

Exhibit CAW-030CC



DRB

California-American Water Company

Monterey Division
50 Ragsdale Dr., Suite 100, P.O. Box 951 • Monterey, CA 93942-0951

October 31, 2002

Ed Anton, Division Chief
Division of Water Rights
State Water Resources Control Board
1001 I Street
Sacramento, CA

Re: SWRCB Order No. WR 95-10, as amended by Order WR 98-04
4th Quarterly Report for Water Year October 1, 2001 through
September 30, 2002

Dear Sir:

Pursuant to Condition 13 of the subject order as amended, this letter is Cal-Am's *fourth and final quarterly* report for the water year October 1, 2001 through September 30, 2002.

Condition 13, as amended, requires:

- "13. Starting with the first full month following adoption of this Order, Cal-Am shall file quarterly with the Chief, Division of Water Rights:
- (a) Reports of the monthly total amounts being: (1) pumped from wells; and (2) diverted from the Carmel River. Reports of the total monthly amount being pumped from wells shall show the amount being pumped from each well and shall show the location of each well.
 - (b) Reports of the progress being made in complying with the schedule submitted to comply with Condition 11,
 - (c) Reports of the progress being made in complying with Conditions 4, 5, 6, 7, 8, and 9, and
 - (d) Cal-Am shall submit a quarterly water budget thirty days after approval by the District."

RESPONSES

I. Condition 13(a). The total amounts being: (1) pumped from wells and (2) diverted from the Carmel River by month for each well location for the Fourth Quarter of Water Year October 1, 2001 through September 30, 2002 is shown on Attachment 1. As requested for the final quarterly report of the Water Year, Attachment 5 is the daily production reports for the Upper Valley Carmel Valley wells, the Lower Carmel Valley wells and the Carmel Valley Filter Plant. Attachment 2 shows the monthly production data through September 2002 from specific sub-units in the Carmel Valley via Carmel Valley wells. In the Fourth Quarter, Carmel Valley Filter Plant produced 0 AF, with 83.4 AF from Aquifers No. 1 and No. 2; Water West - 40.0 AF; Aquifer No. 3 - 2,369.8 AF; Aquifer No. 4 -

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Exhibit CAW 030CC

563.3 AF. Net production for the months of July, August and September 2002 was 1,034.8 AF, 1,023.2 AF and 958.5 AF, respectively. Los Padres releases are shown on Attachment 4.

II. Condition 13(b). Condition No. 11 has been satisfied because The Monterey Peninsula Water Management District ("MPWMD") has continued to implement the Mitigation Program for the District's Water Allocation Program Environmental Impact Report.

III. Condition 13(c). progress being made in complying with Conditions 4, 5, 6, 7, 8, and 9 is as follows:

- CONDITION NO. 4

Cal-Am shall maximize production from the Seaside aquifer for the purpose of serving existing connections, honoring existing commitments (allocations), and to reduce diversions from the Carmel River to the greatest practicable extent during periods of low flow. Cal-Am shall minimize diversions from the Seaside aquifer whenever flow in the Carmel River exceeds 40 cfs at the Highway 1 bridge from November 1 to April 30. The long-term yield of the basin shall be maintained by using the practical rate of withdrawal method.

Response No. 4:

Attachment 3 shows Net System Production for the Water Year to Date.

- CONDITION NO. 5

To the maximum extent feasible without inducing sea water intrusion or unreasonably affecting the operation of other wells, Cal-Am shall satisfy the water demands of its customers by extracting water from its most downstream wells.

Response No. 5:

In April 2001, US Fish & Wildlife Service and Cal-Am executed the First Amended Agreement for protection of the California Red-legged frog for Cal-Am's Carmel Valley operations (Agreement with USFWS). The Agreement states that, provided that Cal-Am complies with its terms and the Biological Opinion, incidental take of California Red-legged frog shall be exempt from the take prohibitions of Section 9 of the Endangered Species Act. One of the requirements of the Agreement with USFWS is to pump from downstream wells to the extent practicable, which is consistent with Condition No. 5.

On March 21, 2002, the State Board adopted Order WRO 2002-0002, which has modified Cal-Am's operation of the upper Carmel Valley wells in a manner that is consistent with Condition No. 5.

In past years, operation of the upper Carmel Valley wells has been limited during the months of May through December. A Conservation Agreement with National Marine Fisheries Service ("NMFS") and Order WRO 2002-0002 changed the trigger for reducing operation of upper Carmel Valley Wells from specific months to "low flow periods", defined as times when stream flow in the Carmel River at the Don Juan Bridge (RM 10.8) gauge is less than 20 cfs for five consecutive days. During low flow periods, Cal-Am has ceased diversions from San Clemente Reservoir, is pumping from Russell Wells 2 and 4, and has limited its pumping of the other upper Carmel Valley Wells to a schedule of maintenance pumping, which is set forth below (hereinafter referred to as "low flow operations"). The maintenance pumping schedule and the complete cessation of diversions from San Clemente Reservoir are being monitored and evaluated by NMFS and Cal-Am and are subject to adjustment in order to satisfy the needs of Cal-Am's customers and the needs of the steelhead.

The Del Monte Pump Station, which delivers water from the Begonia zone to the Carmel Valley Village, is on line. Production from the Russell Wells is now limited to 0.5 cfs and the majority of Carmel Valley Village demand will be met by pumping water from the Begonia zone, which includes water well production facilities in AQ 3, AQ 4 and the Seaside Groundwater Basin. This mode of operation will be evaluated during the period of January through December, 2002 to address the adequacy of Cal-Am's distribution system and the new pump to accommodate the water supply needs of the Carmel Valley Village from the Begonia Zone.

Status of wells during July through September, 2002:

Upper Carmel Valley Wells

The Conservation Agreement with NMFS went into effect on September 18, 2001. Since then operation of the upper valley wells has been in accordance with the Conservation Agreement. On December 3, 2001, the low flow period as defined by Order WRO 2002-0002 ended. The upper valley wells resumed normal operations on January 8, 2002. In anticipation of the beginning of the next low flow period, the Company began mobilizing for low flow operations and was fully under low flow operations by May 16, well before actual flow conditions satisfied the definition of low flow. On June 10, 2002, flow conditions satisfied the definition of low flow and low flow operations have been in effect since that time.

Low Flow Operations Schedule for Upper Valley Wells

Panetta 2 – Off Line (run 8hrs/day for 1 to 2 days per month for maintenance)
Panetta 4 – Off Line (run 8hrs/day for 1 to 2 days per month for maintenance)
Garzas 3 – Off Line (run 8hrs/day for 1 to 2 days per month for maintenance)
Garzas 4 – Off Line (run 8hrs/day for 1 to 2 days per month for maintenance)

Los Laureles 5 – Off Line (run 1 day per month for 8 hours for maintenance)
Los Laureles 6 – Off Line (run 1 day per month for 8 hours for maintenance)
Scarlett 8 – Off Line (run 1 day per month for 8 hours for maintenance)
Robles – Off Line (run 1 to 2 hours once a week for maintenance)
Russell Wells – On Line, but limited to 0.5 cfs combined

Lower Carmel Valley Wells

Rancho Canada – On Line
San Carlos – On Line
Cypress – On Line
Pearce – On Line
Schulte – On Line
Manor – On Line
Begonia #2 – On Line
Berwick #7 – Out of Service for rehabilitation until further notice.
Berwick #8 – On Line

• CONDITION NO. 6

Cal-Am shall conduct a study of the feasibility benefits and estimated costs of supplying water to the areas now served by the Carmel Valley Filter Plant from its more nearby wells downstream of the plant and shall also conduct a similar study of utilizing the existing or expanded Begonia Treatment Plant or other facilities located further downstream in lieu of the Carmel Valley Filter Plant. This latter study shall be completed within one year of the date of entry of this Order. Petitioner shall have an opportunity to comment on the scope of the study. The study shall be under the direction of the Division of Water Rights, and will be conducted by a consultant approved by the Division. If the Chief, Division of Water Rights, finds that the measures identified in the studies are feasible, Cal-Am must implement supplying water from the facilities identified by the Division according to a schedule approved by the Division of Water Rights. The objective of supplying water from the wells is the maintain surface flow in the stream as far downstream as possible by releasing water from San Clemente Dam for maintenance of fish habitat. The results of the study and recommendations shall be provided to the District and DF&G for comment.

Response No. 6:

In accordance with the terms of Order Nos. 95-10 and 98-04, two studies were done. The first was completed and submitted to the State Board in September, 1996 and the Reconnaissance-Level Feasibility Study of the Operational Reconfiguration of Lower Carmel Valley Wells was completed and was submitted to the State Board on June 21, 1999. In April, 2001, the State Board issued Order 2001-04 in which it found these

studies adequate. A hearing on Order 2001-04 was conducted on September 17 and 18, 2001. Order 2002-0002, adopted March 21, confirmed that these studies were adequate.

- CONDITION NO. 7

Cal-Am shall evaluate the feasibility of bypassing early storm runoff at Los Padres and San Clemente Dams to recharge the subterranean stream below San Clemente Dam in order to restore surface water flows in the river at an earlier date. The results of the study and recommendations shall be provided to the District and CDF&G for comment.

- CONDITION NO. 8

Cal-Am shall conduct a study of the feasibility, benefits, and costs of modifying critical stream reaches to facilitate the passage of fish. The study shall be designed and carried out in consultation with DF&G and the District. The results of the study and recommendations shall be provided to the District and DF&G for comment.

Response Nos. 7 & 8:

See prior quarterly reports.

DSOD has asked the Company to give an annual update on the status of compliance with Condition No. 2.

Condition No. 2 requires:

- "2. Cal-Am shall diligently implement one or more of the following actions to terminate its unlawful diversions from the Carmel River:
- (1) obtain appropriate permits for water being unlawfully diverted from the Carmel River
 - (2) obtain water from other sources of supply and make one-for-one reductions in unlawful diversions from the Carmel River, provided that water pumped from the Seaside aquifer shall be governed by condition 4 of this Order, not this condition, and/or
 - (3) contract with another agency having appropriate rights to divert and use water from the Carmel River."

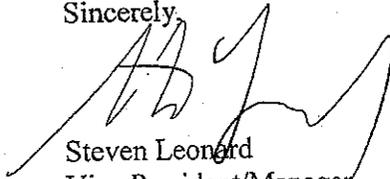
Response:

Cal-Am continues to actively seek a resolution to a long-term water supply in order to comply with Condition No. 2.

Legislation sponsored by Assemblyman Keeley mandated the California Public Utilities Commission ("CPUC") to develop a long term water supply project to be implemented in the event that the Carmel River Dam and Reservoir Project ("CRDRP") cannot be implemented. The final Plan B report was released on August 9, 2002 and recommends a project that comprises desalination (9,430 acre-feet per year) and aquifer storage and recovery (1,300 acre-feet per year). The Company is analyzing Plan B's technical, environmental, and financial feasibility. The process for the proposed CRDRP has been delayed. The MPWMD is the lead agency for the CRDRP Environmental Impact Report ("EIR") and also volunteered to serve as California Environmental Quality Act ("CEQA") lead agency for Plan B. Despite the Company's request that the CRDRP EIR be completed and certified, MPWMD chose to evaluate Plan B as part of the CRDRP EIR. The Company does not know when the EIR will be completed.

In view of the delay in the CRDRP EIR process and MPWMD's failure to assign or transfer the permits for the CRDRP to the Company, the Company has concluded that it must pursue, in its own name, the water rights required for a long term legal water supply for its Monterey system. Accordingly, the Company has protested MPWMD's pending petition requesting a change from storage rights at new Los Padres Reservoir (MPWMD's predecessor project to the CRDRP) to direct diversion at San Clemente Dam and the Carmel Valley aquifer for up to 7,909 acre-feet annually. The Company will also actively pursue its petitions for water rights already pending before your Board.

Sincerely,



Steven Leonard
Vice President/Manager
California-American Water Company,
Monterey Division

JSD:sm
Enclosures

cc: J. Almond
J. Ambrosius
E. Avila
J. Driscoll, Esq.
F. Farina, Esq.
C. Kemp
D. Laredo, Esq.
P. Ma
T. Peterson
D. Pratt
M. Schubert



KDM

California-American Water Company

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November 5, 2002

Ed Anton, Division Chief
Division of Water Rights
State Water Resources Control Board
1001 I Street
Sacramento, CA 95812

Re: SWRCB Order No. WR 95-10, as amended by Order WR 98-04
4th Quarterly Report for Water Year October 1, 2001 through
September 30, 2002

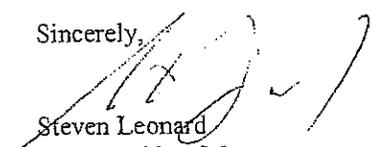
Dear Sir:

Attached is a two-page correction to our 4th Quarterly Report for Water Year October 1, 2001 through September 30, 2002 submitted to your office on October 31, 2002.

The changes represent a typo for the Water West data and the use of total versus net production numbers from Carmel Valley production data. The corrections are printed in "bold print."

Please substitute these two pages in your report.

Sincerely,


Steven Leonard
Vice President/Manager
California-American Water Company,
Monterey Division

SDL/ce
Enclosures

cc: J. Almond
J. Ambrosius
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October 31, 2002

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