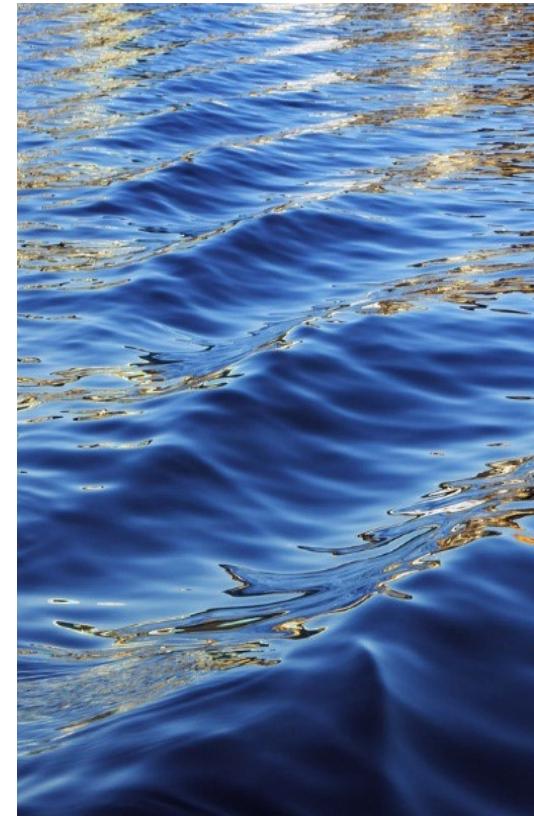


# General Manager's Report on

- Supply & Demand
- Acquisition of Cal-Am
- Water Supply Projects

January 26, 2026

David J. Stoldt  
General Manager



# Production for Customer Service for Cal-Am. Water Year 2026

(All Values in Acre-Feet)

## Monthly Production from all Sources for Customer Service: WY 2026

|                | Carmel<br>River<br>Basin | Table 13 | Mal Paso  | Seaside<br>Basin | ASR<br>Recovery | PWM<br>Recovery | Sand City | Total        |
|----------------|--------------------------|----------|-----------|------------------|-----------------|-----------------|-----------|--------------|
| <b>Oct-25</b>  | 232                      | 0        | 7         | 124              | 0               | 413             | 14        | 790          |
| <b>Nov-25</b>  | 129                      | 0        | 7         | 38               | 0               | 489             | 3         | 666          |
| <b>Dec-25</b>  | 130                      | 0        | 7         | 32               | 0               | 473             | 12        | 655          |
| <b>Jan-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Feb-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Mar-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Apr-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>May-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Jun-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Jul-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Aug-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Sep-26</b>  |                          |          |           |                  |                 |                 |           |              |
| <b>Total</b>   | <b>492</b>               | <b>0</b> | <b>21</b> | <b>194</b>       | <b>0</b>        | <b>1,376</b>    | <b>29</b> | <b>2,111</b> |
| <b>WY 2025</b> | <b>996</b>               | <b>0</b> | <b>26</b> | <b>332</b>       | <b>0</b>        | <b>833</b>      | <b>59</b> | <b>2,246</b> |

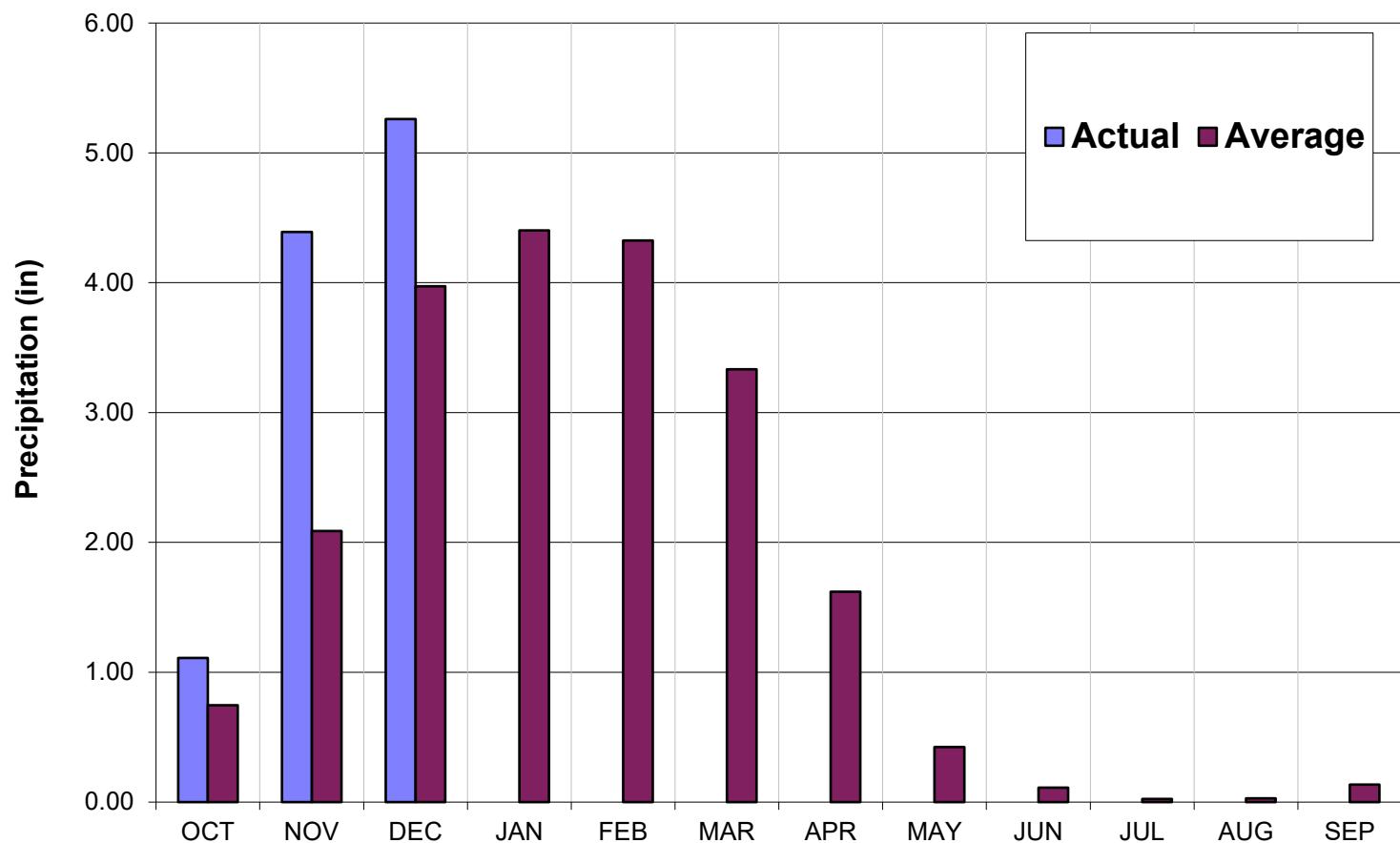
1. This table is produced as a proxy for customer demand.
2. Numbers are provisional and are subject to correction.

# Supply v. Demand

## (All Values in Acre-Feet)

|  | Carmel<br>River Basin | Table 13 | Mal Paso | Seaside<br>Basin | ASR<br>Recovery | PWM<br>Recovery | Sand City | Total  |
|--|-----------------------|----------|----------|------------------|-----------------|-----------------|-----------|--------|
| <b>Storage for Current Water Year</b>                        | 0                     | 0        | 0        | 914              | 4,392           | 2,353           | 0         | 7,659  |
| <b>Water/Contract Right</b>                                  | 3,376                 | 0        | 86       | 1,466            | 0               | 4,800           | 200       | 9,928  |
| <b>Produced to Date</b>                                      | 492                   | 0        | 21       | 194              | 0               | 1,376           | 29        | 2,111  |
| <b>Remaining Available from Current Supplies</b>             | 2,884                 | 0        | 65       | 1,272            | 0               | 3,424           | 171       | 7,817  |
| <b>Remaining Available from Current Supplies and Storage</b> | 2,884                 | 0        | 65       | 2,186            | 4,392           | 5,777           | 171       | 15,476 |

# Monthly Recorded Rainfall at San Clemente Rain Gage: Water Year 2026

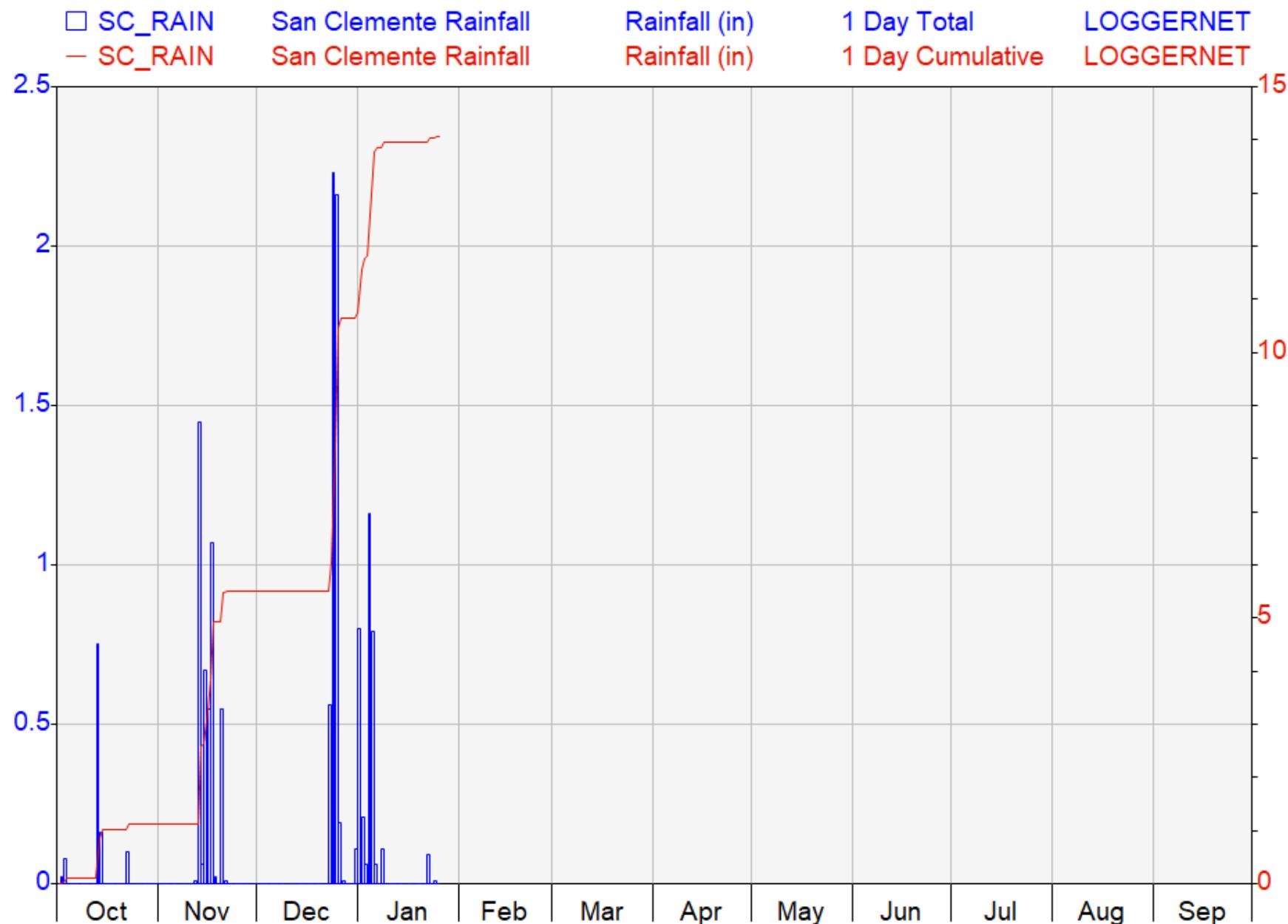


Monterey Peninsula Water Management District

HYPLOT V134 Output 01/26/2026

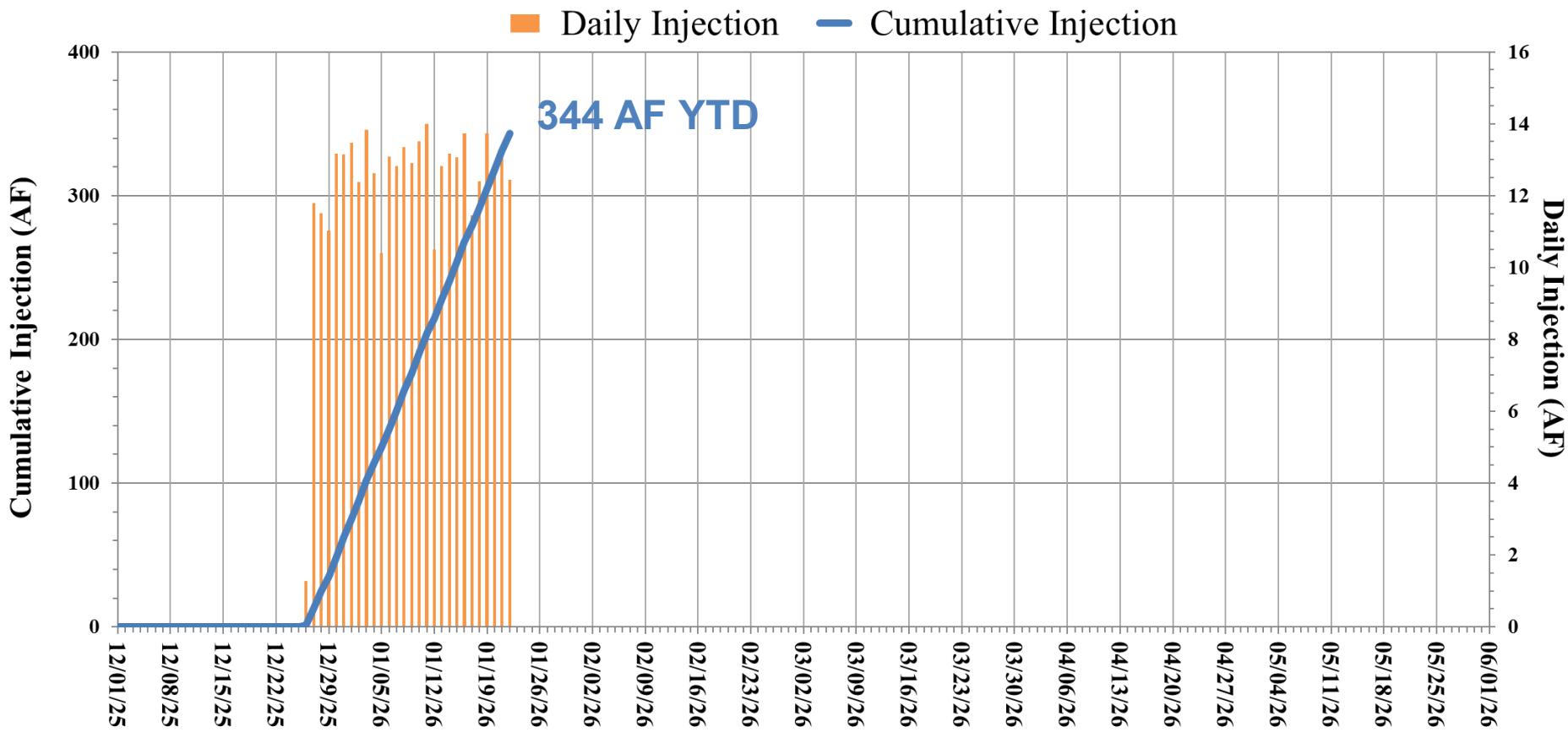
Period 1 Year 10/01/2025 to 10/01/2026

2025-26



# Aquifer Storage & Recovery

## ASR Injection Summary WY 2026



Total ASR Storage – 4,736 AF

# Update on the Acquisition of Cal-Am

| Lawsuit          | Eminent Domain Action<br>MPWMD v. Cal-Am  | Supreme Court Review<br>Liberty Utilities v. City of Apple Valley   | LAFCO Appeal<br>County of Monterey LAFCO and Cal-Am v. MPWMD  |
|------------------|---|---|---|
| Possible Outcome | MPWMD is attempting to get to "Right to Take" Bench Trial   | Will determine standard of judicial review and standard of evidence in a "Right to Take" bench trial  | A MPWMD win would revert to Superior Court decision. Requires that, if MPWMD asks, LAFCO must rehear its Application.   |
| Late-2025        | 12/12: Hearing on Motion for Summary Judgment and Motion for Summary Adjudication<br><br>12/29: Motions denied    | 11/25: Reply Briefs filed.  | 10/30: Reply Briefs filed.  |
| 2026             | 2/24: Case Management Conference<br><br>Sept? Begin bench trial (After Supreme Court Decision)                    | 1/7 to 1/21: Amicus Briefs filed For Liberty - Cal-Am, Golden State Water, California Water Assn, and PG&E; For City of Apple Valley – CSAC, ACWA, CA League of Cities, CMUA, South San Joaquin ID<br><br>May/June? Oral Arguments<br><br>Aug/Sep? Decision | 3/6: Appellant Reply Briefs due<br><br>May? Amicus Briefs filed<br><br>Sep/Oct? Oral Arguments<br><br>Dec/Jan? Decision |
| 2027             | Could separate into two bench trials. One on "Latent Power" and one on "Right to Take." Could go to 2028 or 2029. |   |   |

# Update on the Cal-Am Desal Plant

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# Desal Plant / Coastal Commission Conditions

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| Condition or Requirement  | Comments  |
|---|---|
| <b>1.Monterey One Water (“M1W”):</b><br>Coastal Commission permit authorization for construction of modifications to the existing M1W ocean outfall.              | Condition not satisfied as of 1-26-26.<br><br>To date, a Long-Term Capacity Lease has not been developed between M1W and Cal-Am.  |
| <b>1.Monterey County:</b> encroachment permit(s) for construction within the coastal zone and County jurisdiction.  | Condition satisfied.  |
| <b>1.Cities of Marina, Seaside, and Sand City:</b><br>encroachment permit(s) for construction and operation of Project within the jurisdiction of these entities. | Condition not satisfied as of 1-26-26.  |
| <b>1.Transportation Agency of Monterey County (“TAMC”):</b> approvals necessary for construction and operation of Project within TAMC rights-of-way.              | Condition satisfied.  |
| <b>1.State Lands Commission (SLC):</b> lease(s) of state tidelands for continued use of the Project’s existing and new proposed wells beneath state tidelands.    | Condition not satisfied as of 1-26-26.<br><br>Cal-Am proposed that they would prepare an Addendum to the Final Environmental Impact Report for the MPWSP, but now SLC expects a memorandum, with a hearing in Spring. |

# Desal Plant / Coastal Commission Conditions

|   |  |
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| <p><b>1. Central Coast Regional Water Quality Control Board (RWQCB):</b> A National Pollution Discharge Elimination System (NPDES) permit allowing the discharge of effluent through the M1W outfall and approval to modify that outfall.</p> | <p>Condition not satisfied as of 1-26-26.</p> <p>Regional Water Board staff will share an Administrative Draft version of the permit with M1W, U.S. EPA, and Monterey Bay National Marine Sanctuary (MBNMS) and accept informal comments.</p> <p>When the informal comments have been addressed, Regional Water Board staff will post a Tentative Order NPDES permit amendment for 30-day public comment period. Only formal written comments will be accepted.</p> <p>After the public comment period ends, Regional Water Board staff will review comments received, modify the Tentative Order as needed, and prepare a written Response-to-Comments.</p> <p>The Regional Water Board will schedule a public hearing to adopt the amended NPDES permit. Such hearing is not expected until August or October.</p> |
| <p><b>1. California Public Utilities Commission (“CPUC”):</b> completion of the CPUC’ spending proceeding (A.21-11-024) of water supply and demand estimates.</p>   | <p>Condition satisfied.</p>  |

# Desal Plant / Coastal Commission Conditions

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|--|---|
| <b>1.Monterey Bay National Marine Sanctuary:</b><br>authorization from the Sanctuary to allow discharges into Sanctuary waters and drilling and disturbance of submerged lands within the Sanctuary. This is to include any necessary Biological Opinions required.  | Condition not satisfied as of 1-26-26.  |
| <b>1.Legal:</b> a final judgment of the pending action entitled <i>City of Marina v. RMC Lonestar, et al.</i> , Monterey County Superior Court No. 20CV001387. The Coastal Commission permit shall not be issued if that judgment or disposition demonstrates that (1) Cal-Am does not have, and cannot feasibly obtain, water rights for the Project or (2) Cal-Am's project would cause harm to any aquifer that is a source of drinking water to the City of Marina or the Marina Coast Water District. | Condition not satisfied as of 1-26-26.  |
| <b>2.Project Phasing.</b> The Coastal Commission conditional permit authorizes Phase I of the Project. To obtain authorization for construction and operation of Phase II in the future, Cal-Am shall submit an application for an amendment.  | Condition for 4.8 MGD plant satisfied per Coastal Commission application. Unclear if CPUC approval for 4.8 MGD plant is required. |
| <b>9.Dune Habitat and Open Space Protection.</b> PRIOR TO THE START OF CONSTRUCTION, Cal-Am shall submit to the Executive Director evidence of existing deed restriction(s) or documentation irrevocably dedicating habitat and open space conservation easement(s) in perpetuity.   | Condition not satisfied as of 1-26-26.  |

# Desal Plant / Coastal Commission Conditions

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| <b>11. Groundwater Protection.</b> Cal-Am shall install the Project's slant wells to extend at least 1,000 feet seaward of the proposed well head locations and shall screen the wells so they extract water as far seaward as is feasible and without penetrating the 400-Foot Aquifer.  | Condition not satisfied as of 1-26-26. |
| <b>12. Monitoring and Remedial Measures to Protect Groundwater.</b> PRIOR TO ISSUANCE OF THE COMMISSION PERMIT, Cal-Am shall provide, for Commission review and approval, a Groundwater Monitoring Plan intended to ensure the Project's source water pumping does not adversely affect the aquifers that are a source of drinking water to the City of Marina and the Marina Coast Water District. | Condition not satisfied as of 1-26-26. |
| <b>13. Wetlands and Vernal Pond Adaptive Management Program.</b> PRIOR TO PERMIT ISSUANCE, Cal-Am shall submit a Wetlands and Vernal Pond Adaptive Management Program, for review and approval by the Executive Director. Cal-Am shall provide the funding necessary to allow the Executive Director to hire one or more independent third-party reviewers.   | Condition not satisfied as of 1-26-26. |

# Desal Plant / Coastal Commission Conditions

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| <p><b>16. Low-income ratepayer relief.</b> Cal-Am shall prepare and implement a low-income ratepayer relief program, inclusive of the following:</p> <p>Cal-Am shall submit a low-income ratepayer relief program plan that includes baseline information on the number of low-income ratepayers in the district.</p> <p>a) The plan will also include an outreach strategy including a timeline to enroll qualified ratepayers in its Customer Assistance Program.</p> <p>The plan shall explore options to offset the increased costs of desalinated water on low-income ratepayers identified through AB 1550 that are not currently eligible for rate assistance. This may include Cal-Am working with the CPUC or independent of its approval to create new programs or expand income eligibility of existing programs, as detailed in subsection (b) and (c). The Plan shall also provide for annual reporting on the status and success of these programs, consistent with Special Condition 16.</p> <p>b) Cal-Am shall implement the following:</p> <ul style="list-style-type: none"><li>i. A \$500,000 grant to the United Way Hardship fund and proposal to continue funding the United Way Hardship fund in perpetuity.</li><li>ii. A \$10 cap on rate increases per month for ratepayers enrolled in its Customer Assistance Program. The cap shall be in place for the duration of the Project.</li></ul> | <p>Condition not satisfied as of 1-26-26.</p> <p>Ratemaking is the purview of the CPUC. It is unclear how \$500,000 funding to the United Way hardship program in perpetuity would not be subject to CPUC approval.</p> <p>Further, with no updated construction cost numbers, the level of subsidy provided by regular (non-CAP) ratepayers cannot be projected or analyzed by the CPUC. Further, it is unclear whether Cal-Am intends to seek CPUC permission for the cap and subsidy prior to construction.</p> <p>It is difficult to understand how the CPUC wouldn't require rate approval prior to commencement of construction.</p> |
|---|--|

# Desal Plant / Coastal Commission Conditions

**17. Community Engagement and Public Access Plans and Implementation.** PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, Cal-Am shall submit a Community Engagement Plan that ensures residents and representatives of the City of Marina will be equitably engaged in development of a revised Public Access and Amenities Plan.

It shall include a schedule and agendas for at least five community workshops within the City to allow community input on preferred public access opportunities and improvements.

Upon Coastal Commission approval of the Plan, Cal-Am shall implement to prepare a Public Access and Amenities Plan based on preferences expressed in the Community Engagement Plan. This Access Plan shall include two components: a Public Access and Amenities Plan for the City of Marina and a Plan describing how Cal-Am's project site will be connected into the larger planning effort for the CEMEX site.

Cal-Am will provide three million dollars as funding to implement the elements of this Plan.

The Plan shall describe the process for Cal-Am's funding of one full-time staff person at the City of Marina with appropriate professional credentials to provide technical oversight regarding the elements of the plan on behalf of the City of Marina, and Cal-Am shall fully fund that position for a period of ten years.

Condition not satisfied as of 1-26-26.

# Desal Plant / Coastal Commission Conditions

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| <b>19. Energy Minimization and Greenhouse Gas Reduction.</b> PRIOR TO THE START OF CONSTRUCTION ACTIVITIES, Cal-Am shall submit, a plan that identifies the expected annual amount of indirect greenhouse gas (“GHG”) emissions resulting from the Project’s electricity use during its initial year of operations, with provisions to update these expected emissions during each subsequent year of operations. | Condition not satisfied as of 1-26-26. |
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# Desal Plant / CPUC-Related Concerns

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# Desal Plant / CPUC-Related Concerns

| Condition or Requirement  | Comments  |
|---|---|
| <p><b>A 4.8 MGD plant has not been approved by the CPUC.</b></p> <p>The CPUC Certificate of Public Convenience and Necessity (CPCN) approved a 6.4 MGD plant and explicitly concluded a 4.8 MGD plant was not approved.</p>   | <p>How can Cal-Am proceed with a 4.8 MGD plant without notice to CPUC?</p>  |
| <p><b>Cal-Am has not updated the cost of the project, but it is highly likely they must go back to the CPUC for approval.</b></p> <p>To expend funds that Cal-Am intends to recover from ratepayers beyond the capital cost cap, Cal-Am must file a petition to modify this decision.</p> | <p>Whereas, the Form 10-Q says the “reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project” the 2018 CPCN appears to require prior CPUC approval. Costs have skyrocketed since approval in 2018 and there are no “extraordinary” reasons therefore. Cal-Am has not filed a petition for modification.</p> |
| <p><b>The CPUC stated that operation of both a desalination facility and Pure Water Monterey Expansion requires CPUC review.</b></p>  | <p>Cal-Am has not sought CPUC review under this requirement.</p>  |

# Desal Plant / CPUC-Related Concerns

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|---|--|
| <p><b>Cal-Am will have surplus supplies for many years. The CPUC has stated that Cal-Am must demonstrate how it will address operations where both Desal and PWM Expansion have occurred, yet Cal-Am has not done so.</b></p>   | <p>Who should pay for the excess capacity? And for how long? This has not been adequately addressed by the Commission.</p> <p>Also, because of delays and inflation, the overall cost of the project has not been publicly updated. It is known now that the “price for delivered water” could far exceed the anticipated costs in the CPUC proceeding in A.12-04-019.</p> |
| <p><b>The CPUC previously stated “Cal-Am in all likelihood should have sufficient water rights to operate the MPWSP.” Yet Cal-Am still has not demonstrated a water right for the desalination plant, as concluded by the SWRCB in its Superior Court referral.</b></p> | <p>The SWRCB AHO Referral concludes Cal-Am extracted water is neither salvaged nor developed.</p> <p>Further, there is no permit for an appropriative groundwater right. The project will have to be implemented by Cal-Am in a manner that would create an appropriative groundwater right. The SWRCB Referral suggests that cannot happen.</p>                           |
| <p><b>Before any construction, Cal-Am must enter into an agreement with the CPUC for cost reimbursement for mitigation and monitoring.</b></p>  | <p>Such has not happened yet.</p>  |

# Desal Plant / CPUC-Related Concerns

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| <b>Cal-Am is avoiding the order of the CPUC regarding how to finance the desalination plant.</b><br><br>Under Order 24 of the 2018 CPCN Cal-Am must apply to the CPUC for a “financing order” to allow for the securitization financing option” by MPWMD as its default financing plan. | Cal-Am must either regain State Revolving Fund funding or re-enter discussions with the District over a securitization financing, or at least notify the CPUC of its reasons to fail to follow through on the financing approved. |
| <b>Cal-Am hasn't complied with filing a financing plan for the desalination plant.</b>  | Such has not happened yet.  |
| <b>Cal-Am must apply to CPUC to annex areas for delivery of return water to Castroville Community Services District and Castroville Seawater Intrusion Project.</b>   | Such has not happened yet.  |



# Long & Winding Road...

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