EXHIBIT 10-C
Quarterly Water Supply Strategy and Budget Report
California American Water
Main Water Distribution System: April- June 2017

1. Management Objectives

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries Service (NMFS) to protect the Carmel River steelhead population. To accomplish these goals, a water supply strategy and budget for production within California American Water's (Cal-Am) Main and Laguna Seca Subarea water distribution systems is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions, and legal constraints on the sources and amounts of water to be produced.

2. Quarterly Water Supply Strategy: April - June 2017

On March 9, 2017, staff from the District, Cal-Am, and California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for the April - June 2017 period. Staff from the National Marine fisheries Service (NMFS), United States Fish and Wildlife Service (USFWS), and State Water Resources Control Board's Division of Water Rights (SWRCB-DWR) were unable to attend. Currently, flow in the Carmel River is unregulated and Los Padres Reservoir (LPR) is spilling. LPR was at ~104% of maximum effective storage capacity, i.e., 1,842 AF on February 28, 2017. The LPD spillway notch remains closed to conserve storage. The flashboard was last placed into the notch during March of Water Year 2014. Given that the new LPD smolt passage facility was built in 2015 and is now operating, there are no plans for the flashboard to ever be removed from the dam spillway notch in the future. Flow in the Carmel River became and remains continuous to the lagoon since December 9, 2016, as a result of multiple storms. The lagoon mouth opened on December 19, 2016, and has remained open the majority of the time since then. Rainfall during Water Year (WY) 2017 through February at the prior San Clemente Dam site in the upper watershed has totaled 28.06 inches or 182% of the long-term average to date of 15.43 inches at this site, and 133% of the long-term annual average of 21.14 inches. Further, unimpaired runoff at the Sleepy Hollow Weir for WY 2017 through February has totaled approximately 159,461 AF or about 444% of the long-term average to date for this site of 35,909 AF, and 237% of the long-term annual average of 67,246 AF, making this a "Extremely Wet" Water Year Type, to date.

Carmel River Basin To meet customer demand, Cal-Am would operate its wells in the Lower Carmel Valley in a downstream-to-upstream sequence, as needed. For the quarterly budget, it was agreed that Cal-Am would attempt to produce no groundwater from its wells in the Upper Carmel Valley in June 2017. If sufficient flow in the Carmel River at the District's Don Juan Bridge gage in Garland Park, i.e., any day of 20 or more cubic feet per second (cfs), continues to occur to justify operations allowed under the less restrictive high-flow period, Cal-Am could

operate these wells if needed. In addition, it is projected that Cal-Am would produce approximately 1,277, 1,043, and 682 AF of groundwater from its wells in the Lower Carmel Valley during April, May and June 2017, respectively, for both customer service and Phase 1 and 2 Aquifer Storage and Recovery (ASR) injection to storage. **Table 1** was not included in this month's Staff Note since the wet hydrology to date has precluded the need for the Low Flow MOA. This table will be revised and updated when necessary with ongoing flow and storage data, for the June or July, 2017 Board meeting as a formal part of the Annual Low Flow MOA.

Lastly, it was assumed that a total of 500 AF of water would be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin for Phase 1 and 2 ASR at a rate of 400 and 100 AF during April and May, 2017, respectively. Because of the uncertainty in predicting future rainfall and runoff amounts, this assumption is subject to change. A total of 953 AF of water has been injected for storage by Phase 1 and 2 ASR in WY 2107, through February 28, 2017.

Seaside Groundwater Basin It was also agreed that, subject to rainfall and runoff conditions in the Carmel River, Cal-Am would continue production at 100, 125, and 400 AF per month from their wells in the Coastal Subareas, for April, May and June 2017, in addition to the planned 25 AF per month of production from the Sand City Desalination Plant, so as to achieve maximum utilization of the native water available in the basin under the Seaside Basin Adjudication Decision and in compliance with SWRCB Orders 95-10 and 2002-0060. For this budget period, projected Coastal Subarea production could vary from the values shown, depending on whether flows are sufficient to sustain Phase 1 and 2 ASR injection operations. These operations may require some minor production from the Seaside wells in April and May to pressurize the delivery system and enable ASR injection. It was also agreed that only 4, 4, and 5 AF of groundwater would be budgeted from Cal-Am's wells in the Laguna Seca Subarea of the Seaside Basin for customers in the Ryan Ranch, Bishop, and Hidden Hills systems during April, May and June 2017, respectively. It is recognized that, based on recent historical use, Cal-Am's actual production from the Laguna Seca Subarea during this period will undoubtedly exceed the proposed monthly targets, which are based on Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. For example, in the April through June 2016 period, Cal-Am produced 25, 30, and 33 AF from the Laguna Seca Subarea to meet customer demand in the Ryan Ranch, Bishop, and Hidden Hills systems. In this context, the production targets represent the maximum monthly production that should occur so that Cal-Am remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Adjudication Decision, Cal-Am is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea, but such savings are unlikely to occur in WY 2017, and Cal-Am would instead incur a replenishment fee.