

For more information about the Coastal Water Project, visit our website at www.coastalwaterproject.com.

The Coastal Water Project:

a water supply solution
for our coastal communities.



The Coastal Water Project (CWP) completes a comprehensive water management portfolio including conservation, desalination, river water, and groundwater. The CWP offers long-term answers to our community water needs.



Why Monterey County needs the Coastal Water Project

California American Water is committed to developing a water supply to replace Carmel River watershed usage. A 1995 Order from the California State Water Resources Control Board mandates a replacement source for most of our historical water supply.

Through conservation and recycling, Monterey Peninsula residents have cut water use by an average of 30 percent since the 1995 Order. Despite these heroic efforts, compliance with the State Order has not been achieved. A new water supply must be found – both to meet state mandates and to protect our environment.

Recent droughts highlight the urgent need to create a sustainable water source for California American Water's customers. The **Coastal Water Project** answers this need.

Two threatened species – Steelhead Trout and the Red Legged Frog – rely on a healthy Carmel River for their survival. The Coastal Water Project provides an alternative to river water for the urban population, and a healthier habitat for wildlife. Everyone wins.

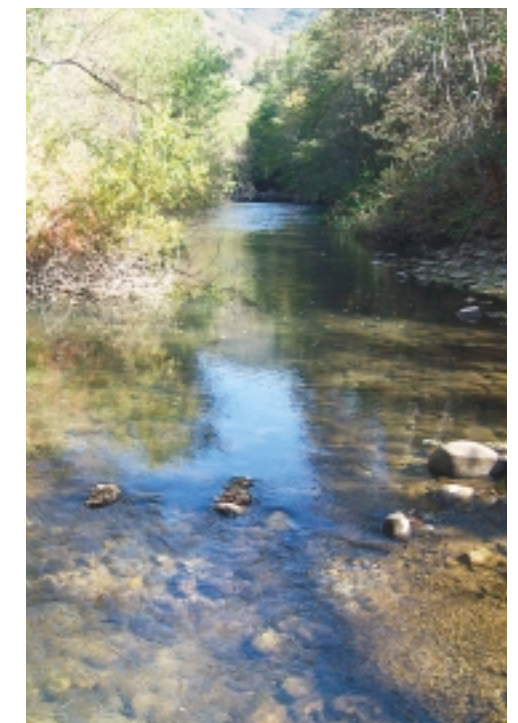


The Coastal Water Project sharply reduces use of the Carmel River by converting ocean water into fresh, drinking water. The end result is a reliable and sustainable water supply.

Public-private cooperation

While complying with the State Order to replace water historically drawn from the Carmel River watershed, California American Water and the local governments in Monterey County are exploring a partnership to supply water needed by Monterey County's coastal communities.

Water supply for some of the county's north coast communities is threatened by salt-water intrusion. The Coastal Water Project could help solve this crisis, and offer water to meet the general plans for Monterey Peninsula communities as well. Any expanded project must: (a) prove technically and environmentally feasible, (b) be supported by the relevant communities and governmental agencies, and (c) must support California American Water's ability to satisfy State Order 95-10.



The Carmel River is the main water source for more than 100,000 Monterey Peninsula residents. A 1995 State Order restricting use of water from the Carmel River watershed means new supplies must be found.



After public hearings and workshops, CPUC consultants recommended the Coastal Water Project as the best alternative to a long-debated new dam and reservoir on the Carmel River.



Coastal Water Project's desalination plant is proposed near the Moss Landing Power Plant (MLPP).

A sustainable solution

The Coastal Water Project was recommended by an independent team of environmental consultants selected by the California Public Utilities Commission (CPUC). The Coastal Water Project includes a desalination facility and an improved aquifer storage and recovery system.

Desalination: Cornerstone of the Coastal Water Project

Reverse osmosis is a technology for desalting seawater that has been proven around the world. It is now used in sensitive coastal environments such as the Canary Islands, Grand Cayman, and other delicate reef areas. It produces the highest quality drinking water available anywhere.

Seawater is collected, then undergoes pre-treatment to remove sand, debris and other impurities, then forced into membrane filters so fine that only pure water molecules

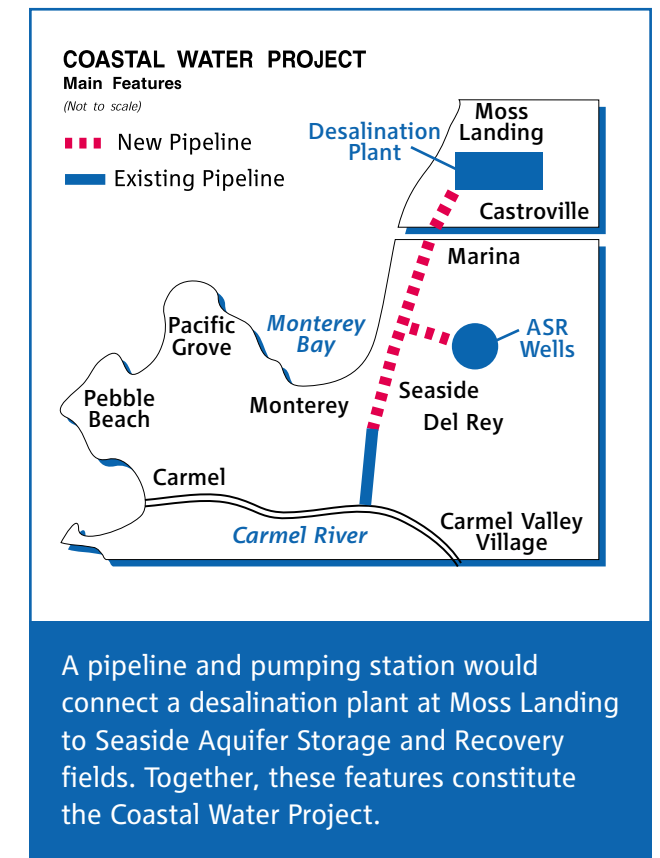
make it through, leaving the salt residue behind. This remaining brine is diluted with raw seawater and returned to the ocean.

Fresh water created by reverse osmosis receives final treatment, producing high purity desalinated water.

A viable site for desalination

Locating the project near the Moss Landing Power Plant (MLPP) provides many environmental and cost benefits.

- The MLPP's water cooling system uses an existing seawater intake in Moss Landing Harbor and an ocean outfall. Reusing ocean water already used by MLPP means no new water need be drawn from the ocean or Elkhorn Slough. Furthermore, using MLPP's existing water intake and outfall means construction-related impacts on Monterey Bay can be minimized.
- This location requires no new electric generation and few or no new electric transmission lines.
- Using an existing industrial site inland of Highway 1 means no visual impact on coastal scenery, and public access to the coast will not be impaired.
- The desalination facility will use proven noise abatement technology, so neighbors or visitors to the coast will not be disturbed.



Local control—global resources

California American Water, one of the primary proponents of the Coastal Water Project, is investor-owned and managed. Investments and water rates are strictly monitored and controlled by the CPUC. Accountable to its customers, neighbors and a network of local, state, and federal regulatory agencies, the company provides strong local representation and access. California American Water and its sister companies bring:

- **40 years of experience** delivering high-quality water and being a good corporate citizen on the Monterey Peninsula;
- The **most experienced international team** to build and operate high-quality desalination. And the best team of environmental analysts, local ocean scientists, and planners to create facilities sensitive to our ocean environment and mindful of our natural landscape.



Pridesa, a California American Water partner, is the world's technical leader in reverse osmosis desalination plants, with the most experience and the finest technology available anywhere. Pridesa operates desalination plants, like the one shown here, in some of the most delicate and beautiful ocean environments in the world.

Protecting health, resources, and the environment

Government oversight

Teams of local marine scientists are already looking at issues identified by environmental groups and coastal community residents at public workshops. Several local, state, and federal agencies are involved in the planning and siting of the proposed plant including:

LOCAL

- Monterey County Board of Supervisors
- Monterey Bay National Sanctuary
- Central Coast Regional Water Quality Control Board

STATE

- California Coastal Commission
- California Department of Health Services
- California Public Utilities Commission

FEDERAL

- U.S. Fish and Wildlife Services
- National Oceanic and Atmospheric Administration (NOAA) Fisheries



Dozens of federal, state, and county government agencies will scrutinize the comprehensive environmental studies to ensure the Coastal Water Project is the right answer for our community.

Community education and outreach

California American Water is working with local governments to engage and educate local residents through an open public study to determine how the Coastal Water Project should be expanded to serve nearby communities. Working with appropriate water districts and city governments for

coastal communities, California American Water is involving the public, listening to community ideas, and offering information about the review process and desalination technology.

Assessing impacts on our environment

The California Public Utilities Commission requires completion of a Proponents Environmental Assessment (PEA). An independent team of local scientific experts is already at work on the PEA. These findings will identify all environmental issues that warrant further study. Completion of the PEA is expected in the summer of 2005 and must contain all of the same information and analyses required by the California Environmental Quality Act in an Environmental Impact Report (EIR). This includes analysis of how the Coastal Water Project will affect every aspect of the environment — biological resources, land, water, air, population, cultural resources, alternative projects, and more. The PEA will look at issues raised by scientists, environmental activists, and coastal community residents at public workshops. There will be scientific

investigations, several phases of interim reports and public workshops throughout the process. Notices for public workshops and hearings will be announced and advertised in local papers.

