CALIFORNIA AMERICAN WATER

May 10, 2022

Hon. Mary Ann Carbone
Chairperson, Monterey One Water
5 Harris Court, Building D
Monterey, CA 93940

Via email: sandcityrep@my1water.org
MaryAnn@SandCityCA.org

RE: Pure Water Monterey Operational Impact on ASR Well-01

Dear Chair Carbone:

California American Water's (Cal Am) current inability to use well ASR-1 to extract water from the Seaside Groundwater Basin, caused by the Pure Water Monterey (PWM) project's lack of compliance with regulatory underground retention times at that location, is a critical issue impacting available water supply for the Monterey Peninsula both this year and beyond.

Advanced treated wastewater is injected into the Seaside Basin by PWM where it is recovered by Cal Am for use by Monterey Peninsula customers. To protect health and safety, California regulations require that injections of treated wastewater from PWM into the Seaside Basin stay underground a minimum of two months before extraction for drinking water. This requirement is also included in M1W's NPDES permit for PWM (Order R3-2017-0003, section VI, paragraph 1).

ASR-1 is one of the largest-capacity extraction wells owned by MPWMD and operated by Cal Am to extract water (whether from PWM, the Aquifer Storage and Recovery program, or native basin groundwater) from the Seaside Basin, and has been relied upon as a source of drinking water for Monterey residents and businesses since 2003. As Carmel River supplies are reduced, the availability of ASR-1 is critical to meeting customer demand on the Monterey Peninsula. But now, PWM injections are not meeting the required underground retention times before reaching ASR-1, and State regulators have ordered ASR-1 to be shut down for extraction of potable water to customers until M1W and MPWMD can demonstrate that recycled water reaching those wells is in compliance with all regulatory requirements, including underground retention times. The loss of ASR-1 as

an extraction well for potable water supply threatens Cal-Am's ability to meet customer demand.

Cal Am was first informed of the failure of the PWM project to comply with underground retention times at ASR-1 in June 2021, even though the sampling for compliance was conducted in October 2020. Between June 2021 and March 2022, Cal Am met regularly with both regulators and M1W and MPWMD staff to come up with solutions to allow ASR-1 reactivation, including reductions in PWM injections – which would lengthen retention times - and Cal Am repeatedly emphasized the critical need for ASR-1. But on April 18, 2022, M1W and MPWMD informed Cal Am that they would not reduce PWM injections to allow activation of ASR-1 for extraction because, among other things, such reduction would "jeopardize contractual delivery of water," "undermine meeting reserve requirements and delivery of 'extra' PWM water," and "delay review and approval of" an engineering report. MPWMD also expressed concern that "any questions about travel time, should they become public, could influence the public perception of the health risks from drinking PWM water."

On April 28, 2022, Cal Am informed M1W and MPWMD that their refusal to take action to correct the underground retention time at ASR-1 will interfere with Cal Am's water service obligations and constituted a breach of the PWM Storage and Recovery Agreement and PWM Water Purchase Agreement. These breaches trigger a dispute resolution process as outlined in those agreements.

Cal Am, in coordination with other agencies, is working on a variety of actions to ensure sufficient water supply in the near term, including developing additional wells in the Seaside Basin to safely extract water, adding wellhead treatment to ASR-4 (which are offline for extraction purposes due to unrelated water quality issues), and tying existing Seaside wells into the pipeline carrying water back to the Monterey Peninsula. Additional demand reduction through conservation measures or rationing may also be required. However, these potential steps cannot be seen as a replacement path for the immediate need to solve the retention time problem, thereby allowing ASR-1 to be reactivated. Only with ASR-1 in operation as an extraction well will Cal Am have the necessary operational reliability to meet customer demand while staying within source water limits, including legal limits on diversions from the Carmel River.

PWM is a complex project and technical challenges are not surprising. As we work through these challenges together, it is important to remember that the primary purpose of the PWM project from the beginning was to enable Cal Am to meet customer demand while remaining in compliance with the terms of the cease-and-desist order governing Carmel River diversions. It is unfortunate our project partners' staff seem to have lost sight of this purpose and have refused to take the steps needed to reactivate ASR-1, thereby forcing Cal Am to initiate these dispute resolution processes.

The reduction of PWM injection rates and regulatory coordination to reactivate the well are still within M1W's abilities. We respectfully request that you direct staff to engage with us to take the actions necessary to return ASR-1 to service and ensure that the water needs of our community will be met.

Sincerely,

Ian Crooks
Vice President of Engineering
California American Water

CC: M1W Board of Directors
M1W General Manager Paul Sciuto