California American Water Continues to Fight Condemnation Effort

Focus remains on providing high-quality, reliable water service

MONTEREY, Calif. (December 16, 2023) – California American Water announced today that it will vigorously defend its right to continue to serve the customers and the communities in its Monterey Peninsula Water System in response to the Monterey Peninsula Water Management District's (District) filing of an eminent domain action.

"California American Water has proudly and reliably served the customers on the Monterey Peninsula for more than 60 years, and we will continue to do so. Our system is not for sale," said Evan Jacobs, Director of External Affairs for California American Water. "We will defend against the District's actions because it is not in the best interest of our customers, we believe the District does not have the legal authority nor the expertise to reliably run such a complex water system, and this effort will cost residents millions of dollars."

To date, the District's actions have already spanned more than five years at a cost of more than $3 million in public funds spent for legal and consulting fees.

"The District is irresponsibly rolling the dice with this action, and it's likely going to be a disaster for our community. Government takeovers were defeated in California as the courts found that government ownership would not benefit customers. The results were losses of $13 million for the City of Claremont and $25 million for the City of Apple Valley Ranchos," said John Tilley, President of Monterey Commercial Property Owners Association. "If the District continues with this gamble, the loss for Monterey residents will likely be much larger than for those cities. Five years ago, we were told that voting for a feasibility study would cost nothing. Now we are talking about millions of dollars in legal fees and other costs."

California American Water will continue to contest the District's legal authority to seize the water system, citing its lack of legal authority to become the water service provider for the Monterey Peninsula. In 2021, Monterey County Local Area Formation Commission (LAFCO) denied the District's application to become a water service provider. California American Water will seek to have the case dismissed based on these basic legal defects. If the case is not dismissed outright, it will follow a multi-year legal course.

"We believe the District is not qualified nor legally allowed to run California American Water's Monterey Peninsula water system, which is one of the most complex systems in the state with multiple water sources and a complicated distribution and storage system," continued Jacobs. "The community would be better served if the District worked cooperatively with California American Water to secure sustainable water supplies and protect the Carmel River."

California American Water has owned and operated the water system serving parts of Seaside, Sand City, Monterey, Pacific Grove, Del Ray Oaks, Pebble Beach, Carmel-by-the-Sea and unincorporated Carmel Valley for more than 60 years. The company employs about 100 people who live and work in Monterey County, including licensed water treatment and distribution operators, engineers, and water quality experts.

"Our dedicated employees will remain focused on providing reliable service as we plan to serve these vibrant communities for many decades to come," said Jacobs.

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 725,000 people. Information regarding California American Water's service areas can be found on the company's website www.californiaamwater.com.

Media Contacts

Evan Jacobs

External Affairs Director

707-495-6135

evan.jacobs@amwater.com

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