

EXHIBIT 18-B

**California American Water Highway 68 Distribution Systems
Quarterly Water Supply Strategy and Budget: January - March 2014
Proposed Production Targets by Source and Projected Use in Acre-Feet**

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jan-14	Feb-14	Mar-14	Oct-13 - Nov-13	% of YTD	% of Annual Budget
Source						
Seaside Groundwater Basin						
Laguna Seca Subarea	8	7	8	70	287.9%	47.9%
Other	0	0	0	0		
Use						
Customer Service	8	7	8			
Total	8	7	8	70		

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 Highway 68 systems was calculated by multiplying total annual production (147 AF) times the average percentage of annual production for January, February, and March (5.2%, 4.8%, and 5.7%, respectively). The annual production total was based on the assumption that production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 147 AF. The average production percentages were based on monthly data for customer service from WY 2005 to 2012. The 147 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 2013 period, CAW produced 19, 20, and 24 AF to meet customer demand in its Highway 68 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 can use production savings in the Coastal Subareas to offset overproduction in the Laguna Seca Subarea.
4. "Other" production sources refer to supplies transferred to Highway 68 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.
5. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full Standard Allocation during WY 2014 to be in compliance with SWRCB WRO No. 95-10.
6. Year to date production numbers are estimated pending finalization of CAW production data.