



State Water Resources Control Board



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Arnold Schwarzenegger
Governor

EXHIBIT 20-J

In Reply Refer
to:334:KDM:262.0 (27-01)

JAN 31 2006

Steve Leonard
Vice President/Manager
California American Water Company
P.O. Box 951
Monterey, CA 93942-0951

CITY OF SAND CITY

FEB 03 2006

RECEIVED

Dear Mr. Leonard:

CALIFORNIA AMERICAN WATER COMPANY (CAL-AM) PROPOSED PURCHASE OF WATER PRODUCED BY THE SAND CITY DESALINATION FACILITY, COMPLIANCE WITH ORDER WR 95-10, FILE 262.0 (27-01)

The State Water Resources Control Board (State Water Board), Division of Water Rights (Division) has reviewed the proposed development of a 300 acre-feet (af) capacity desalination facility by the City of Sand City (Sand City) that will utilize a non-potable brackish water aquifer in the Seaside groundwater basin as the source water. The review focused on whether Cal-Am can utilize the water produced by Sand City without conflicting with condition 2 of Order WR 95-10.

Condition 2:

Cal-Am shall diligently implement one or more of the following actions to terminate its unlawful diversions from the Carmel River: (1) obtain appropriate permits for water being unlawfully diverted from the Carmel River, (2) obtain water from other sources of supply and make one-for-one reductions in unlawful diversions from the Carmel River, provided that water pumped from the Seaside aquifer shall be governed by condition 4 of this Order not this condition, and/or (3) contract with another agency having appropriate rights to divert and use water from the Carmel River.

Condition 4:

Cal-Am shall maximize production from the Seaside aquifer for the purpose of serving existing connections, honoring existing commitments (allocation), and to reduce diversions from the Carmel River to the greatest practicable extent. The long-term yield of the basin shall be maintained by using the practical rate of withdrawal method.

JAN 31 2006

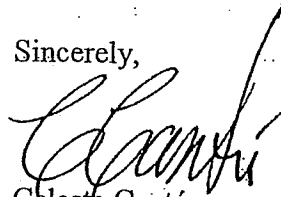
Based on condition 2, diversions from the Seaside aquifer are not subject to the requirement that they be used to offset illegal diversions from the Carmel River by Cal-Am. In accordance with condition 4, Cal-Am is cautioned that any new diversions from the Seaside aquifer should not create nor worsen any overdraft of the Seaside groundwater basin. As the purchaser of the water supply, Cal-Am is expected to comply with condition 4 of Order WR 95-10 regarding this new water supply.

The Division anticipates that the proposed new project will need to be operated in compliance with any Court order in the pending adjudication of the Seaside groundwater basin. Nothing in this correspondence should be construed as authorization for a project that otherwise would conflict with any findings in the adjudication.

Sand City's November 21, 2005 letter states that Cal-Am intends to purchase all of the 300 af and will then reduce pumping from the Carmel River by a like amount. As Sand City grows and utilizes the product water from the desalination facility, less water will be available to offset Carmel River diversions. Cal-Am must comply with Order WR 95-10, including the requirement to terminate its unlawful diversions from the Carmel River. Sand City's proposed project will not be counted toward offsetting illegal diversions because it only temporarily reduces Carmel River diversions and is not a permanent solution. Should a portion of this water supply be permanently dedicated to offsetting Carmel River diversions in the future, this opinion may be changed to reflect the new information.

Katherine Mrowka is the senior staff person assigned to this matter, and she can be contacted at (916) 341-5363.

Sincerely,



Celeste Cantú
Executive Director

Cc: Mr. Kelly Morgan
City Administrator
City of Sand City
1 Sylvan Park
Sand City, CA 93955