EXHIBIT 17-A

Implementation Agreement for
Los Padres Dam Long-Term Plan Project (I15-400101)
Covering Calendar Years 2015 - 2017

THIS AGREEMENT is retroactive to January 1, 2015, by and between California-American Water Company (California American Water or CAW) and the Monterey Peninsula Water Management District (MPWMD or Water Management District).

1. Recitals.

1.1. The Water Management District was created by the California Legislature in 1977 (Statutes of 1977, Chapter 527, as amended). The California Public Utilities Commission (CPUC or Commission) acknowledged creation of the Water Management District in Decisions 89195 and 92793. Finding 16 of Decision 89195 provides, "The use of Monterey Peninsula water resources and management of such resources can best be accomplished by the responsible local government agencies, coordinated when necessary with California American Water and the Public Utilities Commission." Finding 18 of Decision 89195 also states, "As a result of Assembly Bill 1329 (Chapter 527) and a vote of the electorate in the area served by California American Water's Monterey District, there is now in existence the Monterey Peninsula Water Management District, having very broad powers, including taxing powers."

1.2. CPUC Decision D.15-04-007 (Decision), adopting the 2015, 2016, and 2017 revenue requirement for California American Water, approves the request to co-fund MPWMD so they may pursue on-going efforts and studies to determine the best overall fate for Los Padres Dam (dam) and the Carmel River.

1.3. MPWMD has an interest in a comprehensive analysis before determining the fate of Los Padres Dam. Issues of concern to MPWMD include the potential loss of surface storage that is used to maintain flow in the lower river during the dry season, the continuing effect that retention of sediment has on habitat downstream of the dam, and the potential downstream effects of restoring the natural sediment load,

1.4 CAW has a primary interest in addressing the following directive from the National Marine Fisheries Service (NMFS) conveyed in a letter dated April 23, 2013 (Butler to Svindland):

> "The Los Padres Dam (LPD) has been a known fish passage impediment for both upstream and downstream migrating S-CCC steelhead as well as impacting the downstream habitat by blocking the natural sediment supply…As a first step towards protecting S-CCC [South-Central California Coast] steelhead, NMFS strongly encourages CAW to resolve the fish passage and other potential take issues at LPD [Los Padres Dam] by completing a thorough feasibility study on the merits of either: 1) entirely removing the dam and restoring the reservoir area to its original environs; or 2) improving the dam with appropriate permanent fish passage modifications

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that allow for unimpeded, safe and effective, upstream and downstream migration of all life stages of S-CCC steelhead."

1.5 CAW intends to complete installation of downstream fish passage facilities at Los Padres Dam during the summer of 2015 (Decision, 22.5.17 Los Padres Dam Fish Passage Project (05400049)). CAW also intends to fund a future study of potential improvements to the existing fish ladder and trap and truck operation at the dam. This latter effort would be funded by CAW if an extension of time is granted on State Water Resources Control Board Cease and Deist Order 2009-0060 (as amended).

1.6. MPWMD shall cooperate with California American Water on a detailed feasibility study "to determine the ultimate fate of the Los Padres Dam" (the Project). CAW will contribute up to $1,000,000 minus CAW staff time of $24,000 per year to assist MPWMD. The Decision describes that that the Project shall be expensed as follows: $200,000 in 2015; $350,000 in 2016 and $450,000 in 2017; however, California American Water desires to accelerate study efforts concerning upstream steelhead passage at Los Padres Dam and whether maintaining storage at Los Padres Reservoir improves or degrades steelhead habitat in the Carmel River downstream of Los Padres Dam. Therefore, California American Water agrees to reimburse up to $450,000 in 2015 with the balance of the costs expensed in the 2016 and 2017. MPWMD shall be allowed to recover up to 5% of the project costs for administration.

2. Project Activities. The MPWMD shall undertake the following activities:

2.1. With input from California American Water, the MPWMD shall develop detailed scopes of work for the studies outlined in Exhibit A.

2.2. The MPWMD shall solicit input from appropriate regulatory agencies such as the California Department of Fish and Wildlife and NMFS on the detailed scopes of work and consultants proposed for completing studies.

2.3 With input from California American Water, MPWMD shall select highly qualified consultants to carry out individual studies. Selection may be through a Request for Proposal process and review or by direct contracting with selected consultants. MPWMD and California American Water desire to select consultants who are recognized leaders in their field.

CAW shall undertake the following activities:

2.4 CAW shall provide all company records applicable to the Project including, but not limited to: geotechnical studies; plans (or as-builts) and specifications for the existing fish ladder, downstream fish passage facilities, dam, spillway, plunge pool and appurtenances; topographic maps of Los Padres Dam and Reservoir and surrounding area.

2.5 CAW may request and MPWMD shall grant access to all materials, meetings, and reports associated with the Project.

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3. Reporting.

3.1. The Water Management District shall provide a quarterly summary of work completed, with a comparison of the budget and schedule for the Project.

3.2. Any report prepared pursuant to this section may be made available to the public and reviewed by the MPWMD Board at a public meeting.

4. Invoices and Use of Funds.

4.1. The Water Management District shall invoice CAW no more frequently than monthly and no less frequently than quarterly for work completed. Such invoice shall include prior period copies of all invoices received by the Water Management District from its non-employee vendors.

4.2. Unless otherwise provided by this agreement, California American Water shall pay the full amount of the Water Management District's invoice within 30 days of receipt.

4.3. The Water Management District shall use funds received pursuant to this Section 4 exclusively as reimbursement for reasonable and necessary costs incurred to implement the Project as specified herein. The Water Management District shall pay all employees, contractors and other vendors in accordance with the contracts between such parties (including any collective bargaining agreements), California law, or both, as applicable.

4.4 No reimbursement under this agreement shall be made for work completed after December 31, 2017.

5. Records and Subsequent Review by California Public Utilities Commission

5.3. MPWMD shall maintain complete and accurate records in accordance with generally accepted accounting practices for government agencies sufficient to show that funds received pursuant to this Agreement have been used exclusively to pay reasonable· and necessary costs incurred to implement the Project. MPWMD shall fully assist and cooperate with California-American in responding to data requests issued by the CPUC regarding the purposes of this Agreement.

6. Performance.

6.1. The MPWMD and California American Water shall meet on an as-needed basis throughout this agreement with the purpose of, among other things, ensuring that no activities performed by the MPWMD under this Agreement are duplicative of activities performed by California American Water or otherwise paid by California American Water's customers unless by their nature an activity requires a cooperative effort.

6.2. In its performance of activities under this Agreement, the Water Management District shall act as independent contractor and the Water Management District and California American Water are not an agent or employee of the other. California American Water, for its part, agrees to provide access to information in its possession and

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cooperation of its staff in order to assist MPWMD and its contractor(s) to carry out its responsibilities herein. Any information California American Water provides to MPWMD for the purposes of this agreement marked as "confidential" shall be treated in the same manner as "Confidential Information" is treated under the California American Water-MPWMD Non-Disclosure Agreement dated June 22, 2009. The Water Management District shall have exclusive and complete control over its employees and subcontractors, and shall determine the method of performing the services hereunder.

7. Term, Termination and Survival

7.1. Unless terminated earlier under the subsequent paragraph, this Agreement shall remain in effect until December 31, 2017.

7.2. California American Water may terminate this agreement at its convenience by providing the MPWMD written notice, in the manner specified in Section 10, 30 calendar days prior to the proposed termination date.

7.3. The MPWMD may terminate this agreement at its convenience by providing the California American Water written notice, in the manner specified in Section 10, 90 calendar days prior to the proposed termination date such that California American Water can arrange for alternate performance.

7.4. Any obligation for one party to indemnify another shall survive the termination of this Agreement.

7.5. The obligations under Section 5 shall remain in effect until the expiration of the time California American Water is required to preserve records regarding any aspect of this transaction pursuant to Resolution A-4691 of the California Public Utilities Commission dated July 12, 1977.

8. Disputes and Indemnification

8.1. In the event a dispute arises out of the performance of this Agreement, either party shall, as soon as a conflict is identified, submit a written statement of the conflict to the other party. Within five (5) working days of receipt of such a statement of conflict, the second party will respond and a meeting will be arranged not more than five (5) working days thereafter to arrive at a negotiated settlement or procedure for settlement. If, within twenty (20) working days from the initial filing of a statement of conflict an agreement cannot be reached, the parties agree to submit the matter to non-binding mediation. If meditation is unsuccessful, it is agreed that the dispute may be resolved in a court of law competent to hear this matter. This Agreement shall be construed in accord with California law. The prevailing party shall be awarded costs of suit and attorneys' fees.

8.2. Notwithstanding any other provision of this Agreement, each party shall indemnify, defend, protect, hold harmless, and release the other, any parent or affiliate, and their respective officers, agents, and employees, from and against any and all claims losses, proceedings, damages, causes of action, liability, costs, or expense (including attorney's fees and witness costs) arising from or in connection with, or caused by any negligent act or omission or willful misconduct of such indemnifying party. This

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indemnification obligation shall not by limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

8.3. This Agreement shall be construed in accord with California law without reference to conflicts of laws principles.

8.4. The prevailing party shall be awarded costs of suit and attorneys' fees.

9. Amendment and Integration

9.1. This Agreement sets forth the entire understanding of the parties with respect to the subject matter herein. Except as stated herein, there are no other agreements expressed or implied, oral or written, except as set forth herein.

9.2. If, during the course of the work herein contemplated, the need to change the purpose of this Agreement should arise, for whatever reason, whichever party first identifies such need to change shall notify the other party in writing. The authorized representatives of the parties shall meet within seven (7) working days of the date of such notice, to discuss the need for change so identified and to determine if this Agreement should be amended.

9.3. Any changes agreed to shall be documented by duly approved and executed amendments to this Agreement or other means acceptable to both parties.

10. Notices.

10.1. All communications to either party by the other shall be deemed given when made in writing and delivered or mailed to such party at its respective address shown in Paragraph 10.2

10.2. Addresses for Notices

MPWMD:
General Manager
Monterey Peninsula Water Management District
5 Harris Court, Bldg. G
Post Office Box 85
Monterey, California 93942

California American Water:
Director, Coastal Division
California-American Water Company
511 Forest Lodge Road, Suite 100
Pacific Grove, California 93950

With a copy to:
Vice President – Legal, Operations
California-American Water Company
1033 B Avenue, Suite 200
Coronado, CA 92118

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11. References. This Agreement refers to the following prior documents:

11.1. CPUC Decision D.15-04-007, 22.5.18 Los Padres Dam Long-Term Plan Project (I15-400101);

April 23, 2013 letter, NMFS (Butler) to Cal-Am (Svindland) cited as Attachment 8 to Direct Testimony of F. Mark Schubert, P.E., Application A.13-07-002

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the day and year first above written.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

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BY: David J. Stoldt
General Manager

CALIFORNIA AMERICAN WATER

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BY: Robert MacLean
President·

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Exhibit A – Scope of Work

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1. Upstream Volitional Steelhead Passage – All Life Stages

The feasibility and cost of building and maintaining facilities to allow volitional upstream passage over Los Padres Dam for all life stages of steelhead shall be evaluated. The study shall include the following:

- Define the feasible range of reservoir elevations and flows over which a ladder or other means of transporting steelhead should function;
- Evaluate and recommend the most effective fish entrance, ladder system, and exit to the reservoir for the flows and reservoir elevations anticipated;
- Provide preliminary designs and specifications sufficient for completion of an AACE Class 4 cost estimate.

2. Water Availability Analyses

MPWMD shall complete a linked surface-groundwater flow model for the Carmel River Basin based on GSFLOW. At a minimum, the following water availability analyses shall be conducted for the following scenarios:

1) existing conditions: existing LP reservoir storage (estimate as of 2008), existing Cal-Am diversions/operation in Carmel Valley; MPWMD will cooperate with CAW to develop assumptions for Carmel Valley operations for the short-term (i.e., 2015-2020).

2) existing LP reservoir storage, proposed Cal-Am diversions/operations in Carmel Valley with the Monterey Peninsula Water Supply Project completed (i.e., 2020 proposed operation); MPWMD will cooperate with CAW to develop assumptions for proposed 2020 Cal-Am operations;

3) existing LP reservoir storage to start, proposed 2020 Cal-Am operations, annual depletion of reservoir storage of 10 to 20 AFY;

4) no LP reservoir storage, existing diversions/operation in Carmel Valley;

5) no LP reservoir storage, proposed Cal-Am diversions/operation w/ MPWSP;

6) enhanced LP reservoir storage (3,030 AF), proposed Cal-Am diversions/operation w/ MPWSP, periodic reservoir maintenance to maintain capacity.

Model runs would be compared for aquifer storage, effects on lagoon openings, extent (or lack) of wetted riverfront, and days that instream flow requirements for steelhead are met.

3. Analysis of Carmel River Flow and Steelhead Habitat

Currently, releases from Los Padres Reservoir augment natural inflows to the main stem below Los Padres Dam and in dry periods these releases are frequently the only significant input to the main stem in the lower 24 miles of the river. Removal of the reservoir would likely significantly affect downstream river habitat during dry periods. Likewise, increasing reservoir storage could also change habitat for steelhead. In order to study the effect on steelhead of the removal of the dam or an increase in storage, an additional analysis involving evaluation of stream habitat would be conducted.

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This second analysis would use the water availability data to analyze the effect on steelhead habitat using a hydraulic model and habitat suitability curves developed with the Instream Flow Incremental Method (IFIM). Effects of the different scenarios on the availability of suitable habitat for adult and juvenile steelhead would be evaluated and compared. However, due to drought conditions, completion of the IFIM for the Carmel River is uncertain. It is anticipated that if enough steelhead are in the river in the winter of 2015-16, an IFIM could be completed by the latter part of 2016.

4. Analysis of Geomorphic Effects of Sediment Releases

Since the winter of 1920-21, when San Clemente Dam was built, all bedload sediment and a portion of the suspended load from the upper watershed has been retained in the two main stem reservoirs. This has resulted in a narrowing of the channel downstream of San Clemente Dam in the alluvial portion of Carmel Valley (the lower 15.5 miles of the river) and "sediment starvation" in the active channel. A geomorphic analysis of the effect of two alternatives would be completed for: 1) bypassing all of the incoming bedload to Los Padres Reservoir (i.e., maintain existing reservoir volume); and 2) bypassing all of the incoming bedload to Los Padres Reservoir and periodically dredging existing reservoir sediment and adding to the bypassed sediment (i.e., steadily increase reservoir volume by increasing the bedload downstream of Los Padres Dam above the natural sediment load). Results would include the following:

- An estimate of the annual bedload and suspended load that would be delivered to the lower 15.5 miles of river;
- A characterization on a reach by reach basis (reaches to be similar to previous studies involving sediment transport) of the how the increased sediment load may change 1) the meander belt width (sinuosity), 2) active channel dimensions, 3) vegetation, 4) thalweg, 5) sediment gradation, 6) pool frequency and depth, 7) size and location of gravel bars;
- Timing and magnitude of sediment delivery to the lower 15 miles of the river.

In addition to analyzing downstream effects of an increased sediment load, an investigation would be completed of existing reservoir sediment gradation and an estimate made of the volume of spawning gravel that can be annually dredged. A determination would be made of reservoir sediment areas that can be dredged to provide spawning gravel for placement downstream of Los Padres Dam. The investigation would also include feasible options to create permanent access into the streamside area and a method for placement of spawning material.

An additional task would be to identify feasible options for removing dredged material from the reservoir and either moving the material to a nearby disposal area or placing it downstream of Los Padres Dam and allowing the river to carry the material downstream. To quantify existing particle gradation and better understand logistical constraints to sediment removal, a pilot dredging project involving removal of a portion of the reservoir sediment may be conducted.

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Exhibit B - Budget

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Estimated Costs

	Activity	Budget
1	Upstream Volitional Steelhead Passage – All Life Stages	250,000
2	Water Availability Analyses	100,000
3	Analysis of Carmel River Flow and Steelhead Habitat	250,000
4	Analysis of the Geomorphic Effects of Sediment Releases	200,000
	Contingencies	78,000
	Cal-Am project administration ($24,000/year)	72,000
	MPWMD project administration (5%)	50,000
	Total	**$ 1,000,000**

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