



EXHIBIT 16-M

California-American Water Company

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M.P.W.M.D.

Lawrence D. Foy  
Vice President & Manager

Monterey Division  
50 Ragsdale Dr., Suite 100, P.O. Box 951 • Monterey, CA 93942-0951

(408) 373-3051 FAX (408) 375-4367

443-769

February 14, 1996

Mr. Darby Fuerst, General Manager  
Monterey Peninsula Water Management District  
P. O. Box 85  
Monterey, CA 93942

RE: Review of MPWMD Five-Year  
Mitigation Program Questionnaire  
Review of Administrative Draft Report

Dear Darby:

We reviewed your report and the background information you provided and find ourselves in somewhat of a dilemma. We, a private company, do not have the authority to operate within the river, nor is it in our rules and regulations to do so.

This is a program that we have always believed should be done by the District, and it has been implemented by the District over the past number of years. The District has operated a very successful five-year mitigation program. I do not think it prudent of the District to request other agencies take over a portion of this program, as it should be maintained totally under one jurisdiction.

When I say this is a successful program, it is because it has been recognized and accepted by the State Water Resources Control Board and the environmental agencies. There was not one condition added to this program as part of the permits issued to the District for the construction of a new water supply facility at the New Los Padres site, nor were there any conditions added by Order No. WR 95-10 imposed upon Cal-Am. I remind the District that under Condition No. 11 of that order, if the District has not implemented this program by June 30, 1996, the Company will be obliged to provide a program outline of how Cal-Am will implement these program, as it will then become our responsibility. It would be Cal-Am's position to contract with other agencies who have the authority to operate within the river under their jurisdiction and ordinances, such as the Monterey County Resources Agency and the California Department of Fish and Game.

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Cal-Am has always supported the District in this endeavor and will continue to do so. Cal-Am believes it should take a strong leadership and not look for agencies to take over portions of this program. The District should proceed with implementation over the next five years, as it has the authority within its jurisdiction to do so and it has the means for the financial funding through the surcharge that is collected through Cal-Am bills.

The Company is quite concerned about the District's timing for making this decision, which puts all of us in jeopardy for meeting various reporting deadlines to the State Water Resources Control Board, or for providing adequate time for Cal-Am or other agencies to gear up for implementation of the program.

Very truly yours,

  
L. D. Foy 

LDF/mh