

EXHIBIT 20-C

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: January – March 2016

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 (Cal-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 2016

On December 8, 2015, staff from the District, Cal-Am, the National Marine Fisheries Services (NMFS), and the State Water Resources Control Board's Division of Water Rights (SWRCB-DWR) met and discussed the proposed water supply strategy and related topics for the remainder of December 2015 and the January-March 2016 period. The California Department of Fish and Wildlife (CDFW) could not attend, but were consulted afterwards. Currently, flow in the Carmel River is regulated by releases from Los Padres Dam (LPD). Los Padres Reservoir (LPR) has not yet filled and spilled. The San Clemente Reservoir (SCR) has been removed and will no longer be referred to in future reports. The LPD notch flashboard will remain in place from now on, as the new smolt passage facility has been installed to enhance smolt emigration. Flow in the Carmel River is not yet continuous to the lagoon, and the mouth has not yet reopened, after being closed since summer of 2015. Rainfall and unimpaired runoff information for Water Year (WY) 2016 to date, through November 2015 was 3.99 inches and 263 acre-feet (AF), respectively. These values are 40% above and 14% of the mean year-to-date, respectively, through November of the Water Year.

Carmel River Basin Cal-Am will operate its wells in the Lower Carmel Valley in a downstream-to-upstream sequence, as needed to meet customer demand. For this quarterly water budget, it was agreed that Cal-Am would endeavor to avoid producing groundwater from its wells in the Upper Carmel Valley during January through March 2016. If sufficient flow in the Carmel River at the District's Don Juan Bridge gage in Garland Park, i.e., 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 was projected that Cal-Am would produce approximately 938, 992, and 1,123 AF of groundwater from its wells in the Lower Carmel Valley during January, February, and March 2016, respectively.

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Releases from LPR have averaged 3.24 CFS for the first 8 days of December, and are being increased to match reservoir inflow and stabilize storage and lake elevations on a weekly basis, as inflow improves. As of December 7, 2015, LPR was at 1,007.02 feet of surface elevation, 32.76 feet below the spillway. The Fish Ladder that serves the Trap and Truck, Fish Passage Facility at LPD is not operational, and unimpaired fish passage became feasible past the historic SCD site, due to its removal this year. As of December 7, 2015, flow levels in the Carmel River have not yet provided adequate downstream passage flows for juvenile steelhead between Carmel Valley Village and the lagoon or to the ocean. There has not yet been any continuous surface flow to improve lagoon water quality and minimal volume. Flows for adult and juvenile passage below LPD through December 8, 2015 have continued to be marginal or inadequate. November flow at the Sleepy Hollow Weir [RM 12.69] and Don Juan Bridge in Garland Park [RM 10.78] averaged 3.14 and 1.12 cfs, respectively, which was not enough to re-water the reaches that dried last summer, or to provide additional flow and habitat in the lower Carmel River for resident juvenile steelhead. Due to the severely depressed flows of WY 2015, this fourth year of drought, the District's Sleepy Hollow Steelhead Rearing Facility was not operated, and all rescued fish were released upstream of RM 9.

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 for ASR during January, February, and March 2016, respectively. Because of the uncertainty in predicting future rainfall and runoff amounts, this assumption is subject to change in practice.

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 was projected to produce 100 AF of native groundwater from the Seaside Basin in each of the months of January, February, and March 2016, respectively. There was also a projected goal of producing an additional 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. Due to groundwater quality problems, this target has not yet been met this year, and will be unlikely to be met until significant rain recharges and dilutes the source basin in the Sand City area. It was also agreed that Cal-Am would schedule to produce only 3, 2, and 3 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 2016, 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 2015 period, Cal-Am produced 24, 20, and 26 AF from the Laguna Seca Subarea to meet customer demand in the Ryan Ranch, Bishop, and Hidden Hills systems. In this context,

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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, it is not likely that any production savings will be available with the restrictions imposed on Carmel River diversions by the State Water Resources Control Board's Water Rights Order No. 2009-0060, and the continued rampdown requirements of the Seaside Basin Decision; no such savings were available in the last Water Year, 2015.