



JOHN V. "JACK" DIEPENBROCK
 KAREN L. DIEPENBROCK
 KEITH W. HARRIS
 BRADLEY J. ELKIN
 EILEEN M. DIEPENBROCK
 MARK D. HARRISON
 GENE K. CHEEVER
 LAWRENCE B. GARCIA
 ANDREA A. MATARAZZO
 JOEL PATRICK ERB
 JOHN D. RUBIN
 JEFFREY K. DORSO
 JENNIFER L. DAUER
 SEAN K. HUNGERFORD
 CHRIS A. McCANDLESS
 DAVID A. DIEPENBROCK

JEFFREY L. ANDERSON
 LEONOR Y. DICICAN
 JULIE V. REHER
 DAVID P. YEMBLADOR
 DAN M. SILVERBOARD
 LAMONT T. KING, JR.
 JONATHAN R. MANZ
 VALERIE C. KINCAID
 RACHIEL A. COLES
 COURTNEY K. FRITZ
 ANTHONY J. CORTEZ
 BRADLEY B. JOHNSON

MICHAEL A. MANLEY, Of Counsel

D. JAMES DIEPENBROCK
 (1929 - 2002)

June 15, 2009

Via e-mail: darby@mpwmd.dst.ca.us
and Facsimile: (831) 644-9560

Mr. Darby Fuerst
 Monterey Peninsula Water Management District
 5 Harris Court, Building G
 P.O. Box 85
 Monterey, CA 93942-0085

Re: Notice of Intent to File a Petition for Writ of Mandate

Dear Mr. Fuerst:

On behalf of California American Water Company ("Cal-Am"), we write to inform you of Cal-Am's intent to file a Petition for Writ of Mandate challenging the Monterey Peninsula Water Management District's ("District") denial of Application No. 20080915MBD-L4 – an application to serve Monterey Bay Shores Ecoresort – and the findings in support thereof.

Throughout the hearing process on the Application, Cal-Am provided the District board with written and oral comments. Consistent with those comments, Cal-Am intends to challenge the District's decision to deny the Application, at least in part, because the decision and findings are based on an unlawful interpretation of State Water Resources Control Board Order 95-10.

Cal-Am values and will continue to work diligently to maintain its relationship with the District. Cal-Am hopes it can resolve this dispute without having to fully litigate the

400 CAPITOL MALL
 SUITE 1800
 SACRAMENTO, CA 95814

WWW.DIEPENBROCK.COM 916 492.5000
 fax: 916 446.4535

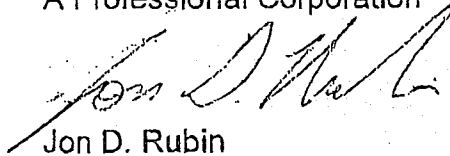
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matter and welcomes the opportunity to explore opportunities for a settlement with the District.

Very truly yours,

DIEPENBROCK HARRISON
A Professional Corporation



Jon D. Rubin
Attorneys for California American Water

cc: David Laredo (via e-mail: dave@laredolaw.net and facsimile: (831) 646-0377)
Carrie Gleeson (via: e-mail)
Tim Miller (via: e-mail)