

EXHIBIT 16-B



February 26, 2009

Kent Turner
President
California American Water
303 H Street, Suite 250
Chula Vista, CA 91910

Dear Kent:

I was disappointed to learn that California American Water has decided to withdraw from our cooperative effort to remove San Clemente Dam from the Carmel River and instead pursue a project to strengthen the dam. There are claims and implications in CalAm's recent press release regarding the project with which we differ, and we would have preferred to conclude the collaboration with a joint statement. I do understand that the State's fiscal crisis diminished CalAm's confidence in the cooperative dam removal project.

Now that you have publicly announced your intent to move forward with the buttressing project, we will take measures to close out our work on this project. This will include releasing our reserved project funds (approximately \$5 million), returning or redirecting grant funds that we had secured (approximately \$4 million), withdrawing our application for additional grant funds (approximately \$11 million), and withdrawing our application for assistance from the U.S. military's IRT program.

We remain convinced that a cooperative implementation of the dam removal project would be the fastest and most cost-effective way to solve the public safety issue at San Clemente Dam, would significantly lessen CalAm's long-term responsibilities in the area, and would also realize significant environmental benefits that will be precluded by buttressing the dam. Should CalAm decide to reconsider dam removal, the Conservancy remains willing to assist in a dam removal project. However, once we have released and returned grant funds and withdrawn our funding applications, we do not expect to be able to make the same level of funding commitment in the future. In addition, we would not be able to assist with a dam removal project if dam removal were required through a regulatory permitting process.

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We trust that CalAm will live up to its commitment to pay for 50% of the costs of the contractors who were in the process of developing the preliminary designs. We will send you an accounting of these costs shortly.

Sincerely,



Sam Schuchat
Executive Officer

Cc (sent via email):

Michael Chrisman, California Resources Agency
Russ Strach, NOAA Fisheries
Joyce Ambrosius, NOAA Fisheries
Lester Snow, Department of Water Resources
Dave Gutierrez, Department of Water Resources
Mark Cowin, Department of Water Resources
Paula Landis, Department of Water Resources
Joe Donofrio, Monterey Peninsula Regional Park District