

Exhibit CAW-030K



California-American Water Company

Monterey Division
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Lawrence D. Foy
Vice President & Manager

443-151

May 12, 1998

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

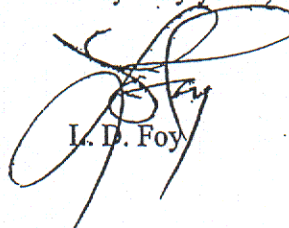
RE: SWRCB Order No. WR 95-10

Dear Mr. Pettit:

As a condition of the subject order, we are filing herewith our *quarterly* report for the period of February 1, 1998 through April 30, 1998 updating the status of Condition Nos. 2, 3(a), 4, 5, 6, 7, 8, and 12, including the supporting backup information for each condition. Also provided is additional information on some of the above-mentioned conditions as requested in the letter dated April 17, 1998 from Edward C. Anton, Chief of Division of Water Rights.

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

Very truly yours,



L. D. Foy

LDF/mh
Enclosure

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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.

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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):

In our previous quarterly report of November 1997/January 1998, we inadvertently stated we were awaiting a response from the SWRCB, when in actuality the responding agency was the Department of Water Resources. A response to the Monterey Division's "*Urban Water Management and Water Storage Contingency Plan - 1995-200*" was made on December 19, 1997. (Enclosed is a copy of that plan submitted to SWRCB under quarterly report of May/July 1996, including Appendix A, "*Best Management Practices Report, 1994-95*).

SWRCB's letter dated April 17, 1997 requested that we respond to the items that were not adequately addressed under the above-mentioned plan. They were as follows:

<u>Evaluation of Plan Elements and Subelements</u>	<u>Addressed in the Plan</u>
Sewer Rate Information	(Not Applicable)
Comprehensive Water Balance to 20015	No

Note: The long-range water supply plan will be addressed in the Supplemental Impact Report on the Carmel River Dam & Reservoir Project as outlined in the quarterly report of November 7, 1997/January 1998, which we believe is the appropriate document.

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RESPONSE NO. 3 (a) (Continued):

<u>Evaluation of Plan Elements and Subelements (Continued)</u>	<u>Addressed in the Plan (Continued)</u>
Water Use History & Forecast, 1975-2015	
1975-1990 Water Use History by Customer Sectors	No
1995-2015 Future Water Use by Customer Sectors	No

Note: The long-range water supply plan will be addressed in the Supplemental Impact Report on the Carmel River Dam & Reservoir Project as outlined in the quarterly report of November 7, 1997/January 1998, which we believe is the appropriate document.

Copy of the December 1997 letter and Urban Water Management Plan Evaluation enclosed.

In addition, we are enclosing a copy of the California Urban Water Conservation Council Best Management Practice, Retail Water Agency Annual Report, January 1997/December 1997. This report has been filed. The report incorporated the Conservation Measures, Phases 1 through 4, that have been implemented to bring about a reduction in the overall consumption to meet the goal of SWRCB Order No. WR 95-10.

Cal-Am and MPWMD continue to participate in a joint toilet replacement refund program. As of March 1998, 2,702 toilets have been replaced for an estimated water savings of 62.15 AF. (See enclosed excerpt from MPWMD's April board report.)

As of March 16, 1998, Cal-Am has implemented Phase IV, Mandatory Conservation Program, has held numerous meetings, and has distributed many publications, along with a direct mailing of notification of the plan to all customers. In addition, in 1998 Cal-Am requested of the MPWMD that they immediately institute a rationing program and a moratorium on connections. However, the District has not acted on these items. Consequently, Cal-Am proceeded to develop a mandatory water rationing plan. Cal-Am met with the MPWMD staff, their board of directors, political advisory committees from the cities and the county, and the MPWMD's Citizens Conservation Committee, and participated in numerous workshops.

Cal-Am requested a special board meeting of the MPWMD on April 6, 1998, where they met and heard a report on the plan. They discussed the plan, but took no action. Cal-Am

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ORDER CONDITION NO. 3

RESPONSE NO. 3 (a) (Continued):

then called a public protest hearing on April 15, 1998 under Water Code Section 351, Declaration of Water Emergency Situation. Members of Cal-Am's board of directors were present to hear public comments. MPWMD board of directors again met to consider a plan on April 20, 1998. They received comments from the TAC members, the PAC members and the Citizens Conservation Committee members, in addition to elected representatives and the public at large. The MPWMD board voted not to impose a rationing plan at this time, as they interpreted there was no water supply emergency, as outlined under their rules.

On April 22, 1998, Cal-Am's board of directors met. They approved a resolution under Water Code Section 350 declaring a water storage emergency in the Monterey Division. On May 7, 1998, Cal-Am filed Application Nos. 9805-008 through 010 with the California Public Utilities Commission requesting:

1. Application for special rate increase regarding the Mandatory Water Conservation Plan;
2. Application for authority to establish a balancing account regarding Mandatory Water Conservation Plan (Rule 14.1);
3. Application for adoption of Rule No. 14.2 and tariff schedules Nos. M0-8A and M0-8B (Mandatory Rationing Plan); and
4. Application for authority to impose a moratorium on all new and expanded water service connections.

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- (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 (b):

In response to SWRCB's letter dated April 17, 1998, we are supplying graphs and charts that outline the production goal established for the Carmel Valley wells not to exceed 11,285 AF and the total system goal not to exceed the 15,285 AF, including the Seaside Basin. For the seven months of the water year October 1997 through April 1998, the established April goal for the Carmel Valley, based on a ten-year prior consumption average, was 5,304 AF. Actual production for the water year to date, from both surface and well diversion, is 5,766.3 AF, or 462.3 AF above the Carmel Valley goal, or 8.7%. Based on directions received from the MPWMD and CDF&G, in a water year where 170,000 AF of water has flowed to the ocean, Cal-Am must meet system demands using the Carmel Valley Wells and relax the Seaside Basin to allow it to recharge. Therefore we took no production in January or March from the Seaside Basin. The overall system production, including Carmel Valley and Seaside to date, has a goal based on the same ten-year average method of 7,584 AF. The production to date of 7,281.2 AF, or 302 AF below the goal, equals 3.28%, or 4% below the overall production goal. See enclosed charts and graphs.

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RESPONSE NO. 3 (b) (Continued):

Cal-Am, MPWMD and CDF&G have met again to establish this year's annual diversions as outlined in the Memo of Agreement for the remainder of 1998. Under this flow regime and the goals established, Cal-Am will be maximizing the Seaside Basin for the next five months to take 500 AF per month. And, for the remainder of this water, May through September, Cal-Am will be reducing its consumption from the Carmel Valley to meet its goal of not exceeding 11,285 AF.

Since the inception of the Phase IV Mandatory Conservation and the substantial advertisement and community involvement filing a mandatory water rationing plan, the community has shown a responsiveness to bring the consumption in the overall system production below the monthly goals for March and April. We are optimistic that this pattern will continue and we will assist the community achieve its goal.

Production during the month of April, as indicated on the enclosed six pages of specific production reports by well, was primarily in Aquifer Nos. 2 & 3 subunits. Cal-Am is working on the replacement of electrical panels for its Cañada and San Carlos Wells which were lost during the high floods. The Cypress unit was taken out of service for cleaning of screens and replacement of a column. Los Laureles No. 5 Well is out of service for installation of a chlorination unit. All of these facilities will be restored to service during the month of May, and we will again maximize production in the Lower Carmel Valley.

During the month of April, the Peninsula continued to experience unusual rainfall with 4.01 inches at San Clemente Dam, bring the season total to 43.95 inches. This is a departure from the norm of 23.49 inches. See the enclosed rainfall report.

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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:

As indicated in the response to Condition 3(b), during the current excess water year, we have been maximizing production as directed by the MPWMD and DF&G to allow a recharge of the Seaside Basin—with no production taken in January and March 1998. To date we have produced 1,515 AF from the Seaside Basin and will be maximizing our production for the next five months at 500 AF per month to achieve the 4,000 AF allocation and to reduce pumpage in the Carmel Valley during the warmer months when we anticipate flow in the river to decline. However, based on projections to date, we will probably have flows through July in the river to the Lagoon.

Cal-Am continues its endeavor working with the U. S. Fish and Wildlife and National Marine Fisheries to file a conservation agreement between the Company and these agencies for the protection of the red-legged frog and the steelhead trout during the period July 1, 1998 through October 31, 1998. Cal-Am will be proceeding with the development and execution of a Habitat Conservation Plan (HCP) for the long-term protection of these species in the Carmel River.

CALIFORNIA-AMERICAN WATER COMPANY
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 CARMEL VALLEY WELLS
 Production Water Year (AF)
 1997-98

Date	CVFP	Aquifer 1	Aquifer 2	Water West	Aquifer 3	Aquifer 4	Total Production	BIRP Backwash	Net Production
Oct 1997	157.7	1.0	0.0	9.5	628.6	227.1	1,018.9	(6.2)	1,012.7
Oct 1996	206.6	1.0	0.2	9.4	535.4	242.0	994.6	0.1	
Nov 1997	24.6	35.9	0.0	0.0	372.1	222.5	659.1	1.1	654.2
Nov 1996	168.0	10.2	1.1	11.2	236.1	226.9	653.5	(3.8)	
Dec 1997	98.9	24.4	0.0	6.8	514.4	221.9	865.4	3.3	868.7
Dec 1996	227.3	18.8	0.5	11.8	251.3	174.0	683.7	(2.6)	
Jan 1998	145.4	18.3	0.0	11.7	591.5	214.3	981.2	(0.6)	980.6
Jan 1997	226.4	24.6	11.2	11.8	647.0	0.0	921.0	(4.6)	
Feb 1998	0.5	26.3	0.0	12.4	661.6	7.2	708.0	(1.9)	706.1
Feb 1997	446.6	0.0	19.1	10.1	435.1	0.0	910.9	(3.4)	
Mar 1998	190.0	6.5	18.7	45.9	722.0	0.0	989.1	0.6	983.7
Mar 1997	486.4	0.1	69.7	10.9	598.5	120.5	1,286.1	(4.2)	
Apr 1998	92.0	14.1	57.1	100.9	292.5	0.0	556.6	(1.4)	555.2
Apr 1997	451.1	2.7	57.8	10.2	394.4	260.0	1,176.2	(4.6)	
May 1997	253.7	0.0	6.6	11.0	670.8	235.2	1,177.3	(1.6)	
May 1996	592.6	3.6	1.1	10.0	427.9	237.8	1,273.1	5.2	
Jun 1997	161.1	0.0	0.0	10.7	706.1	235.9	1,113.8	(3.9)	
Jun 1996	375.4	0.7	1.4	10.8	538.9	249.7	1,176.9	(2.4)	
Jul 1997	179.3	1.0	0.0	10.8	718.9	230.7	1,140.7	(8.2)	
Jul 1996	268.6	1.3	0.6	10.3	745.3	229.7	1,255.8	(2.1)	
Aug 1997	180.4	1.4	0.3	10.6	1,023.6	178.1	1,394.4	(4.3)	
Aug 1996	275.3	1.0	1.6	10.0	704.2	236.3	1,228.5	(1.6)	
Sep 1997	173.5	1.0	0.4	10.2	1,056.9	192.8	1,434.8	1.3	
Sep 1996	246.2	1.0	1.5	11.0	644.1	229.7	1,133.5	4.4	
Total	709.1	124.5	75.8	186.2	3,777.7	893.0	5,766.3	(0.1)	5,766.2

Figures Shaded - 97/98 Water Year

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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 April 1998 from specific sub-units in the Carmel Valley via Carmel Valley wells.

Carmel Valley Filter Plant produced 92.0 AF; Aquifer No. 1 produced 14.1 AF; Aquifer No. 2 - 57.1 AF; Water West - 100.9 AF; Aquifer No. 3 - 292.5 AF; Aquifer No. 4 - 0.0 AF. Total production for the month of April was 556.6 AF. However, applying an adjustment of 1.4 AF for the Begonia Iron Removal Plant Backwash, brings the net production to 555.2 AF. During this period of maximum flows in the river and the loss of the Rancho and San Carlos Wells during the flood, we have been maximizing our production in the Upper Carmel Valley as indicated above. For detailed production records of a specific production unit, see reports filed with Response Condition 3(b). Cal-Am continues to take production from its lowermost wells as indicated in this report and is further specified in detailed production reports found in Condition 3(b).

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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:

Reconnaissance-Level Hydrogeologic Study Alternative Source of Water Supply to the Carmel Valley Filter Plant dated September 6, 1996 was presented to the SWRCB with the quarterly report dated August/October 1996. Based on a request from SWRCB staff to MPWMD, they submitted their comments on December 1, 1997.

Proceedings before the Monterey Superior Court, Case Nos. 33519 and 33520, MPWMD/Cal-Am versus SWRCB, Monterey Superior Court, Case No. 105610, Sierra Club versus SWRCB/Cal-Am, rendered a settlement stipulation agreement that calls for Cal-Am to conduct a feasibility benefits and cost estimate study for supplying water to the Carmel Valley Filter Plant from nearby downstream wells and the feasibility for utilizing the existing Begonia Iron Removal Plant in lieu of using the Carmel Valley Filter Plant. The settlement states, "The study shall be under the direction of the Division of Water Rights and will be conducted by a consultant approved by the Division." A meeting was set with the chief of the Division of Water Rights on May 27 to discuss the procedures for conducting the study. On December 15, 1997 Cal-Am proposed to the chief of the Division of Water Resources that they include this study and a project, in addition to other items, as a settlement of ACL Complaint No. 262-10-03 in lieu of a fine. Cal-Am has now been advised by letter dated April 30, 1998 from the executive director of the SWRCB that the SWRCB declined Cal-Am's offer and that Cal-Am should move forward with implementation of the study as outlined in Condition No. 6. As indicated above, a meeting has been scheduled to establish proper procedures.

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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 CDF&G for comment.

RESPONSE NO. 7:

Cal-Am entered into a contract with MPWMD to complete the *Bypassing Early Storm Runoff Feasibility Study*. This study was initiated under contract on July 11, 1996. Although anticipating to complete this work at an earlier date, The District has not been able to do so for various reasons. Enclosed is a copy of the letter dated May 6, 1998 from MPWMD indicating that the final report should be available by September 30, 1998.

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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:

Cal-Am entered into a contract on July 11, 1998 with MPWMD to perform a study, *Modifying Critical Stream Reaches Feasibility Study*, within the Carmel River. The District has done a number of preliminary activities. However, this work has not been completed. The final report is anticipated on September 1, 1998. I refer you to the enclosed letter dated May 6, 1998 from the District.