Exhibit 2

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CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

IN THE MATTER OF WHETHER THE DRAFT CEASE AND DESIST ORDER CONCERNING CALIFORNIA AMERICAN WATER'S DIVERSION FROM THE CARMEL RIVER SHOULD BE ISSUED

DECLARATION OF DEWEY EVANS

I, Dewey Evans declare as follows:

1. I serve as the Chief Executive Officer for the Seaside Groundwater Basin Watermaster ("Watermaster"). I have served in this position since August of 2006. I also serve as the Acting City Manager of the City of Del Rey Oaks, and previously served as the Finance Director/City Treasurer for the City of Monterey for 20 years. I graduated from San Jose State University with dual BS degrees in Accounting and Finance. I have personal knowledge of the following, and, if called as a witness, I would and could testify competently to the following:

2. The Watermaster was established by the judgment ("Judgment") entered in the Monterey Superior Court case, California American Water v. City of Seaside et al, Monterey Superior Court, Case No M66343, dated March 27, 2006. The Judgment adjudicated and limited rights to produce groundwater from the Seaside Groundwater Basin ("Basin") and implemented a physical solution for the perpetual management and protection of the Basin.

3. In my capacity as the Chief Executive Officer for the Watermaster, I am familiar with the current condition and the hydrogeologic challenges affecting the Basin.

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

5. The Judgment found that the Basin has been in a state of overdraft for an extended period of years, and that the overdraft condition has persisted to present. This overdraft condition has been confirmed through analysis of the water level and water quality data obtained from monitoring wells located throughout the Basin by the hydrogeologic experts hired by the Watermaster to assist it in managing the groundwater resources of the Basin.

6. The overdraft of the aquifers underlying the Northern Coastal Sub-Area is a matter of particular hydrogeologic concern because of the present threat of seawater intrusion into the Northern Coastal Sub-Area's two main potable water bearing aquifers: the Santa Margarita and Paso Robles aquifers, which supply the majority of the groundwater supply produced from the Basin. Water levels in wells very close to the coast that are perforated in the Santa Margarita aquifer are generally approximately 20 feet below sea level. However, just a short distance inland where the larger production wells are located, there is a zone of depression in this same aquifer in which the water levels are over 50 feet below sea level. Likewise, water levels in wells very close to the coast that are perforated in the Paso Robles aquifer are generally only about 4 feet above sea level. However, just a short distance inland where the larger production wells are located, there is a zone of depression in this same aquifer in which the water levels are over 20 feet below sea level.

7. Watermaster recently installed four additional monitoring wells along the northern portion of the Basin immediately adjacent to the coast to allow early detection of seawater intrusion. There are currently ten monitoring wells along the coastline of the Basin. Prior testing of these wells and others in the Basin has not identified any indications of seawater intrusion to date. However, data from the Watermaster's enhanced monitoring well network has just recently begun being acquired, and the first comprehensive analysis of this data will not be completed until later this year. Thus, a more complete understanding of the Basin's condition pertaining to seawater

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intrusion will not be known until that analysis is complete. However, it has been documented that there are regions within the Basin where the water table is well below sea level. This, coupled with the documented over-drafting of the Basin, lead all of the Watermaster's hydrogeologic consultants to agree that seawater intrusion is a serious threat to the Basin.

8. While there is no practical means to determine whether or when seawater intrusion may occur in the future, because there is no practical means to determine the location of the seawater/fresh water interface west (ocean-side) of the seawater intrusion monitoring wells, it is certain that at current pumping rates either or both of the following two events will occur: (1) Due to the lowering of the water table, sea water will be drawn into the aquifer leading to a deterioration of water quality; or (2) The fresh water currently stored in the aquifers will be depleted, causing water levels to fall which, if left unchecked, will lead to an inability to sustain current pumping rates.

9. Watermaster has undertaken a number of additional measures to address the threat of potential seawater intrusion. In May 2006, Watermaster adopted a Monitoring and Management Program (attached as Watermaster Exhibit "3"), which includes contingency measures to respond to detections of seawater intrusion. More recently, the Watermaster's Technical Advisory Committee recommended approval of an Interim Seawater Intrusion Contingency Plan (attached as Watermaster Exhibit "4"), which will be considered for adoption by the Watermaster's Board of Directors at the August Watermaster Board meeting. A Long-Term Seawater Intrusion Response Plan is currently under development and will be completed in a few months. The contingency measures in these plans are designed to halt the spread of seawater intrusion detected in any of the Basin's production wells. These plans require that, if seawater intrusion is detected in any Basin production well, then production from the contaminated well will have to be discontinued. Further, wells within one-half of a mile of the contaminated well(s) will be required to reduce production in stages, followed by monitoring until it is determined that the reductions have sufficiently affected groundwater gradients to prevent the further spread of seawater intrusion toward the threatened wells.

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10. Because of the threat of potential seawater intrusion and the measures adopted and being planned by Watermaster to address this threat, it is very likely that production from wells within the Basin, including production from California American Water's largest production well, the Peralta Well, will have to be reduced or ceased in the event seawater intrusion is detected in the Basin.

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

Dated: July 9, 2008

DEWEY EVANS

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