



October 20, 2025

David Stoldt
General Manager
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, California 93940

VIA EMAIL: Dstoldt@mpwmd.net

RE: Agenda Item #13, Application for Order Modifying the CDO

Dear Mr. Stoldt:

California American Water provides safe, clean, reliable water service every day to approximately 100,000 people on the Monterey Peninsula. California American Water is eager to see water use restrictions lifted in a manner that helps ensure the protection of the Carmel River and its wildlife and protects our customers from fines from the State Water Resources Control Board if we exceed our legal pumping limits from the Carmel River to provide water to our customers. Our ongoing analysis of the District's proposal and further discussions about the terms of the CDO with state regulators will be focused on ensuring that current and future customers can count on water supply reliability and protection of the environment.

California American Water has been working diligently and in good faith with local partners and community leaders to diversify and build replacement water supplies through a three-pronged approach, formally referred to as the Monterey Peninsula Water Supply Project, which was supported by the District in the past and represents a stable and diversified water supply to ensure sustainable and resilient access to water.

In water year 2024-2025, which ended on September 31, 2025, we diverted 3,346.72 acre-feet of Carmel River water against our maximum allowance of 3,376 acre-feet. This left a margin of only 29.28 acre-feet. Stated simply, we used 99.1 percent of our allowed water right from the Carmel River to supply the Monterey Peninsula.

The vast remainder of our water supplies came from three sources within the Seaside Basin – native groundwater, winter flows captured from the Carmel River through the Aquifer Storage and Recovery system and advanced treated wastewater from the Pure Water Monterey project. For the time being, production from the Seaside Aquifer is limited. There are nine wells in the Monterey system that were intended for use for extraction from

the basin. Several of the wells are impacted by water quality issues, including ASR Wells 1 and 2, which are owned by the District and cannot be used for extraction due to proximity to PWM injection wells. The largest production well in the basin, Paralta Well, is also near the PWM injection sites and is being closely monitored as additional injection of water from the expansion project begins to ensure that residence times for the injected water do not impact our ability to produce groundwater from this well. ASR Well 4 is currently offline while we commission a new facility intended to treat groundwater for naturally occurring mercury. Two additional wells are impacted by hydrogen sulfide which impacts taste and odor, the latter being a secondary contaminant. A final well is scheduled to be abandoned due to the presence of PFOA and PFAS compounds at or above federal EPA drinking water standards. The reality of these current production constraints is at odds with the District's position that three years of compliance with the CDO's final pumping limits from the Carmel River show that there is no likelihood of violations of section 1052 in the foreseeable future.

California American Water is currently constructing two new extraction wells in the basin and is in the planning stages for additional wells. Given the complex hydrology of the Seaside Basin and the presence of contamination, any consideration of modifying the CDO should include an understanding of current and future production capacities to ensure that additional water demand does not harm the basin, force over-pumping of the Carmel River, or result in rationing and additional water use restrictions.

The Carmel River is recovering thanks to the actions of California American Water, the District, and the community to support new water supplies and the removal of the San Clemente Dam ten years ago. Work continues to restore the river and protect the species that live there. The reality is that supplies from the ASR program, while vital, are susceptible to drought, as are future supplies from the expansion of Pure Water Monterey. If new demands or production problems occur, the community may need to ration and turn to additional pumping of the Carmel River during future droughts to meet essential basic demands. Over-pumping could lead to environmental degradation of the habitat when river flows are at their lowest and result in fines to our company and our customers from state and federal regulators.

California American Water is intent on lifting the CDO and is equally committed to responsible water management, which is complex and relies on future drought planning including providing reasonable safety margins to ensure sufficient supply to meet all future demand.

Given the multitude of variables impacting this issue it would be irresponsible to plan only for best-case scenarios. While modifying the CDO is appealing, we must be careful not to return to the past of water scarcity. Making long-term decisions based on short-term, non-resilient supplies would hurt current customers, new connections, and our community.

California American Water is eager to continue the conversation with the District about how to prudently evaluate the promise of new water supplies and production capacities within the constraints posed by section 1052. We are committed to the protection of the Carmel River and long-term reliability of supplies for residents of the Monterey Peninsula as well as to continuing our collaboration with all stakeholders on an effective solution. The possibility of enforcement actions and fines necessitates further discussion if the District's Board moves forward with its application to modify the CDO.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin Tilden", with a stylized flourish at the end.

Kevin Tilden
President
California American Water

CC: Eric Oppenheimer, SWRCB
Paul Sciuto, Monterey One Water