

**EXHIBIT 4-A**

v. **Milestones:** For purposes of calculating a reduction to the Effective Diversion Limit, the following Milestones and Deadlines will apply:

<b>Water Year</b>	<b>Milestone<sup>17</sup></b>	<b>Deadline</b>
2015-2016	CPUC approval of (1) the Water Purchase Agreement for Cal-Am's purchase of Pure Water Monterey water, and of (2) construction of the Cal-Am components of the Pure Water Monterey conveyance facilities, <sup>18</sup> including the Monterey Pipeline and pump station.	December 31, 2016*
2016-2017	Start of construction of the Cal-Am components of the Pure Water Monterey project, meaning commencement of physical work after issuance of required regulatory permits and authorizations to begin work.	September 30, 2017

<sup>16</sup> "Applicants" refers to the joint applicants for the request to modify State Water Board Order WR 2009-0060: Cal-Am, the Monterey Peninsula Regional Water Authority, the Monterey Peninsula Water Management District, the Pebble Beach Company, and the City of Pacific Grove.

<sup>17</sup> If at any point prior to completion of the facilities listed in these Milestones the CPUC authorizes Cal-Am to acquire more than 1,000 afa of water from an alternative source, then the following shall occur. Cal-Am shall submit to the Executive Director within 60 days a revised set of milestones taking this water supply source into account. If the proponents of the alternative project are unable to reach concurrence with Cal-Am on revised milestones to propose, the proponents may also submit revised milestones within that time period. The Executive Director shall determine whether to bring forward a recommendation to the State Water Board regarding amendment of the milestones.

<sup>18</sup> "Cal-Am components" of the Pure Water Monterey Project refers to the pump station and pipeline within or leading to Cal-Am's Service Area needed to transmit water to Cal-Am's service area.

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<b>Water Year</b>	<b>Milestone<sup>17</sup></b>	<b>Deadline</b>
2017-2018	Issuance of a Certificate of Public Convenience and Necessity to Construct the Monterey Peninsula Water Supply Project Desalination Plant ("MPWSP Desalination Plant") by the California Public Utilities Commission.	September 30, 2018
2018-2019	Start of construction for any of the Cal-Am Components of the MSWSP Desalination Plant <sup>19</sup> , meaning commencement of physical work after issuance of required regulatory permits and authorizations to begin work. <sup>20</sup>	September 30, 2019
2019-2020	(1) Drilling activity for at least one MPWSP Desalination Plant source water production well <sup>21</sup> complete; (2) foundation and structural framing complete for MPWSP Desalination Plant pretreatment seawater reverse osmosis, and administration buildings at desalination plant; (3) excavation complete for MPWSP Desalination Plant brine and backwash storage basins; and (4) 25% of MPWSP Desalination Plant transmission pipelines installed based on total length, including 100% installation of the "Monterey Pipeline and other ASR related improvements".	September 30, 2020
2020-2021	For MPWSP Desalination Plant: (1) 50% of drilling activity complete for source water production wells based on total number of wells required; (2) mechanical systems for brine and backwash storage basins complete; (3) construction of filtered water tanks and finished water tanks complete; (4) 50% of transmission pipelines installed based on total length.	September 30, 2021
2021-2022 and beyond	Substantial completion of the Cal-Am Components of the MPWSP Desalination Plant, meaning the Cal-Am Components are sufficiently complete and appropriately permitted to allow delivery of MPWSP Desalination Plant produced potable water to Cal-Am's Monterey Main system, eliminating further Cal-Am diversions of Carmel River water without valid basis of right	December 31, 2021

\* It is anticipated that this milestone will be achieved during Water Year 2015-2016. The deadline provides a three-month extension in the event that it occurs soon after the end of the water year.

vi. **Reductions to the Effective Diversion Limit Based on Missed Milestones:** The following reductions to the Effective Diversion Limit shall apply if an applicable Milestone Deadline is not met:

<sup>19</sup> For purposes of this proposal the Cal-Am Components of the MPWSP Desalination Plant include: source water production wells; desalination plant; brine disposal system; and transmission pipelines

<sup>20</sup> Such work may include, among other things, any of the following: desalination plant site grading and preparation; electric utility installation; yard piping; subsurface excavation for structural foundations; and transmission pipeline installation.

<sup>21</sup> Not including construction of the MPWSP Desalination Plant Test Well completed in 2015.

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Water Year	Milestone Missed	Reduction in Effective Diversion Limit	Date Reduction Assessed
2016- 2017	1	1,000 AFA	Dec. 31, 2016*
2017- 2018	2	1,000 AFA	Oct. 1, 2017
2018- 2019	3	1,000 AFA	Oct. 1, 2018
2019- 2020	4	1,000 AFA	Oct. 1, 2019
2020-2021	5	1,000 AFA	Oct. 1, 2020
Oct. 1, 2021 – Dec 31, 2021	6	1,000 AFA	Oct. 1, 2021

\* The entire 1,000 AFA reduction for failure to meet this milestone must occur in the 9 remaining months of WY 2016-2017.

If a Milestone is not achieved by its Deadline but is subsequently achieved, the 1,000 afa reduction to the Effective Diversion Limit shall be amended on the first day of the water year following achievement of the Milestone, as follows. For Milestones achieved within the first month following the deadline, the reduction shall be 250 afa. For Milestones achieved between one and six months after the deadline, the reduction shall be 500 afa. For Milestones achieved between six and nine months after the deadline, the reduction shall be 750 afa. The 1,000 afa reduction to the Effective Diversion Limit shall remain for milestones achieved 9 months after the deadline or later.

If the reductions required under this subparagraph will result in the Effective Diversion Limit for that year being lower than Cal-Am’s available lawful diversions from the Carmel River in that year, Cal-Am may apply to the Deputy Director for Water Rights for a limitation of this section such that the provision will not limit lawful diversions.

vii. **Illustration:** The following table illustrates the effect of the reduction in the Effective Diversion Limit over the term of this Order, and assumes no Deadlines have been met and no carryover credits have been applied under Paragraph 3.b.iii, and no additional water rights have been obtained or other adjustments made to the Effective Diversion Limit. The result is an elimination of unauthorized diversions from the Carmel River on October 31, 2020 if no Deadlines are met.

Water Year	EDL if All Milestones Missed, No Other EDL Adjustments
2015-2016	8,310 AFA
2016- 2017	7,310 AFA
2017- 2018	6,310 AFA
2018-2019	5,310 AFA
2019-2020	4,310 AFA

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<b>Water Year</b>	<b>EDL if All Milestones Missed, No Other EDL Adjustments</b>
2020-2021	Legal limit
Thereafter	Legal limit