EXHIBIT 9-C

Quarterly Water Supply Strategy and Budget Report
California American Water
Main Water Distribution System: January– March 2013

1. Management Objectives

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries Service (NMFS) to protect the Carmel River steelhead population. To accomplish these goals, a water supply strategy and budget for production within California American Water's (Ca-Am's) Main and Laguna Seca Subarea water distribution systems is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions, and legal constraints on the sources and amounts of water to be produced.

2. Quarterly Water Supply Strategy: January - March 2013

On December 10, 2012, staff from the District, Cal-Am, the California Department of Fish and Game (CDFG), and the United States Fish and Wildlife Service (USFWS) met and discussed the proposed water supply strategy and related topics for the remainder of December 2012 and the January-March 2013 period. Currently, flow in the Carmel River is not regulated by releases from Los Padres Reservoir (LPR). Both San Clemente Reservoir (SCR) and LPR spilled on December 1, 2012, and LPR is at 100% of effective storage capacity, 1774.5 AF as of December 2, 2012, with the assumption that the notch's flashboard is in place. Flow in the Carmel River is continuous to the lagoon, and the lagoon mouth is in a cycle of daily openings and closings. An outlet channel was created once so far this winter by Monterey County at 10 foot elevation, to prevent the lagoon from inundating nearby homes. The lagoon breached itself through that low point on December 3, 2012. Rainfall and unimpaired runoff information for WY 2013 to date, through November 2012 was not available from Cal-Am as of the date of this report. We hope to provide it as part of the "Monthly Water Supply and California American Water Production Report" in the January Board packet.

Carmel River Basin Given these conditions, long-term weather models, and early-season runoff to date, it was agreed that "normal-year" inflows would be initially assumed to assess Cal-Am's operations during the January through March 2013 period. To meet customer demand, Cal-Am would operate its wells in the Lower Carmel Valley in a downstream-to-upstream sequence, as needed. For the quarterly budget, it was agreed that Cal-Am would produce no groundwater from its wells in the Upper Carmel Valley during January through March 2013. If sufficient flow in the Carmel River at the District's Don Juan Bridge gage in Garland Park, i.e., five consecutive days of 20 or more cubic feet per second (cfs), occurs to justify operations

allowed under the less restrictive high-flow period, Cal-Am could operate these wells if needed. In addition, it is projected that Cal-Am would produce approximately 913, 950, and 1,099 AF of groundwater from its wells in the Lower Carmel Valley during January, February, and March 2013, respectively.

Releases from Los Padres Reservoir are now just a pass through of the natural inflows, comprised of water over the spillway combined with water necessary for the operation of the Fish Ladder that serves the Trap and Truck, Fish Passage Facility. Flow in the Carmel River is providing adequate downstream passage flows for juvenile steelhead, and increased inflow into the lagoon to maximize its water quality and volume. Flows for adult passage were adequate from December 2-8 2012, and will likely recover with succeeding storms. December flows re-watered the dry reaches and provided additional flow and habitat in the lower Carmel River for resident juvenile steelhead, as well as those that could then be released from the District's Sleepy Hollow Steelhead Rearing Facility into the Carmel River. District staff began releasing juveniles from the facility on December 1 and finished on December 11, 2012.

Lastly, it was assumed that 230, 320, and 345 AF of groundwater would be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin during the during January, February, and March 2013, respectively. Because of the uncertainty in predicting future rainfall and runoff amounts, this assumption is subject to change.

Seaside Groundwater Basin It was also agreed that, subject to rainfall and runoff conditions in the Carmel River Basin, Cal-Am would continue to produce water from the Coastal Subareas of the Seaside Basin during this period, if necessary to meet system demand and facilitate ASR diversions to storage. Cal-Am is projected to produce 100 AF of native groundwater from the Seaside Basin in each of the months of January, February, and March 2013, respectively. There is also a goal of producing an additional 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. It was also agreed that Cal-Am would attempt to produce only 7, 6, and 9 AF of groundwater from its wells in the Laguna Seca Subarea of the Seaside Basin for customers in the Ryan Ranch, Bishop, and Hidden Hills systems during January, February, and March 2013, respectively. It is recognized that, based on recent historical use, Cal-Am's actual production from the Laguna Seca Subarea during this period will likely exceed the proposed monthly targets, which are based on Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. For example, in the January through March 2012 period, Cal-Am produced 27, 25, and 24 AF from the Laguna Seca Subarea to meet customer demand in the Ryan Ranch, Bishop, and Hidden Hills systems. In this context, the production targets represent the maximum monthly production that should occur so that Cal-Am remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Decision, Cal-Am is allowed to use production savings in the Coastal Subareas to offset over-

production in the Laguna Seca Subarea. However, not much if any production savings are likely with the restrictions imposed on Carmel River diversions by the State Water Resources Control Board's Water Rights Order No. 2009-0060, and no such savings were available in the last Water Year, 2012.