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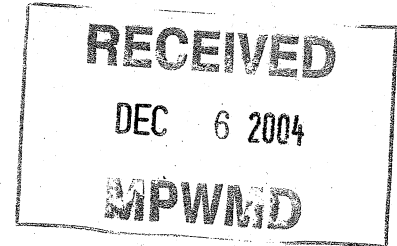
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EXHIBIT 13-E

File No. 01649.001

December 6, 2004

REVISED



Ms. Henrietta Stern
 Monterey Peninsula Water Management District
 5 Harris Court, Building G
 Monterey, CA 93940

Re: **MPWMD Application No. 20040923SUL
 Sullivan Annexation**

Dear Henrietta:

This letter serves to respond to your email dated December 3, 2004 regarding the Sullivan annexation into Cal Am Service Area. The Sullivan's purchased the Gillespie property (32825 Carmel Valley Road) on July 31, 2003. At the time that the Sullivan's purchased this property, they were unaware that water service was provided by an unauthorized Cal Am connection through the Stillwagon meter (32835 Carmel Valley Road). This unauthorized Cal Am connection was not disclosed in any of the real estate transaction documents. I will forward you a copy of the Seller's Disclosure Statement under separate cover.

The original owner who made the connection through the Stillwagon meter was Ruth Myrvold. It is not clear how Ms. Myrvold obtained a building permit without submitting a completed Water Release Form to the County Building Department.

Jon Showe bought the Stillwagon property approximately eight weeks ago. This firm advised Mr. Showe that prior to his purchase of the Stillwagon property, the Sullivan property received water service from the Stillwagon water meter. We also explained to Mr. Showe that the Sullivan's were now without water supply and he declined to reconnect the Sullivan residence to his meter. I have attached a letter from Mr. Gillespie regarding his water use at 32835 Carmel Valley Road.

If you need any further information regarding the Sullivan residence, please feel free to call m.

Sincerely,

Lombardo & Gilles, PC

Derinda L. Messenger

cc: Godfrey and Suzanne Sullivan (w/encl.)

TO GODFREY SULLIVAN

12-5-04

I, GREGORY S. GILLESPIE OWNED THE PROPERTY AT 32825 EAST CARMEL VALLEY RD. FROM MAY 1989 TILL JULY 2003, AND WAS ALWAYS SERVICED THROUGH CAL-AM. WATER CO. (VIA HALSTROM + STILLWAGON AT 32835) IT IS MY UNDERSTANDING THAT HELEN MRVOLD (THE PERSON I PURCHASED SAID PROPERTY FROM) HAD THE RESIDENCE BUILT ONLY BECAUSE SHE WAS ABLE TO HOOK-UP TO CAL AM WATER VIA 32835.

ON AT LEAST TWO OCCASIONS, I CALLED CAL-AM WHEN I HAD NO WATER AND THEY SENT SERVICE PERSONNEL TO FIX THE PROBLEM.

ONCE AGAIN, THIS PROPERTY (32825) TO MY KNOWLEDGE HAS ALWAYS HAD CAL-AM. WATER

Gregory S. Gillespie

GREGORY S. GILLESPIE
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