

Exhibit CAW-0301



California-American Water Company

Monterey Division
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Lawrence D. Foy
Vice President & Manager

443-151

November 15, 1997

Mr. Walter Pettit
Chief, Division of Water Rights
State Water Resources Control Board
901 P Street
Sacramento, CA 95814-2000

RE: SWRCB Order No. WR 95-10

Dear Mr. Pettit:

As a condition of the subject order, we are filing herewith our *quarterly* report for the period of August 1, 1997 through October 31, 1997 updating the status of Condition Nos. 2, 3(a), 4, 5, 6, 7, 8, and 12, including the supporting backup information for each condition.

Enclosed and made part of this report is the monthly report required under Condition Nos. 3(b) and 5.

Very truly yours,

A handwritten signature in black ink, appearing to be "L. D. Foy".

L. D. Foy

LDF/ce
Enclosure

cc: K. Aasen
D. Fuerst
G. Haas
T. Jones, Jr.
J. Carrasco
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F. Farina, Esq.
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Exhibit CAW 0301

11/15/97

**SWRCB - ORDER NO. WR 95-10
Quarterly Report - August/October 1997**

ORDER CONDITION NO. 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 2.1:

See response to Order Condition No. 12(a) below.

11/15/97

SWRCB - ORDER No. WR 95-10
Quarterly Report - August/October 1997

ORDER CONDITION NO. 3

- (a) *Cal-Am shall develop and implement an urban water conservation plan. In addition, Cal-Am shall develop and implement a water conservation plan based upon best irrigation practices for all parcels with turf and crops of more than one-half acre receiving Carmel River water deliveries from Cal-Am. Documentation that best irrigation practices and urban water conservation have already been implemented may be substituted for plans where applicable.*
- (b) *Urban and irrigation conservation measures shall remain in effect until Cal-Am ceases unlawful diversions from the Carmel River. Conservation measures required by this Order in combination with conservation measures required by the District shall have the goal of achieving 15 percent conservation in the 1996 water year and 20 percent conservation in each subsequent year.²³ To the extent that this requirement conflicts with prior commitments (allocations) by the District, the Chief, Division of Water Rights shall have the authority to modify the conservation requirement. The base for measuring conservation savings shall be 14,106²⁴ AFA. Water conservation measures required by this order shall not supersede any more stringent water conservation requirement imposed by other agencies.*

RESPONSE NO. 3 (a):

Cal-Am filed its "Monterey Division Urban Water Management and Water Storage Contingency Plan - 1995-2000" as part of its July 1996 quarterly report and awaits SWRCB's final acceptance.

Cal-Am and MPWMD joined in a cooperative residential toilet replacement refund program which has committed \$328,000. The program has a projected goal of 3,280 toilets to be replaced through the \$100 Rebate Program. To date, 1,952 units have been replaced at an estimated water savings of 44.90 AF. (See the enclosed excerpt from MPWMD's October 31, 1997 staff report.)

11/15/97

**SWRCB - ORDER No. WR 95-10
Quarterly Report - August/October 1997**

**ORDER CONDITION NO. 3
(Continued)**

RESPONSE NO. 3(a) (Continued:)

As the hot, dry summer continued with no rain, Cal-Am realized we would be facing continued overpumping of the Carmel Valley to provide its customers; therefore, Cal-Am requested California Public Utilities Commission approval to begin Phase 3 of Mandatory Water Conservation, effective November 1, 1997. This was approved and the Company notified all of its customers by mail. (The letter and newspaper article announcing Phase 3 are enclosed.)

11/15/97

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RESPONSE NO. 3 (b):

Total production from the Carmel Valley, both surface and well diversion, for the 12 months of water year 1996-1997 was 1,562.2 AF or 13.8% over the same 12-month period last year. The monthly production for October 1997 was 1,018.9 AF as compared to 994.6 AF the prior year, or 24.3 AF. However, in reviewing the prior production records from 1988 through 1995, the production for 1997 is lower in the month of October for all of the prior period except for 1996.

We continued to experience hot, dry weather with very little rainfall in October. (See enclosed rainfall report for San Clemente Dam and enclosed production and comparison reports and graphs for the month of October 1997.)

11/15/97

SWRCB - ORDER NO. WR 95-10
Quarterly Report - August/October 1997

ORDER 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. The long-term yield of the basin shall be maintained by using the practical rate of withdrawal method.

RESPONSE NO. 4:

Cal-am continues to work with the MPWMD and the CDF&G to maximize pumpage in the Seaside Basin, thereby taking demands off the Carmel Valley. However, on June 19, 1997, the MPWMD requested that the Company curtail pumpage above that which was outlined in the Memo of Agreement between the two agencies and the Company—that we not exceed the long-term sustainable yield of 4,000 AF. This was approved by the MPWMD Board of Directors on July 16, 1997.

On July 20, 1997 the US Fish and Wildlife Service advised Cal-Am and the MPWMD of their concern for the drawdown in the Carmel Valley as it was drying up pools that were the habitat of the red-legged frog tadpoles. In their letter of July 20, 1997 they requested that the SWRCB curtail or eliminate all pumpage in the Carmel Valley, and recommended that the SWRCB not issue additional water rights for removal of water from the Carmel River Groundwater Basin. That request was answered in an August 4, 1997 letter from SWRCB. However, in a telephone call from the MPWMD, we were asked to continue maximizing the Seaside Basin through July in an effort to maintain pools until the red-legged frog's life cycle matured to land dweller. The Company concurred and produced 554.8 AF from the Seaside Basin in July, for a total year-to-date production of 3,626 AF.

Cal-Am was then advised by the MPWMD, in conjunction with meetings held with the CDF&G to review our Memo of Agreement for flows and pumpages, that since we reached the 3,626 AF at the end of July we were to now curtail our pumping in the Seaside Basin so that we would not exceed the established 4,000 AF allocation. We then made adjustments during August and September to accomplish that requirement and ended the 1996/1997 water year on September 30, 1997 with a total pumpage from the Seaside aquifer of 4,025 AF.

11/15/97

**SWRCB - ORDER NO. WR 95-10
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ORDER CONDITION NO. 5

Cal-Am shall satisfy the water demands of its customers by extracting water from its most downstream wells to the maximum practicable extent, without degrading water quality or significantly affecting the operation of other wells.

RESPONSE No. 5:

Cal-Am is making part of this quarterly report the requirement to provide monthly production data for October 1997 from specific sub-units in the Carmel Valley via Cal-Am wells.

Aquifer No. 1 produced 1.0 AF; Aquifer No. 2 - 0.0 AF; Water West - 9.5 AF; Aquifer No. 3 - 623.6 AF; Aquifer No. 4 - 227.1 AF. Total production for the month of October was 1,018.9 AF; less backwash (1.2 AF) net production 1,017.7 AF. This is an increase of 23.0 AF over the same month in 1996.

Cal-Am continues to take its production from its lowermost wells as indicated in this report and is further specified in detailed production reports found in Condition 3(b).

We continued to experience dry weather without benefit of rainfall since January 1997; rainfall during October 1997 was 0.33 inch.

11/15/97

**SWRCB - ORDER NO. WR 95-10
Quarterly Report - August/October 1997**

ORDER CONDITION NO. 6

Cal-Am shall conduct a reconnaissance level study of the feasibility, benefits, and costs of supplying water to the Carmel Valley Village Filter Plant from its more nearby wells downstream of the plant. The objective of supplying water from the wells is to 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:

Copy of the report "Reconnaissance-Level Hydrogeologic Study Alternative Source of Water Supply to the Carmel Valley Filter Plant" dated September 1996 was provided to the SWRCB, the MPWMD and the CDF&G. SWRCB staff has requested a response from MPWMD and CDF&G. (Copies of the letters dated October 21, 1997 are enclosed.)

11/15/97

**SWRCB - ORDER NO. WR 95-10
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ORDER 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 DF&G for comment.

RESPONSE NO. 7:

The Monterey Peninsula Water Management District, who is under contract to Cal-Am to provide studies for Bypass Early Storm Runoff Feasibility, has provided the status report projecting completion January 1998.

11/15/97

**SWRCB - ORDER NO. WR 95-10
Quarterly Report - August/October 1997**

ORDER 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 NO. 8:

The Monterey Peninsula Water Management District is under contract to Cal-Am to provide a study for Critical Stream Reach Feasibility. Sites have been selected. Report completion date will be December 1997.

11/15/97

SWRCB - ORDER NO. WR 95-10
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ORDER CONDITION NO. 12

Within 90 days of the date of this order, Cal-Am shall submit for the approval of the Chief, Division of Water Rights:

- (a) A compliance plan detailing the specific actions which will be taken to comply with condition 2 and the dates by which those actions will be accomplished;*
- (b) An urban water conservation plan;*
- (c) An irrigation management plan.*

RESPONSE 12(a):

Status - Carmel River Dam and Reservoir Project

The California Public Utilities Commission has concluded its public participation hearings and accepted a report from their staff at the November 3, 1997 pre-hearing conference held in Monterey. The administrative law judges assigned to conducting these workshops reported that 10 alternatives had been selected, and requested that a further in-depth review of these alternatives be included in the supplemental EIR, which is being completed by the environmental consultant Jones & Stokes. The MPWMD will present this change in contract scope to their Board of Directors for approval at their November meeting.

The MPWMD has also reported that these workshops and the additional work required has caused a slippage in the timetable. The draft report will not be available for review until January/February 1998, and a completed and certified EIR is expected in the Spring/Summer 1998.