on August 14, 2025, the California Public Utilities Commission approved supply and demand estimates for the MPWSP showing the need for desalination, satisfying one of the key Coastal Development Permit conditions.

The California American Water team continues to work on satisfying all these conditions of approval and remains on schedule to satisfy them by mid-2026. Work also continues on design updates and value engineering for all project components, including modifications to the well field and conveyance pipelines. The desalination plant facility design has been completed. We began activities on the site to mitigate anticipated impacts to listed species in accordance with the California Department of Fish and Wildlife incidental take Permit. These activities started on January 29, 2026.

The California Public Utilities Commission approved the Notice to Proceed for the first phase of work on the Desalination site, including site grading operations. California American Water is also in the process of constructing two new extraction wells in the Seaside Basin as part of the Pure Water Monterey Expansion Project. Well drilling has been completed. Construction is progressing on the above ground components of the project. These wells are expected to be online in the third quarter of 2026.

California American Water is also working on permits/authorization to drill two additional wells in the Seaside Basin along General Jim Moore Boulevard. These wells will allow the company to maximize the extraction of water from the Seaside Basin, including the Seaside Basin native water, stored water from the Aquifer Storage and Recovery Project, and water produced and injected through the Pure Water and Pure Water Expansion Projects

ABOUT THE PROJECT

The Monterey Peninsula is facing a severe water supply problem. That's because the State Water Resources Control Board has ordered California American Water to significantly reduce its pumping of water from the Carmel River.

This order coupled with pumping restrictions in other parts of the county means that nearly 70 percent of the Monterey Peninsula community's historic water supply must be replaced.

The current project is comprised of three elements:

- Desalination
- Aquifer Storage and Recovery
- Pure Water Montery: A Groundwater Replenshiment Project

This multi-faceted approach brings numerous advantages over a single-source solution. For one, it will enable California American Water to build a smaller desalination plant that will reduce the project's environmental footprint.

Secondly, this strategy will build-in redundancy that is critical for all municipal water supply systems, allowing the water system to continue to provide water if one component becomes temporarily unavailable.

DESALINATION

The Monterey Peninsula Water Supply Project consists of sub-surface slant intake wells, a desalination plant, and related facilities including source water pipelines, product water pipelines and brine disposal facilities.

The desalination plant will produce 5,376 acre-feet of treated water per year. One acre-foot is equal to one acre filled with one foot of water, which is typically enough water to support four households on the Monterey Peninsula for a year. California American Water purchased a 46-acre parcel of land located off of Charles Benson Road in unincorporated Monterey County as the site for the proposed desalination plant.

California American Water has also purchased permanent easements near the coastline in the North Marina area to host its slant intake wells. California American Water's project will use a series of slant wells designed to draw ocean water.

The slant wells will be at least 1,000 feet long. The final location, layout and configuration will be based on the results of the slant test well and groundwater modeling work. In addition to the plant and its intake wells, other pipeline, storage and pump facilities will need to be constructed to ultimately deliver water to customers.

PURE WATER MONTEREY

The Pure Water Monterey project, a partnership between Monterey One Water and the Monterey Peninsula Water Management District, recycles wastewater through an advanced treatment process. The resulting highly purified drinking water is then injected into the Seaside groundwater basin.

A new, advanced water treatment plant has been constructed for the project in addition to a number of supporting facilities. Source water for this project goes through a three-step treatment and purification process of microfiltration, reverse osmosis and oxidation with ultraviolet light and hydrogen peroxide — all commonly used in numerous industries and food manufacturing.

AQUIFER STORAGE AND RECOVERY

California American Water will expand its current ASR project – a partnership with the Monterey Peninsula Water Management District – which captures excess winter flows from the Carmel River for storage in the Seaside Aquifer and withdrawal during the dry, summer months. Winter flows are considered excess only when they exceed what is needed to protect the river's threatened population of steelhead.

For the Monterey Peninsula Water Supply Project, the company plans to construct four additional extraction wells that will increase capacity of the program and allow the desalination plant to be smaller than would be needed without the wells.

BUDGET*

Subsurface Intake System: $80M
(37% spent to date)

Desalination Plant: $132M
(84% spent to date)

Pipeline Facilities: $67M
(90% spent to date)

Pipeline/Pump Station: $50M
(100% spent to date)

*NOTE: These figures are based on a 6.4 MGD desalination facility. These figures include some contingency costs and therefore differ from the capital costs listed in the settlement. The Coastal Commission approved a plant that will be constructed preliminary at 4.8 MGD, which can be scaled up to accommodate future demand.

Future editions of this newsletter will contain information on project expenditures, construction progress and milestones. Once collection begins for the Construction Funding Charge (or Surcharge 2), amounts collected by the charge will also be reported. Progress regarding slant well construction and information regarding slant well monitoring data will also be reported in future editions, as well as estimates as to the return water obligation and actual return water obligation calculated.