

EXHIBIT 21-B

**California American Water Laguna Seca Subarea Distribution Systems
Quarterly Water Supply Strategy and Budget: January - March 2011**

Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jan-11	Feb-11	Mar-11	Oct-10 - Nov-10	% of YTD	% of Annual Target
Source						
Seaside Groundwater Basin						
Laguna Seca Subarea	11	10	14	68	100.0%	27.5%
Other	<u>0</u>	<u>0</u>	<u>0</u>	0	0.0%	0.0%
Total	11	10	14	68	100.0%	27.5%
Use						
Customer Service	<u>11</u>	<u>10</u>	<u>14</u>	68	100.0%	27.5%
Total	11	10	14			

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's Laguna Seca Subarea systems was calculated by multiplying total annual production (246 AF) times the average percentage of annual production for January, February, and March (4.64%, 4.21%, and 5.61%, respectively). The annual production total was based on the assumption that CAW production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 246 AF. The average production percentages were based on monthly data for customer service from WY 2000 to 2007. The 246 AF annual production limit is based on procedures specified in the Seaside Basin Adjudication Decision.
3. It should be noted that, based on recent historical use, actual monthly use will likely exceed the proposed monthly production targets. For example, in the January through March 2010 period, CAW produced 23, 19, and 25 AF to meet customer demand in its Laguna Seca Subarea systems. In this context, the production targets represent the maximum monthly production that should occur so that CAW remains within its Standard Production Allocation for the Laguna Seca Subarea specified in the Seaside Decision. However, because the Seaside Decision allows CAW to combine its production in the Coastal Subareas with its production in the Laguna Seca Subarea in determining compliance, CAW may be able to use coincidental production savings in the Coastal Subareas to offset overproduction in the Laguna Seca Subarea. These monthly targets are based on regulatory action by the Seaside Watermaster in December 2009.
4. "Other" production sources refer to supplies transferred to CAW's Laguna Seca Subarea customers from CAW's Carmel River sources, water rights acquired from other producers in the Seaside Basin, or supplies transferred from other systems outside of the Laguna Seca Subarea to produce additional water.