

# PRESS RELEASE



CALIFORNIA  
AMERICAN WATER

February 20, 2009

Catherine Bowie  
catherine.bowie@amwater.com or (831) 646-3208

## San Clemente Dam to be Reinforced for Earthquake Safety

**Pacific Grove, CA (February 20, 2009)** – California American Water announced today that, to help protect the communities of Upper Carmel River Valley in a major earthquake or flood, it will strengthen San Clemente Dam to bring the dam into compliance with current state earthquake safety standards.

The California Department of Water Resources, Division of Safety of Dams (DSOD) requires all dams in the state to be able to withstand a maximum credible earthquake and probable maximum flood. The San Clemente Dam, built in 1921, must be upgraded to meet DSOD's standards.

Multiple engineering and environmental studies have been prepared by California American Water and DSOD to determine the best solution to this problem. These studies concluded that adding a steel-reinforced layer of concrete to San Clemente Dam and installing a state-of-the-art fish ladder is the most cost-effective solution at \$50 million.

At the request of various natural resources agencies, California American Water commissioned engineering and environmental studies to evaluate an alternative project that would remove the dam, retain the silt on-site and reroute the river. The studies estimated the cost of this alternative project at \$84 million and in December 2007, DSOD determined that the environmental effects of dam removal and reroute project were not materially different than the environmental effects of the reinforcement project.

For the past several years, California American Water has been engaged in an effort with the federal National Marine Fisheries Service and the California Coastal Conservancy, a state agency, to implement the dam removal and reroute project. California American Water offered to contribute \$50 million to the project and dedicate the 928 acres where the dam is located as a park. The California Coastal Conservancy

was seeking to raise the additional funding, estimated at \$34 million, to complete the alternative project. But the Coastal Conservancy indicated that state and local government was not in a position to accept liability during construction and after the alternative project was completed, which made it infeasible. Circumstances were exacerbated by the state budget crisis, which has prevented the Coastal Conservancy from further pursuing the removal project, including continued investigation of liability matters.

"Strengthening San Clemente Dam will protect the public in the most cost-effective manner without causing environmental damage. We are happy to be moving forward with a project that solves potential public safety problems," said Kent Turner, California American Water president.

Construction on the dam strengthening project is expected to take approximately 18 months and begin in 2010, depending upon completion of detailed engineering and design work and obtaining necessary permits from more than a dozen federal, state and local regulatory agencies.

###

California American Water, a wholly owned subsidiary of American Water (NYSE: AWK), provides high-quality and reliable water and/or wastewater services to more than 600,000 people.

Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15 million people in 32 states and Ontario, Canada. More information can be found by visiting [www.amwater.com](http://www.amwater.com).