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BRC
WR OR 2016-0016

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September 27, 2016

VIA CERTIFIED MAIL & EMAIL

Barbara Evoy
Deputy Director, Division of Water Rights
State Water Resources Control Board
P.O. Box 2000
Sacramento, California 95812

Re: SWRCB Order 2016-0016, Satisfaction of Milestone 1

Dear Ms. Evoy,

California-American Water Company ("Cal Am") is pleased to report that the first milestone set forth in State Water Resources Control Board Order WR 2016-0016 has been satisfied.

As you know, for purposes of calculating any reduction to the Effective Diversion Limit for Carmel River water diversions by Cal Am, Order WR 2016-0016 set forth seven separate milestones with respective deadlines by which each milestone must be met. The first milestone, with a deadline of December 31, 2016, required the following to occur:

CPUC approval of (1) the Water Purchase Agreement for Cal-Am's purchase of Pure Water Monterey water, and of (2) construction of the Cal-Am components of the Pure Water Monterey conveyance facilities, including the Monterey Pipeline and pump station.

On September 22, 2016, the California Public Utilities Commission ("CPUC") issued Decision 16-09-021 (the "Decision") which, among other things, authorized Cal Am to enter into the revised Water Purchase Agreement for Pure Water Monterey Project (the "WPA") among Cal Am, the Monterey Regional Water Pollution Control Agency, and the Monterey Peninsula Water Management District. The WPA provides for the purchase by Cal Am of advanced treated recycled water derived from the Pure Water Monterey groundwater replenishment project to serve Cal Am's customers within its service area. The Decision also authorized construction and operation of the Monterey Pipeline and pump station that had been evaluated in the environmental impact report prepared for the Pure Water Monterey Groundwater Replenishment Project. Immediately following issuance of the Decision, on September 23, 2016, Cal Am executed the WPA.

Moreover, on September 21, 2016, Cal Am issued a Notice to Proceed to its contractor, Garney Pacific, Inc., for construction of the Monterey Pipeline. Thus, Cal Am is well positioned to meet the second milestone in Order WR 2016-0016, requiring the start of construction of the pump station and pipeline for the Pure Water Monterey project on or before September 30, 2017.

STATE WATER RESOURCES CONTROL BOARD
2016 OCT -3 PM 12:12
DIV OF WATER RIGHTS
SACRAMENTO

Please let us know if you have any questions.

Sincerely,



Eric Sabolsice
Director of Operations, Coastal Division
California-American Water Company

- cc: Felicia Marcus, State Water Resources Control Board
Frances Spivy-Weber, State Water Resources Control Board
Tam Doduc, State Water Resources Control Board
Steven Moore, State Water Resources Control Board
Dorene D'Adamo, State Water Resources Control Board
Tom Howard, State Water Resources Control Board
John O'Hagan, State Water Resources Control Board
Marianna Aue, State Water Resources Control Board
David Stoldt, Monterey Peninsula Water Management District
Mayor Bill Kampe, Monterey Peninsula Regional Water Authority