

California American Water Submits Monterey Desalination Project Financing and Cost Updates to the California Public Utilities Commission

The filing underscores the Monterey Peninsula's continued need for drought-proof water supplies and describes strategies to be implemented to offset project cost

PACIFIC GROVE, Calif., Oct. 23, 2026 /PRNewswire/ -- Today, California American Water submitted an application to the California Public Utilities Commission (CPUC) updating the project cost estimates, a low-cost financing framework, and a proposal for rate treatment for the Monterey Peninsula Water Supply Project's desalination facilities.

California American Water has been working with state regulatory agencies for decades to address the Monterey Peninsula's water supply crisis and lift the State Water Board's cease-and-desist order, which has limited the region's economic growth and prevented sustainable housing development. This work has reduced pumping from the Carmel River by 75 percent, to date.

In 2018, the CPUC authorized the desalination project as the best solution to address Monterey's long-term water supply needs, aligning with California's Water Resiliency Portfolio, which calls for the implementation of desalination. The CPUC approved environmental planning documents and verified supply and demand estimates that confirmed the region faces a water deficit by 2050. Subsequent to the 2018 CPUC authorization, lengthy approval and permitting processes, as well as continuous legal challenges, have extended the project timeline. These delays have exposed the project to labor and construction material cost escalations, as well as significant engineering, procurement and legal expense, resulting in a total construction estimate of \$825 million.

"California American Water remains committed to ensuring the Monterey Peninsula has a reliable water supply into the future, and we are taking steps to pursue alternative sources of financing to minimize the costs and protect affordability for our customers," said **California American Water President Sarah Leeper**. "To mitigate the impacts of the project costs, our application proposes financing and ratemaking measures estimated to reduce the impact on customers by \$588 million over the 40-year life of the project."

The California American Water team is proposing project financing and rate structures to lower the overall cost to protect Monterey's customers and protect the future of water supply on the peninsula. The company will continue working with the CPUC and state and local leaders to discuss other potential cost reductions in order to deliver a drought-proof water supply project.

California American Water and its coalition of partners, including leaders in labor, business, community and environmental advocacy, continue to view desalination as the best technical solution to diversify and drought-proof Monterey's water supplies. The CPUC filing provides new cost data, financing opportunities, and ratemaking considerations for regulators and stakeholders to evaluate and provides that the project proceeds based on sound data, appropriate funding, and clear measures to promote affordability and mitigate rate impacts.

For further updates on California American Water's work in Monterey, visit the project website www.watersupplyproject.org.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886 and celebrating 140 years in 2026, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 19 military installations. American Water's approximately 7,000 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on [LinkedIn](#), [Facebook](#), [X](#) and [Instagram](#).

About California American Water

California American Water, a subsidiary of American Water, with approximately 300 dedicated employees, provides safe, clean, reliable and affordable water and wastewater services to approximately 720,000 people.

SOURCE American Water

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