

Exhibit CAW-030Z



California-American Water Company

262.0(27-01)

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

February 15, 2002

Acting 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
1st 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 *first 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 First Quarter of Water Year October 1, 2001 through September 30, 2002 is shown on Attachment 1. Attachment 2 shows the monthly production data for December 2001 from specific sub-units in the Carmel Valley via Carmel Valley wells. Carmel Valley Filter Plant produced 0 AF, with 54.0 AF from Aquifers No. 1 and No. 2; Water West - 4.0 AF;

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Aquifer No. 3 – 584.2 AF; Aquifer No. 4 – 151.3 AF. Total production for the month of December was 793.5 AF. See Table. 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 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 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 September 18, 2001, the National Marine Fisheries Service ("NMFS") and Cal-Am entered into a Conservation Agreement dealing with steelhead in the Carmel River, California. The State Board has been provided with a copy of this agreement. The

agreement 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. The Conservation Agreement changes 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) gage is less than 20 cfs for five consecutive days. Cal-Am has agreed to install a pump that delivers water from the Begonia zone to the Carmel Valley Village by the end of March, 2002. Pending the installation of that pump, 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. 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. Once the pump is installed, production from the Russell Wells will be 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 October through December, 2001:

Lower Carmel Valley Wells

Rancho Canada – Out of service – bowls frozen due to iron
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

Upper Carmel Valley Wells

The Conservation Agreement went into effect on September 18, 2001. From then until December 3, 2001 was a low flow period as defined by the Conservation Agreement. Operation of the upper valley wells was reduced accordingly.

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 to 2 hours once a week for maintenance)
Los Laureles 6 – Off Line (run 1 to 2 hours once a week for maintenance)
Scarlett 8 – Off Line (run 1 to 2 hours once a week for maintenance)
Robles – Off Line (run 1 to 2 hours once a week for maintenance)
Russell 2 – On Line
Russell 4 – On Line

On December 3, 2001, the low flow period as defined by the Conservation Agreement ended. The upper valley wells resumed normal operations on January 8, 2002.

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. Some participants argued that the studies were incomplete. The State Board has not issued its decision yet.

- 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.

Sincerely,



Wayne Morgan
Vice President – Operations
American Water Works Service Company
Interim Manager, Monterey Division

JSD:sm
Enclosures

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