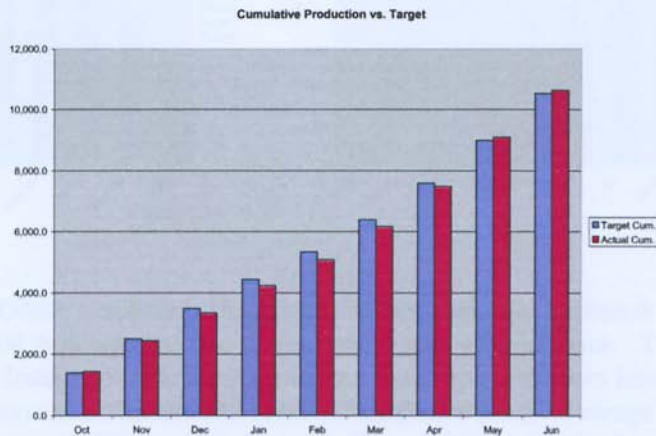


FACT SHEET

CALIFORNIA AMERICAN WATER COASTAL DIVISION WATER SUPPLY SHORTAGE WATER YEAR 2003-04

BACKGROUND: The Coastal Division of California American Water serves the six cities of the Monterey Peninsula and the unincorporated areas of the Carmel Valley from two water sources the Carmel Valley (surface and wells) and the Seaside Ground Water Basin. California American's Carmel Valley sources are limited under SWRCB Order 95-10 to a net production of 11,285 acre feet annually. Order 95-10 directs California American to supplement the supply with groundwater from the Seaside Basin. The water resource management for the California American service area is regulated by the Monterey Peninsula Water Management District. The District establishes water use rules through ordinances, protects the environment of the Carmel River and develops quarterly budgets for the production of water from the Seaside Basin and Carmel Valley.

THE PROBLEM: In mid-May 2004 the operations staff noticed that water consumption was unseasonably high. Further investigation showed that the water use was driving the cumulative total for the water over the District's budget targets for the year. By the end of May 2004 the data showed that May was 202 acre feet over target and that the system was 1.1% or 99 acre feet over the water year target. Consumption generally met targets in June 2004 and by July 1st the system production had recovered roughly 4 acre feet. If the June trend cannot be further strengthened California American and its customers face severe financial penalties that could be imposed by the SWRCB.



THE CAUSES: Monterey had another below normal rainfall year and a warm spring. California American rainfall records show that 2003-04 produced 24.02 inches of rain compared to the ten year average of 31.5 inches. A review of the records indicate that the need for increased irrigation began in April 2004 and was identified as a problem when the daily use strained production facilities and the production totals began to exceed the District's monthly targets. The graphic below shows the 2004 use of potable water used to supplement reclaimed water for golf course irrigation and the average by month of the previous nine year period.