

## **EXHIBIT 7-B**

### **Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: October to December 2025**

#### **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. Additionally, the QWB seeks to shift a large component of pumping from the Carmel River to the Seaside Groundwater Basin to recover injected PWM water. 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: October to December 2025**

On September 9, 2025 the Quarterly Water Budget Group which includes staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for upcoming quarter.

**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. The group planned that WY 2026 would be a normal water year and storms will bring up in stream flows to support ASR injections and Table 13 diversions. ASR injections are limited to 13 Acre Feet per day because ASR 3 and ASR 4 are scheduled to be used to recover PWM water and therefore will not be available to support injection of excess Carmel River water. It was agreed that CalAm would plan to produce water from the wells in the Lower Carmel Valley to support system demand. PWM Recovery will be the primary source to meet system demand. December is the first month permits allow for ASR and Table 13 Diversions. If storms in December bring River conditions within permit conditions, Cal-Am will use the increase the production from the Carmel Valley wells to provide water for injection into the Seaside Basin.

**Seaside Groundwater Basin** Cal-Am has shut off the Upper Carmel Valley wells and turned on the Seaside wellfield. The Seaside wells are currently being used to recover PWM injected water and Native Seaside Groundwater. PWM water will be recovered at the same rate injected this quarter with the goal maximizing PWM as a source to meet

system demand and shift pumping away from the Carmel River Basin. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

It is recognized that, based on recent historical use, Cal-Am's production from the Laguna Seca Subarea during this period may not be reduced to zero, as is set by Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. 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, the quarterly budget was developed so that Cal-Am would produce all native groundwater in the Coastal Subareas and Laguna Seca production would be over the Adjudication allotment. On February 5, 2020 the Seaside Groundwater Basin Watermaster Board voted to allow Cal-Am to claim carryover credits to cover the pumping over the Laguna Seca allotment in the interim prior to establishing a physical solution. Because of this decision, the Quarterly Water Budget Group decided that the table presenting the Laguna Seca allotment of zero would no longer be necessary as the Watermaster is now planning to handle the pumping over allotment with a different mechanism.