

Test 1 - Water for the River	AFA
5-Year Average of Pumping from the Carmel River:	6,553
Legal Right to Pump from the Carmel River:	<u>3,376</u>
Replacement Supply Needed:	3,177

This test would imply that Pure Water Monterey, at 3,500 AFA, would be sufficient to lift the CDO, however it is not. Test 2 examines water supply required to meet customer demand:

Test 2 - Water for Customer Demand	AFA
Carmel River Supply	3,376
Seaside Basin Supply	774
ASR Supply	1,300
Sand City Desal Supply	94
Pure Water Monterey Supply	<u>3,500</u>
Total Supply	9,044
5-Year Average Customer Demand	<u>9,825</u>
Additional Supplies Needed to Lift CDO	781

However, a new supply substantially in excess of this amount is needed to meet growth in demand. Because future growth in consumer demand for water will take time to materialize, the additional water supply to meet future growth is presently available to allow the banking of water for future needs. Additionally, for several years the actual available from Sand City desalination and Table 13 water rights would yield additional supplies. However, ASR could be lower until additional accumulation occurs. Finally, an additional 700 AF becomes available after 25 years of in-lieu recharge of the Seaside Basin is concluded.

How does the moratorium on the setting of new meters get cancelled? The moratorium was established by the California Public Utilities Commission (CPUC) in Decision 11-03-048 in March 2011. Ordering paragraph 5 of the Decision states:

“5. Upon the receipt by California-American Water Company of the written concurrence of the Deputy Director of Water Rights of the State Water Resources Control Board with California-American Water Company’s finding that a permanent supply of water is ready to serve as a replacement for the unlawful diversions of Carmel River water, California-American Water Company shall file a Tier 1 advice letter transmitting the written concurrence and removing from its tariffs the special condition contained in Ordering Paragraph 1 of this decision.”

Ordering paragraph 1 is the moratorium. The time for review of a Tier 1 advice letter by CPUC Division of Water and Audits staff is 30 days from the service date, hence if Cal-Am was ready in advance they could file the Tier 1 advice letter shortly after receipt of the SWRCB letter and the moratorium would be lifted 30 days later, if the advice letter is not challenged.

EXHIBIT

None