

California American Water: Monterey Peninsula Water Management District Moves Forward with Risky Resolution

10/11/2023

District Risks More than One Billion Dollars and Reliable Water Service

MONTEREY, Calif.--(BUSINESS WIRE)-- California American Water, along with community leaders and organizations, testified that the Monterey Peninsula Water Management District (District) is making a costly error in proceeding with its buyout attempt of California American Water's Monterey water system. Supported by representatives of labor, hospitality, environmental groups and members of the public, California American Water made its case that they have, and will continue to be, the best stewards of the Monterey Peninsula's water resources.

California American Water raised multiple issues regarding the District's plan, including that the District does not have the proper certification by the state to operate a water system, was denied permission by other local elected officials on the Monterey County Local Agency Formation Commission (LAFCo) to become a retail water system, and has no previous experience in operating a water system. Even if successful in moving forward with its plan, the District intends to borrow as much as one billion dollars from investment banks to finance the purchase – more than 3,000 percent more than their current average budget.

"The District is playing games with ratepayers money. The most likely scenario is that the District loses in court after spending tens of millions of dollars," said Evan Jacobs, Director of External Affairs for California American Water. "The worst-case scenario is that they succeed and must borrow hundreds of millions of dollars to fund their novice efforts to operate a water system."

California American Water and its predecessor companies have operated the Monterey Peninsula's water system

since 1883. The system currently serves roughly 100,000 people with network of over 680 miles of pipeline and over 100 storage tanks. It is among the most complex water systems in California.

“California American Water is adapting to climate resiliency and drought on the Central Coast while protecting the Carmel River and working with partners to find sustainable new water supplies. We have the technical, financial and managerial expertise that comes with decades of experience,” said Chris Cook, Director of Operations at California American Water. “The idea that an agency can transform itself into a water utility and start operating a system of this complexity, is risky.”

The next step in the District’s ill-advised takeover process will necessitate legal action and ultimately a final decision by the court after a lengthy proceeding. California American Water is confident that its operational successes and financial management, coupled with legal precedent set by other similar attempts by public agencies to take over water systems, will result in California American Water retaining its water system.

About California American Water:

California American Water, a subsidiary of American Water (NYSE: AWK), provides high-quality and reliable water and wastewater services to more than 700,000 people. Information regarding California American Water’s service areas can be found on the company’s website **www.californiaamwater.com**.

About American Water:

With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs more than 6,500 dedicated professionals who provide regulated and regulated-like drinking water and wastewater services to more than 14 million people in 24 states. American Water provides safe, clean, affordable, and reliable water services to our customers to help keep their lives flowing. For more information, visit **amwater.com** and **diversityataw.com**. Follow American Water on **Twitter**, **Facebook** and **LinkedIn**.

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Source: California American Water