

EXHIBIT 19-B

**California American Water Laguna Seca Subarea Distribution Systems
Quarterly Water Supply Strategy and Budget: October - December 2011**

Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Oct-11	Nov-11	Dec-11	Oct-10 - Aug-11	% of YTD	% of Annual Target
Source						
Seaside Groundwater Basin						
Laguna Seca Subarea	14	10	8	339	---	138.0%
Other	<u>0</u>	<u>0</u>	<u>0</u>	0	---	0.0%
Total	14	10	8	339	---	138.0%
Use						
Customer Service	<u>14</u>	<u>10</u>	<u>8</u>	339	---	138.0%
Total	<u>14</u>	<u>10</u>	<u>8</u>			

Notes:

1. The annual budget period corresponds to the Water Year (WY), which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in the California American Water (Cal-Am) Laguna Seca Subarea systems was calculated by multiplying total annual production (147 AF) times the average percentage of annual production for October, November and December (9.60%, 6.96%, and 5.46%, respectively). The annual production total was based on the assumption that Cal-Am production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 147 AF. The average production percentages were based on monthly data for customer service from WY 2001 to 2010. The 147 AF annual production limit is based on procedures specified in the Seaside Basin Adjudication Decision.
3. It should be noted that, based on recent historical use, actual monthly use will likely exceed the proposed monthly production targets. For example, in the October through December 2010 period, Cal-Am produced 39, 27, and 21 AF to meet customer demand in its Laguna Seca Subarea systems. In this context, the production targets represent the maximum monthly production that should occur so that Cal-Am remains within its Standard Production Allocation for the Laguna Seca Subarea specified in the Seaside Decision. However, because the Seaside Decision allows Cal-Am to combine its production in the Coastal Subareas with its production in the Laguna Seca Subarea in determining compliance, Cal-Am may be able to use coincidental production savings in the Coastal Subareas to offset overproduction in the Laguna Seca Subarea. These monthly targets are based on an assumed regulatory action by the Seaside Watermaster in WY 2012.
4. "Other" production sources refer to supplies transferred to Cal-Am's Laguna Seca Subarea customers from Cal-Am's Carmel River sources, water rights acquired from other producers in the Seaside Basin, or supplies transferred from other systems outside of the Laguna Seca Subarea to produce additional water.