

Exhibit 1

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8 **Attorneys for SEASIDE BASIN WATERMASTER**

9 **CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**

10 **IN THE MATTER OF WHETHER THE**
 11 **DRAFT CEASE AND DESIST ORDER**
 12 **CONCERNING CALIFORNIA AMERICAN**
 13 **WATER'S DIVERSION FROM THE CARMEL**
 14 **RIVER SHOULD BE ISSUED**

DECLARATION OF RALPH RUBIO
(SEASIDE BASIN WATERMASTER
CHAIRMAN)

15
16 I, Ralph Rubio declare as follows:

17 1. In addition to my capacity as the Mayor of the City of Seaside, I serve as the
 18 chairman of the Seaside Basin Watermaster. I have served in this position since the formation of
 19 Watermaster immediately following the entry of the judgment ("Judgment") in the Monterey
 20 Superior Court case, California American Water v. City of Seaside et al, Monterey Superior Court,
 21 Case No M66343, dated March 27, 2006. The Judgment adjudicated and limited rights to produce
 22 groundwater from the Seaside Groundwater Basin ("Basin") and implemented a physical solution
 23 for the perpetual management and protection of the Basin. I have personal knowledge of the
 24 following, and, if called as a witness, I would and could testify competently to the following:

25 2. In my capacity as the chairman of the City of Seaside, I am familiar with the
 26 Judgment and the current challenges and issues affecting the Basin.

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1 3. The Judgment distinguished four separate Sub-Areas within the Basin: the Northern
2 Inland Subarea, the Laguna Seca Sub-Area, the Southern Coastal Sub-Area, and the Northern
3 Coastal Sub-Area.

4 4. As discussed in greater detail in the concurrently-filed declaration of Dewey Evans,
5 the Basin has persisted in a state of overdraft for many years, and although no seawater has been
6 detected in the two main potable water production aquifers of the Basin's Coastal Subareas, there is
7 a present risk that seawater intrusion could occur in the future.

8 5. The overdraft of the Basin has persisted because of historical and annual extractions
9 of groundwater in excess of the annual safe yield of the Basin, which the Judgment estimates to be
10 approximately 3,000 acre-feet per year.

11 6. The Judgment authorized an initial "Operating Yield" of 5,600 acre-feet per year,
12 which represents the maximum quantity of groundwater that may be produced cumulatively from
13 the Basin by all groundwater rights holders.

14 7. The Judgment includes several provisions to addresses the threat of seawater
15 intrusion into the Basin. First, the Judgment mandates that Watermaster develop a Basin
16 Monitoring and Management Plan, including an Interim Seawater Intrusion Contingency Plan. The
17 Judgment also ordered mandatory reductions of the Operating Yield by 10 percent triennially
18 beginning in 2009 until the Operating Yield is equivalent with the determined Natural Safe Yield.
19 Each triennial 10 percent reduction will implemented unless either the same quantity of new water
20 supplies are developed to replenish the Basin or water levels are sufficient to ensure a positive off-
21 shore gradient to prevent potential sea water intrusion.

22 8. The Judgment sets forth two types of groundwater rights: Standard Production
23 Allocation ("SPA") and Alternative Production Allocation ("APA"). There are only a few parties
24 holding SPA, with the majority held by California American Water, followed by the City of Seaside
25 with respect to its municipal water service. The APA is held by the remainder of the water rights
26 holders. Allocations of APA cannot be transferred from one groundwater rights holder to another
27 unless the APA right is converted into a SPA right. By contrast, SPA rights are transferable.
28 However, SPA rights holders bear all reductions associated with the triennial 10 percent reductions

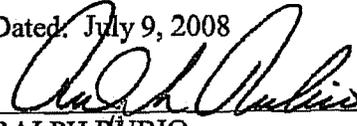
1 to the Operating Yield. In other words the APA is not diminished by the triennial 10% reductions.
 2 Instead, the full reduction is borne by the SPA rights holders.

3 9. Because the vast majority of the SPA rights are held by Cal Am and Seaside to serve
 4 municipal customers, unless new water supplies can be developed for Basin replenishment, the
 5 Watermaster anticipates that the municipal water supply from the Basin will be reduced by
 6 consecutive and compounded 10 percent reductions every three years commencing in 2009 until the
 7 Operating Yield is equivalent to the Natural Safe Yield. With respect to Cal Am, this will result in
 8 a 417 acre-foot reduction of groundwater available from the Basin in 2009, and ultimately a total
 9 reduction of 2,010 acre-feet by 2021.

10 10. As the Chairman of Watermaster, I recommend that the SWRCB consider the future
 11 reductions in the quantity of groundwater from the Basin available to Cal Am when determining the
 12 appropriate remedy within any Cease and Desist Order issued in this proceeding.

13 I declare under a penalty of perjury under the laws of the State of California that the
 14 forgoing is true and correct, and that this declaration is executed this 9th day of June, 2008 at
 15 Seaside, California

Dated: July 9, 2008


 RALPH RUBIO

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