

# PRESS RELEASE



Jan. 17, 2012  
For Immediate Release

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## **California American Water Withdraws Support for Regional Desalination Project Alliance**

*Alternative water project will be pursued*

PACIFIC GROVE, Calif. (January 17, 2012) – California American Water announced today that it has withdrawn its support of the three-party agreements behind the Regional Desalination Project that the company had proposed with Marina Coast Water District and the Monterey County Water Resources Agency in response to State imposed limitations on the Monterey Peninsula's water supply.

"Desalination will be part of the Monterey Peninsula's future water supply, but the Regional Desalination Project will not be the vehicle to deliver it," said California American Water president Rob MacLean. "Recognizing the severity of the state's cutback order, we must now move forward on an alternative water supply project as quickly as possible."

Marina Coast Water District, Monterey County Water Resources Agency and California American Water have been engaged in mediation since August 2011 and have been unable to reach agreement on how to address multiple challenges facing the Regional Desalination Project.

California American Water and the County have agreed to continue discussions over resolving remaining project issues and finding a water supply solution, and stated that they encourage Marina Coast Water District to participate in these talks.

"Everyone is committed to finding a water supply solution for the Monterey Peninsula," said Monterey County Supervisor Dave Potter. "With mediation ending and the Environmental Impact Report stalled, we have an opportunity to more broadly engage the public and fix the Peninsula's water problem."

On January 24, the California Public Utilities Commission will hold a pre-hearing conference in San Francisco concerning California American Water's request to continue work toward the

design and construction of a pipeline and water storage facilities, which were part of the Regional Desalination Project approved by the Commission and will be required for any of the 11 contemplated water projects. The company prepared a study of water supply alternatives capable of meeting the area's water shortage late last year. The study identified 11 physical solutions, all of which require additional transmission and storage infrastructure. According to MacLean, obtaining Commission approval to proceed is necessary to ensure progress on a water supply project while the company determines its next steps.

"While we've elected to withdraw our support of the current Regional Desalination Project arrangement, we appreciate Marina Coast Water District and the Monterey County Water Resources Agency stepping up to the plate to be part of the water supply solution the Monterey Peninsula community so desperately needs," said MacLean. "A lot of valuable work has been accomplished that will still be applicable to a desalination project that needs to be developed."

MacLean added that any new water project will require permits or approvals from the California Public Utilities Commission, California Coastal Commission and the County of Monterey.

The Cease and Desist Order issued by the State Water Resources Control Board in 2009 set a schedule for pumping reductions on the Carmel River, which will cut the area's water supply by more than half in 2017 unless a new water project is developed. At less than sixty gallons per resident per day, California American Water customers on the Monterey Peninsula already have among the lowest per capita water consumption in the state.

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

Founded in 1886, American Water is the largest publicly traded 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 more than 30 states, as well as parts of Canada. More information can be found by visiting [www.amwater.com](http://www.amwater.com).