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8 **CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**
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10 **In Re:**)
11 **Consideration of a Draft Cease and Desist**)
12 **Order Against California American Water**) **DECLARATION DAVID K.**
13 **Company's Diversion From Carmel River in**) **PENDERGRASS**
14 **Monterey County**)
15) **Hearing Dates:**
16) **July 23, 24 and 25, 2008**
17)
18)
19)
20)

21 I, David K. Pendergrass declare:

22 1. I am the Mayor of Sand City and have served in that capacity for nearly 30 years. I sit
23 on the Board of Directors of the Monterey Peninsula Water Management District as the
24 representative of all the Mayors of the Monterey Peninsula Cities, and have served in this
25 capacity for nearly 20 years. I have served as Sand City's representative to the Monterey
26 Regional Water Pollution Control Agency, a joint powers authority, for nearly 30 years. I have
27 served as Sand City's representative on Seaside Groundwater Basin Watermaster board since its
28 creation in March of 2006.

2. I am familiar with both the regulatory and voluntary efforts to conserve the use of
water on the Monterey Peninsula. I am also familiar with the efforts of California American
Water Company, State and local agencies to develop new sources of water to replace

1 water now being diverted from the Carmel River for beneficial use on the Monterey Peninsula.

2 3. Attached hereto marked Exhibit "A" and by this reference incorporated herein is a
3 copy of a report prepared by the staff of the Monterey Peninsula Water Management District and
4 presented to the District Board at a regular meeting of the Board earlier this year. The report,
5 entitled "Cal-Am Water Demand" shows that the amount of water being consumed by customers
6 of California American Water Company has decreased by 28% since 1988. That decrease has
7 occurred notwithstanding the fact that the number of persons living and visiting here has
8 increased during that same period of time.

9 4. California American Water Company, together with the California Public Utilities
10 Commission, the California Coastal Commission, the Monterey Peninsula Water Management
11 District, the Monterey Regional Water Pollution Control Agency, the County of Monterey and
12 the Peninsula Cities and the citizens of the Monterey Peninsula are acutely aware of limitations
13 imposed by SWRCB Order WR 95-10. California American Water Company is working
14 diligently with State and local agencies to develop new sources of water to replace excess
15 amounts now being diverted from Carmel River.

16 5. However, based on my past and current service as a member of the Board of Directors
17 of the Monterey Peninsula Water Management District as well as other regional agencies, it is
18 my opinion that no replacement water supply project can be developed in sufficient time to meet
19 the schedule of diversion reductions proposed in the draft CDO.

20 6. It is also my opinion that any significant reduction in diversions from the Carmel
21 River, without replacing those diversions from another source, will cause irreparably harm the
22 health and safety of the people and business of the Monterey Peninsula.

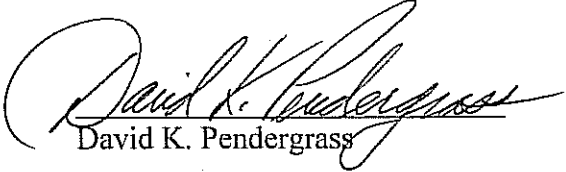
23 7. Sand City is now constructing a small desalination facility at a cost of over
24 \$10,000,000, or roughly twice the annual operating budget of the City. California American
25 Water Company has agreed to lease the entire production from the desalination facility for a
26 period of fifteen years, thereby allowing CAW to immediately reduce its diversions from the
27 Carmel River.

28 I declare under penalty of perjury under the laws of the State of California that the

1 foregoing is true and correct, and that if called as a witness I can testify competently thereto.

2 Executed this 9 day of July, 2008 at Sand City, California.

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David K. Pendergrass

Cal-Am Water Demand

Cal-Am Water Demand by Customer Type in RY 1988 and WY 2007

Customer Type	Reported Demand		Reduced Demand	
	RY 1988 (AF)	WY 2007 (AF)	From RY 1988 (AF)	(%)
Residential	7,954	6,508	1,446	18%
Multi-Residential	2,261	1,302	959	42%
Commercial	3,836	3,029	807	21%
Industrial	100	93	7	7%
Golf Course	1,271	421	850	67%
Public Authority	1,649	963	686	42%
Other	<u>208</u>	<u>59</u>	<u>149</u>	<u>72%</u>
Total	17,279	12,375	4,904	28%

EXHIBIT "A"