August 24, 2006
Meeting of Monterey County Water Managers

CPUC PRESENTATION HANDOUT

California American Water (CalAm) has submitted an application to the California Public Utilities Commission (CPUC) to implement the Coastal Water Project (CWP). As proposed, the CWP would supply 11,730 acre-feet of water per year (afy) for urban users within the Monterey Peninsula Water Management District's boundaries, as well as for injection into the Seaside Groundwater Basin. The CWP proposes multiple components including the construction and operation of a seawater desalination plant including intake and discharge facilities, water transmission pipelines, storage reservoirs, pump stations, and aquifer storage and recovery facilities. The water would be distributed to customers within the CalAm service area on the Monterey Peninsula or stored in the Seaside Groundwater Basin. The CWP has been proposed to comply with the State Water Resources Control Board (SWRCB) Order 95-10 which requires CalAm to secure a water supply to replace diversions from the Carmel River Aquifer above 3,376 afy to which CalAm has legal water rights.

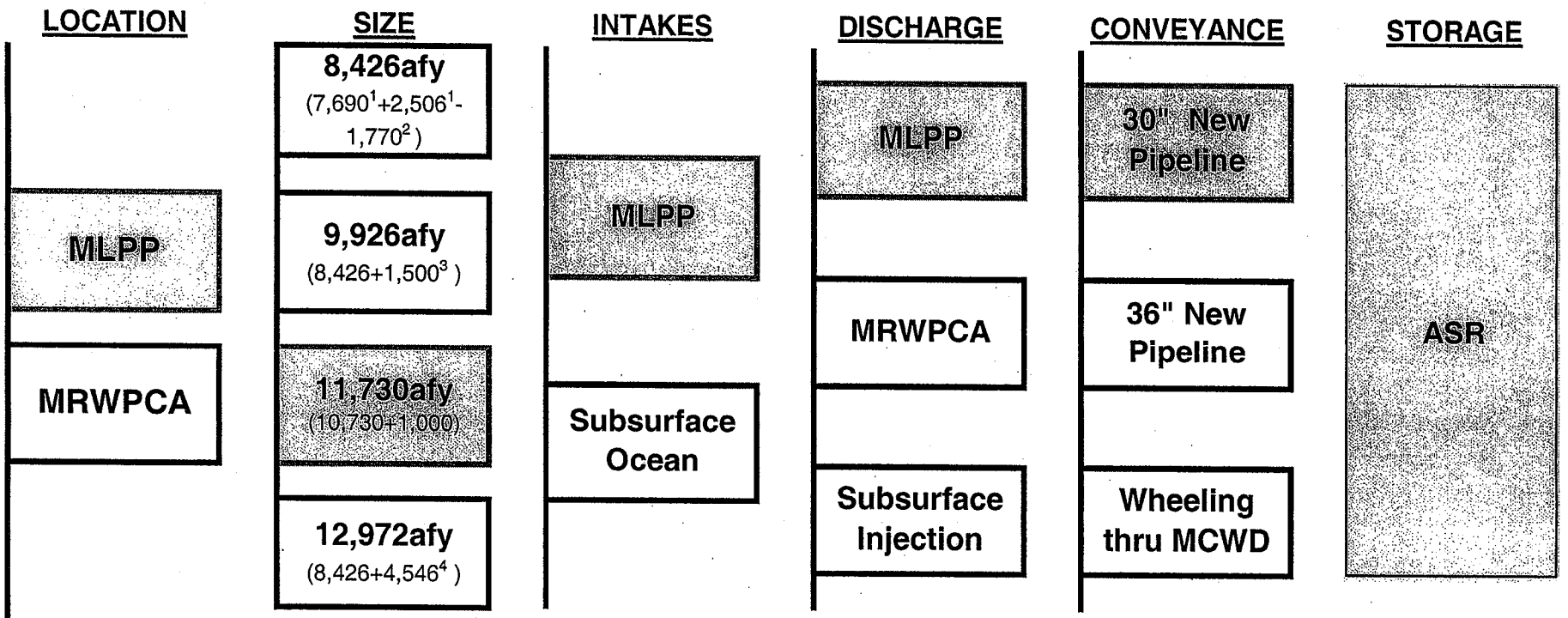
Exhibit 1 presents an array of possible project components, and the shaded boxes identify CalAm's proposed project. Exhibit 2 represents one possible alternative project configuration. The other boxes include options for each component that will also be evaluated in CPUC's upcoming environmental analysis.

At the request of CPUC, CalAm included in their application an analysis of a larger project that could serve other water needs in the region. Exhibit 3 presents water demands for the region as presented in the PEA, as well as updated demand estimates where appropriate, and the sources of those updated estimates. Exhibit 4 presents other proposed urban water supply projects that might be capable of meeting some of the existing or future demands. Exhibit 5 presents other possible regional supply projects that may interact with the CWP at varying levels.

We look forward to your valuable input: please be prepared to discuss any and all issues. In particular, we'd be interested in hearing your opinion on the following:

- Accuracy of the Updated Demands (Exhibit 3)
- Accuracy of Supply Deductions (Exhibit 4)
- Appropriate Size for the CWP (Exhibits 1 and 2)
- Range of Future Water Supply Projects (Exhibits 4 and 5)
- Range of Proposed Alternatives for CEQA Review (Exhibits 1 and 2)

EXHIBIT 1
Cal Am-Proposed Project (Shaded boxes) and Alternative Components



Notes:

Shaded components are identified in the CalAm PEA as the Proposed Action

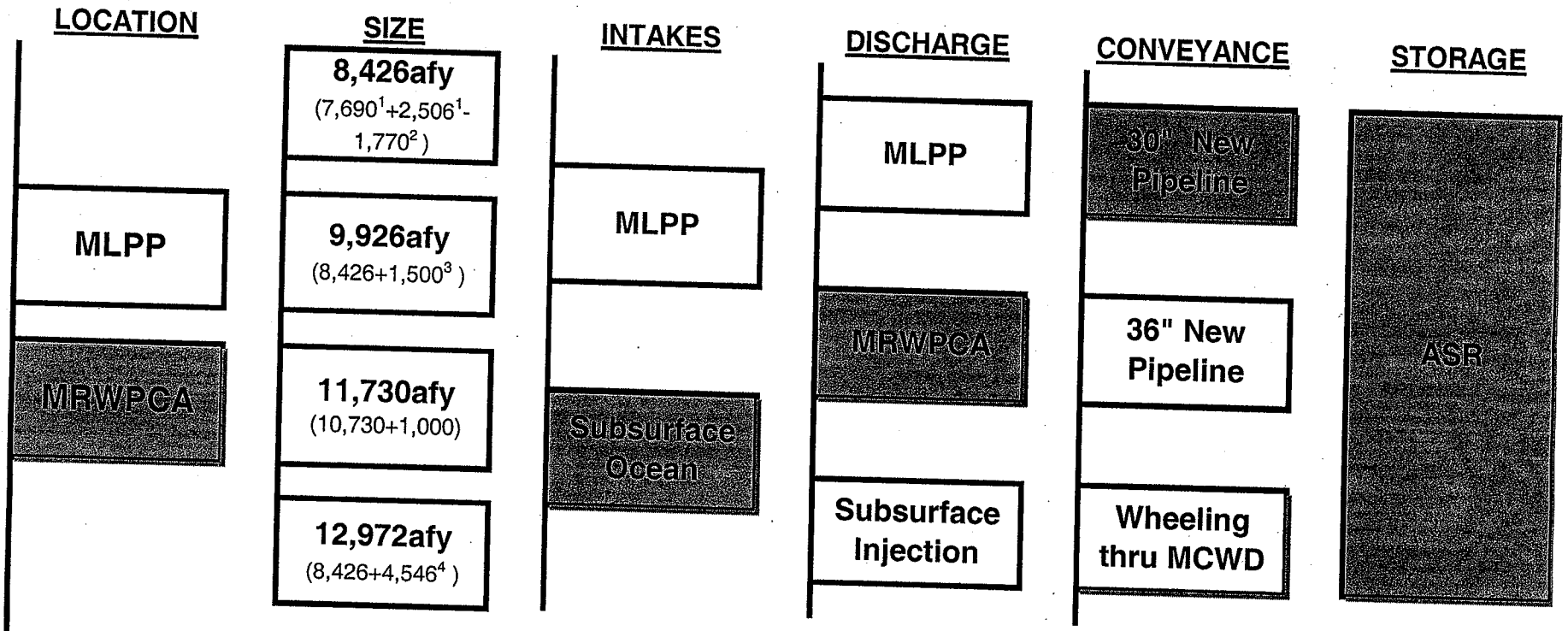
[1] Average Carmel River Overpumping 1996 thru 2005, and Seaside Basin Needs: MPWMD Board Workshop 3-23-2006

[2] Supply Deductions: 920afy ASR + 250afy Leaks + 300afy SC Desal + 300afy Recycled (see Exhibit 4)

[3] MCWD Regional Urban Water Augmentation Project (Desal Component)

[4] Future Demand for "legal lots": MPWMD Board Workshop 5-18-2006

EXHIBIT 2
CPUC-Proposed Alternative Project



Notes:

Shaded components are an Alternative to the CalAm Proposed Action in the PEA

1 Average Carmel River Overpumping 1996 thru 2005, and Seaside Basin Needs: MPWMD Board Workshop 3-23-2006

2 Supply Deductions: 920afy ASR + 250afy Leaks + 300afy SC Desal + 300afy Recycled (See Exhibit 4)

3 MCWD Regional Urban Water Augmentation Project (Desal Component)

4 Future Demand for "legal lots": MPWMD Board Workshop 5-18-2006

EXHIBIT 3
Compliance with 95-10 Plus Additional Regional Demand at 2020

	Description	PEA Demand (AFY)	Source	Updated Demand (AFY)	Source
1	**Carmel River Replacement (CAW)**	10,730	SWRCB Order No. WR 95-10: in 1995, Carmel River diversions were 14,106 afy, which were 10,730 afy greater than CalAm's legal water right of 3,376 afy.	7,690	MPWMD Board Workshop presentation, March 23, 2006: During WY 1996-2005, average Carmel River diversions were 7,690 afy above CalAm's recognized legal rights of 3,376 afy.
2	**Seaside Aquifer Replacement (CAW)**	1,000	CalAm Hydrogeologic Assessment of the Seaside Groundwater Basin	2,506	MPWMD Board of Directors Special Meeting/Workshop, March 23, 2006: Replacement water is the difference between CalAm's previous share of safe yield from the Seaside Basin and its share of the natural safe yield indicated in the Tentative Decision for adjudication of Seaside Basin (4,000 afy – 1,494 afy = 2,506 afy)
SUBTOTAL 1 and 2		11,730		10,196	
3	**MPWMD (approved lots)**				
	City of Monterey	766	Numbers in PEA are water demand estimates for the year 2020 as provided by each city to MPWMD in 1999.	705	MPWMD Board Workshop presentation, May 18, 2006: Water demand as estimated by MPWMD using build-out projections from General Plans and average water use factors.
	City of Seaside	406		582	
	City of Carmel-by-the-Sea	405		288	
	City of Sand City	300		386	
	City of Pacific Grove	531		1,264	
	City of Del Rey Oaks	197		48	
	Monterey County (unincorporated)	893		1,135	
	Monterey Peninsula Airport District	74		138	
SUBTOTAL 3		3,572		4,546	
SUBTOTAL 1, 2 and 3		15,302		14,742	

	Description	PEA Demand (AFY)	Source	Updated Demand (AFY)	Source
4	**Marina Coast Water District**	2,400	Fort Ord Base Reuse Plan, 1997	2,400	MCWD UWMP Dec 2005: Ord development demand under current development restrictions per the Base Reuse Plan **2400 afy.** If restrictions are lifted, an additional **4,949 afy** would be required by 2025.
SUBTOTAL 4		2,400		2,400	
5	**North County**				
	Moss Landing	70	Numbers in PEA are water demand estimates based on a preliminary survey conducted by Monterey County Water Resources Agency (MCWRA)	70	PEA
	North County	1,500		4,943	North Monterey County Comprehensive Water Resources Management Plan, Jan 2002: Replacement water for future overdraft conditions = 4,943 afy
	Castroville Water District	1,000		1,000	PEA
	PSMCSD			2,500	PSMCSD/Poseidon, Monterey Bay Regional Desalination Project Conceptual Design Report, April 2006
SUBTOTAL 5		2,570		8,513	
SUBTOTAL 1 thru 5		20,272		25,655	

Exhibit 4
Other Proposed Urban Water Supply Projects

Other projects have been proposed by local water agencies to partially meet local urban water demands within the MPWMD/Cal Am Service Area. They are summarized below and support Footnote 2, on Exhibits 1 and 2.

1	**MPWMD Carmel River Water ASR Phase 1**	(920)	MPWMD EIR/EA August 2006
2	**CalAm Leak Reduction**	(250)	2% of 12,285afy
3	**CalAm Landscape Conservation**	???	MPWMD
4	**Sand City Desal**	(300)	Sand City Water Supply Project EIR, June 2004
5	**Del Rey Oaks Recycled Water**	(300)	MCWD Regional Urban Water Augmentation Project
	SUBTOTAL SUPPLIES	(1,770)	

Exhibit 5
Other Regional Urban Water Supply Projects

In addition, there are a series of other urban water supply projects in Monterey County that could provide water to meet some or all of the larger regional needs, or could replace the need for some or all of the Coastal Water Project. These projects are more speculative for a variety of reasons, and include:

Project	Description	Projected Supplies (AFY)	Source
1	**Salinas Valley Water Project, Phase 2**	5,000	MCWRA
2	**MPWMD Sand City Desal**	8,400	MPWMD
3	**MRWPCA, Groundwater Replenishment**	2,800	MRWPCA
4	**MCWD desal**	1,500	MCWD Regional Urban Water Augmentation Project
5	**PSMCSD**	22,000	PSMCSD

Note:
Projects 1 thru 4 could be implemented as part of a larger, regional CWP. Project 5 could replace the CWP.