MONTEREY PENINSULA
WATER SUPPLY PROJECT

NEWSLETTER
2018/3Q

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YEARS OF WORK CULMINATE IN MAJOR MILESTONE

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CPUC APPROVES WATER SUPPLY PROJECT

On September 13, 2018, the California Public Utilities Commission approved the Monterey Peninsula Water Supply Project, completing a six year review process and bringing the Monterey Peninsula community closer than it's ever been to solving the area's longstanding water concerns.

The project is expected to be complete by end of year 2021.

While previous projects have also received CPUC's approval, the extent to which the Monterey Peninsula Water Supply Project components have been constructed or are in the process of being constructed is unprecedented.

"The approval represents a huge step toward establishing a sustainable water supply that will meet the community's water needs and protect the Carmel River," said California American Water President Rich Svindland.

An extensive environmental review by the CPUC and the Monterey Bay National Marine Sanctuary found the Monterey Peninsula Water Supply Project was the least impactful and most environmentally beneficial way to deal with the area's water shortage.

California American Water is now able to move forward on the desalination plant, expansion of the existing aquifer storage and recovery program, and purchase of recycled water.

Additional permitting requirements remain, including approvals from the City of Marina and the California Coastal Commission. Completion of additional permits is expected next year, with construction anticipated to begin soon thereafter.

The Monterey Peninsula Water Supply Project will protect the community from the effects of future droughts by creating a sustainable water supply without relying on rainfall or groundwater. California American Water has been long awaiting the approval of this project and is eager to complete the final stages.

READ CPUC DECISION ONLINE

Folks looking for information on CPUC'S decision can do so by visiting the project's website www.http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M228/K102/228102918.PDF

PIPELINE RIBBON CUTTING CEREMONY

A ribbon cutting ceremony was held on October 1, 2018 to celebrate the completion of the Monterey Pipeline portion of the Monterey Peninsula Water Supply Project.

The celebration follows the September 13, 2018 approval from the California Public Utilities Commission on the Monterey Peninsula Water Supply Project.

The newly constructed 7-mile Monterey Pipeline covering sections of Seaside, Monterey and Pacific Grove will deliver new sources of water to the Monterey Peninsula.

The $50 million, 36-inch inch pipe runs from General Jim Moore Boulevard in Seaside to just inside Pacific Grove's boundary near David Avenue.

The pipeline may carry, as early as this year, additional water from the existing Aquifer Storage Recovery project, which captures excess winter flows from the Carmel River for storage in the Seaside Groundwater Basin.

The pipeline completion ceremony was held at the Eardley roundabout in Pacific Grove, the termination point of the new pipeline that also served historically as a key distribution hub for water delivery on the Monterey Peninsula dating back to the late 1800s. Key contributors to the project and elected officials were in attendance.

"This is a crucial milestone in the development of a new water supply for the Monterey Peninsula," said California American Water President, Richard Svindland. "We would like to thank everyone who has participated in the pipeline's construction. It would not have been possible, and completed as it was – on budget and on time for ASR injection season -- without the combined efforts of California American Water, local City staff and an engaged and supportive public."

The entirety of the project is expected to be completed by end of 2021 which includes a desalination plant, expansion of the existing aquifer storage and recovery program, and purchase of recycled water.

Pure Water Monterey, a recycled water project being developed by Monterey One Water and Monterey Peninsula Water Management District, is expected to start flowing through the pipeline in 2019.

"This is a crucial milestone in the development of a new water supply for the Monterey Peninsula"

This pipeline will help to solve the water crisis on the Monterey Peninsula and provide customers with sustainable water year round.

BOOSTER STATION INSTALLED

A large, pre-fabricated pump station was hauled into the Monterey Peninsula in early September and installed in Seaside. The multi-ton station, which arrived under Highway Patrol escort, was carefully driven through neighborhood streets until it was hoisted into its final resting spot of operation. The station will help distribute water from the Water Supply Project's desalination plant and Pure Monterey water recycling plant, which are two of the project's major sources of supply.

PROJECT UPDATES ONLINE

Folks looking for project updates or similar information can also be found on the project's facebook page www.facebook.com/Monterey_Water. Those with any concerns or special request can call California American Water's pipeline hotline at: **831-646-3297**. All calls will be followed up with in a timely manner.

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 6,250 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 Marina as the site for the proposed desalination plant.

California American Water has also secured access to and the ability to purchase permanent easements for locations to host its slant intake wells. California American Water's project will use a series of slant wells located near the coastline in the North Marina area designed to draw ocean water.

The slant wells will be up to 800 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 proposed 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 will be injected into the Seaside groundwater basin.

A new, advanced water treatment plant will be constructed for the project in addition to a number of supporting facilities. Source water for this project will go 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 two additional ASR 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 and Supply Return Facilities: $80M (31% spent to date)

Desalination Plant: $132M (18% spent to date)

Pipeline Facilities: $67M (17% spent to date)

Pipeline/Pump Station: $50M (99% spent to date)

*NOTE: These figures are based on a 6.4 MGD desalination facility. Pre-construction costs are not included in the $329-million project total. These figures include financing and some contingency costs and therefore differ from the capital costs listed in the settlement

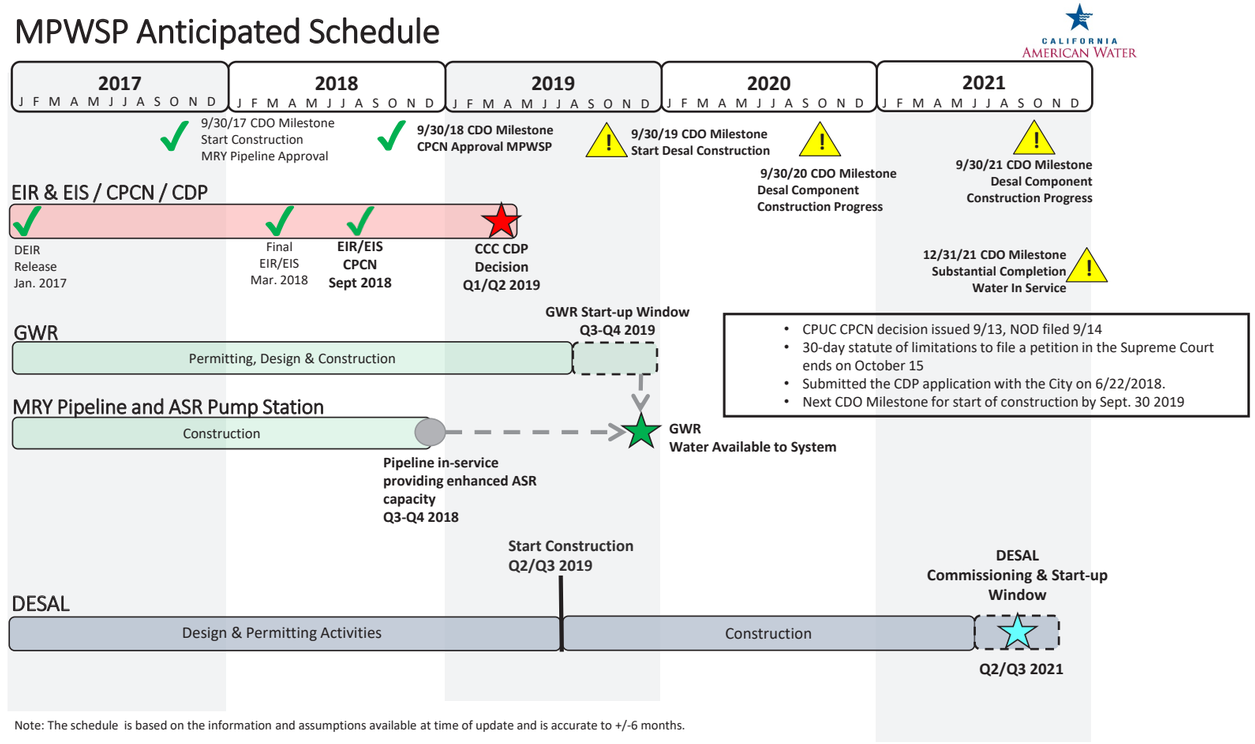
For more information on the pipeline construction schedule and traffic impacts, please visit the project's website: www.watersupplyproject.org

Here you will find informaton on where construction crews will be and when. You can also sign up to receive a weekly email with traffic alerts and general project progress.

PROJECT SCHEDULE

MPWSP Anticipated Schedule

CALIFORNIA AMERICAN WATER



- CPUC CPCN decision issued 9/13, NOD filed 9/14
- 30-day statute of limitations to file a petition in the Supreme Court ends on October 15
- Submitted the CDP application with the City on 6/22/2018.
- Next CDO Milestone for start of construction by Sept. 30 2019

Note: The schedule is based on the information and assumptions available at time of update and is accurate to +/-6 months.