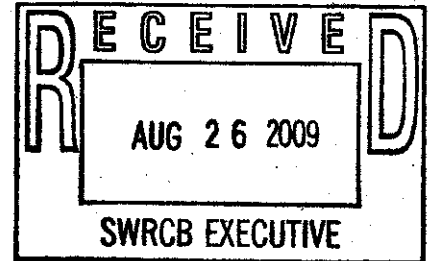


MARINA COAST WATER DISTRICT

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August 26, 2009



Mr. Arthur G. Baggett, Jr.
Board Member and Hearing Officer
State Water Resources Control Board
1010 I Street
Sacramento, CA 95814

Re: MCWD Comments on July 27th Draft Cease and Desist Order in the Matter of California American Water WR 2009-00XX – Workshop Scheduled for September 2, 2009

Dear Mr. Baggett:

Marina Coast Water District (MCWD) appreciates the opportunity to comment on the Draft Cease and Desist Order (CDO) involving California American Water Company's diversion and use of water from the Carmel River. MCWD's interest in this matter is to participate in positive action to address the water supply problems in northern Monterey County, including the Monterey Peninsula and areas served by California American Water Company. My District is deeply concerned that adoption of the CDO would delay the implementation of more positive actions to augment the existing water supply.

MCWD is working closely and intensively with other local agencies and jurisdictions and utilities and on a coordinated, phased, regional water supply solution that has different parts. The California Public Utilities Commission is preparing a final environmental impact report on the Regional Project and alternatives. Important elements of the Regional Project include desalination of water from wells to be located between the ocean and Highway 1, west of the Salinas River. Water would be treated in a 10 million gallon per day facility at a site adjacent to the Regional Wastewater Treatment Plant and the Regional Solid Waste Management Facility. The Project proposes to use methane-generated energy produced the adjacent Solid Waste Facility, with some additional wind energy, to largely if not completely reduce the energy impact of the Project. The product water would be transported in Phase 1 for uses in the Marina area and on the Former Fort Ord served by MCWD and uses on the Monterey Peninsula served by California American Water Company. Phase 2, which is currently being analyzed at a programmatic level, could provide water to areas east of the Salinas River. The source wells, treatment plant, conveyance facilities and disposal of the "reject" water from the desalination process through the existing, regional wastewater outfall are all important elements of the Regional Project.

A feature of the source wells that should be of interest to the State Board is that the wells will serve as an extraction barrier to seawater intrusion in the vicinity of the wells and will actually contribute to remediating seawater intrusion in that part of the Salinas River Groundwater Basin. Another element of the Regional Project include about 1,700 acre feet/year of recycled water from the

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Regional Wastewater Treatment Plant. Possible use of excess winter flows from the Salinas River has been discussed, but is not part of Phase 1.

Engineering projections show that desalination part of the Regional Project can be on line by 2012, with full cooperation of all interested persons, including all regulatory agencies. If the focus and energy and resources of key stakeholders are diverted from obtaining a regional solution to adopting, implementing and funding additional regulations to deal with the existing critical shortage, I have no doubt that the crisis will be extended rather than solved.

I invite the State Board to work with us to implement the Regional Project.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Heitzman", with a long horizontal flourish extending to the right.

Jim Heitzman, General Manager