

EXHIBIT 14-C

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: January – March 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's) 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: January - March 2017

On December 8, 2016, staff from the District, Cal-Am, the National Marine Fisheries Services (NMFS), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for the remainder of December 2016 and the January-March 2017 period. The State Water Resources Control Board's Division of Water Rights (SWRCB-DWR) and United States Fish & wildlife Service (USFWS) could not attend, but were provided the meeting's briefing materials. Currently, flow in the Carmel River is still regulated by releases from Los Padres Dam (LPD), bolstered somewhat by flows from a few of the tributaries and surface runoff in the lower river. Los Padres Reservoir (LPR) has not yet filled and spilled. The LPD notch flashboard will remain in place from now on, as the new smolt passage facility has been installed to enhance smolt emigration. Flow in the Carmel River is not yet continuous to the lagoon, and the mouth has not yet reopened, after being closed since May 2016. Rainfall and unimpaired runoff information for WY 2017 to date, through November 2016 was 4.04 inches and 1,709 AF, respectively. These values are 41% above and 6% below the mean year-to-date, respectively, through November of the Water Year.

Carmel River Basin Cal-Am will operate its wells in the Lower Carmel Valley in a downstream-to-upstream sequence, as needed to meet customer demand. For this quarterly water budget, it was agreed that Cal-Am would retain the option of producing 130 AF of groundwater per month from its wells in the Upper Carmel Valley during January through March 2017. Flow in the Carmel River at the District's Don Juan Bridge gage in Garland Park has been over 20 or more cubic feet per second (cfs) since December 6th, which justifies operations allowed under the less restrictive high-flow period, and Cal-Am can operate these wells if needed. In addition, it was projected that Cal-Am would produce approximately 280, 61, and 141 AF of groundwater from its wells in the Lower Carmel Valley for customer service, and 38,

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52, and 56 AF for Table 13 water rights holders during January, February, and March 2017, respectively.

Releases from LPR have averaged 13.4 cfs for the first 8 days of December, and have been increased 92% since November 9, 2016 to improve rearing conditions below the dam and advance the river front towards the lagoon. As of December 8, 2016, LPR was at 1,028.3 feet of surface elevation, 11.48 feet below the spillway. The Fish Ladder that serves the Trap and Truck, Fish Passage Facility at LPD is not yet operational, nor is the new Smolt Emigration Facility, as the water surface elevation in the reservoir is not yet high enough to operate them.. As of December 8, 2016, flow levels in the Carmel River provided adequate downstream passage flows for juvenile steelhead for the 22.2 miles between LPD and Rancho Canada Golf Course Bridge #3, but not yet to the lagoon nor ocean. There is not yet any continuous surface flow to improve lagoon water quality and maximize volume. Flows for adult passage below LPD through December 8, 2016 continue to be marginal. November flow at the Sleepy Hollow Weir [RM 12.69] and Don Juan Bridge in Garland Park [RM 10.78] averaged 13.9 and 11.8 cfs, respectively, which was enough to re-water all but approximately 2.5 miles of the reaches that dried last summer, and provide significant additional flow and habitat in the lower Carmel River for resident juvenile steelhead since mid-November. Due to the better flows after four years of drought, the District's Sleepy Hollow Steelhead Rearing Facility was operated, and all rescued fish were released downstream of RM 8 by December 2, 2016.

Lastly, it was assumed that 230, 320, and 345 AF of groundwater would be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin for ASR during January, February, and March 2017, respectively. Because of the uncertainty in predicting future rainfall and runoff amounts, this assumption is subject to change in practice.

Seaside Groundwater Basin It was also agreed that, subject to rainfall and runoff conditions in the Carmel River Basin, Cal-Am would continue to produce water from the Coastal Subareas of the Seaside Basin during this period, if necessary to meet system demand and facilitate ASR diversions to storage. Cal-Am was projected to produce 100 AF of native groundwater from the Seaside Basin in each of the months of January, February, and March 2017, respectively. There was also a projected goal of producing an additional 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. Due to groundwater quality problems, the Sand City Desalination Plant target has not yet been met this year, and will be unlikely to be met until significant rain recharges and dilutes the source basin in the Sand city area. It was also agreed that Cal-Am would attempt to produce only 3, 3, and 3 AF of groundwater from its wells in the Laguna Seca Subarea of the Seaside Basin for customers in the Ryan Ranch, Bishop, and Hidden Hills systems during January, February, and March 2017, respectively. It is recognized that, based on recent historical use, Cal-Am's actual production

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from the Laguna Seca Subarea during this period will likely exceed the proposed monthly targets, which are based on Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. For example, in the January through March 2016 period, Cal-Am produced 19 AF per month 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 Decision, Cal-Am is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea. However, not much if any production savings are likely with the restrictions imposed on Carmel River diversions by the State Water Resources Control Board's Water Rights Order No. 2016-0016, though such savings were available in the last Water Year, 2016.