EXHIBIT 18-J

FINAL

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

CONDITIONS OF APPROVAL

APPLICATION FOR ANNEXATION OF LAGUNA SECA RANCH SUBDIVISION INTO THE BISHOP WATER COMPANY SERVICE AREA

OCTOBER 21, 1996

- 1. The Bishop Water Company (BWC) service area shall be increased to include the Laguna Seca Ranch Subdivision ("Subdivision"), formerly known as the Bishop Ranch Subdivision, which is a 565-acre area currently listed as assessors parcel number 173-071-053. New assessors parcels will be established upon recordation of the final subdivision maps for the area to be annexed.
- 2. The proposed annexation shall be for the purpose of providing municipal water service from the BWC system to serve the Subdivision, comprised of 253 residential units, an 18-hole golf course, a golf-course clubhouse and open space. The golf course shall not be served by BWC as irrigation shall be provided by well(s) operated by the golf course owner in addition to use of reclaimed wastewater. The golf course wells may be interconnected with the BWC system to allow either party to use water from the other's system on a temporary basis when wells are unavailable or in cases of emergency. Reporting of production from BWC wells and golf course well(s) shall be done separately. Any water transferred from one system to the other on a temporary basis shall be clearly identified in reports to the District.
- 3. The system capacity limit of BWC shall be 295 acre-feet per year (AF/yr), and the expansion capacity limit shall be 454 connections.
- 4. The Phase III Hydrogeologic Update groundwater study of the Laguna Seca Subarea fee for this permit is \$68,730. (This fee has been calculated based on the estimated use of 158 AF/yr by the entire Subdivision at a fee rate of \$435 per acre-foot.) The fee shall be paid to MPWMD upon filing of the first final subdivision map for a residential component of the project. No individual water connection permits authorizing domestic water service by BWC for any of the Subdivision lots shall be issued by MPWMD until the fee is paid in full.
- 5. This permit shall incorporate the final Conditions of Approval for the annexation of Bishop Water Company into the California-American Water Company (Cal-Am) service territory dated April 15, 1996 as follows:

EXHIBIT 18-J

- a. The California-American Water Company shall operate the BWC as a subsidiary unit of the Cal-Am system. Metered monthly production and delivery for BWC shall be reported separately from the balance of the Cal-Am system.
- b. There shall be no use of emergency interties to the BWC from the Cal-Am system that draws from the Monterey Peninsula Water Resources System.
- c. A program to encourage drought tolerant landscaping shall be initiated after annexation by Cal-Am, if a program is not already in place. District requirements for installation of low-flow plumbing fixtures to reduce average per-unit consumption shall be repaired with the goal of reducing system losses to seven percent or less of production by July 1997.
- d. Cal-Am shall monthly measure water table levels in each active and inactive BWC well and shall transmit these data annually to the District in August along with the Annual Water Distribution System Report. Active wells shall not be pumped for 24 hours prior to water table measurement. The reference elevation of the measuring point at each well shall be surveyed and recorded.
- e. Cal-Am shall record monthly production records for each BWC well. These records shall be submitted annually in August along with the Annual Water Distribution System Report.
- f. Cal-Am shall conduct a water quality sampling program once every year during October and transmit the results the following August along with the Annual Water Distribution System Report. Each active BWC production well shall be sampled and analyzed by a state-certified water quality laboratory to include as a minimum the following parameters: ammonia nitrogen, nitrate, calcium, sodium, magnesium, potassium, bicarbonate, sulfate, hydrogen sulfide, chloride, iron, manganese, selenium, water temperature, pH, total dissolved solids, and specific conductance.
- g. Cal-Am shall require, and each unit shall install, water closets with a capacity of 1.6 gallons or less, and shower heads with a maximum flow of 2.5 gallons per minute for new construction and remodels served by BWC. In addition, all new construction and remodels shall install instant hot-water recirculating systems.
- h. Each new connection that increases the expansion capacity limit of the BWC must be approved by the District Board, and must receive a water connection permit from the District Permit Office prior to setting of the water meter. Prior to final approval of each new connection, each applicant shall provide proof of Use Permit approval from the Monterey County Planning & Building Inspection Department, and pay applicable fees for (1) the water connection permit, and (2) the study to update the water supply evaluation of the Laguna Seca Groundwater Subbasin.

EXHIBIT 18-J

| 6. | The annexation approval granted by this set forth above is not met in full. | permit is subject to revocation if any condition | | |
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