

EXHIBIT 17-C

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: January – March 2018

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 2018

On December 12, 2017, staff from the District, Cal-Am, the National Marine Fisheries Services (NMFS), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for the remainder of December 2017 and the January-March 2018 period. The State Water Resources Control Board's Division of Water Rights (SWRCB-DWR) monitored the meeting by conference line. The United States Fish and Wildlife Service (USFWS) were unable to attend, but received the briefing materials for the meeting. Currently, flow in the Carmel River is still predominantly regulated by releases from Los Padres Dam (LPD), bolstered somewhat by flows from a few of the tributaries and surface runoff in the lower river during rain events. Los Padres Reservoir (LPR) has not yet filled and spilled. 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 has been continuous to the lagoon year round in Water Year (WY) 2017 and so far in WY 2018, and the mouth reopened on January 8, after being closed since July 14, 2017. Rainfall and unimpaired runoff information for WY 2018 to date, through December 2017 was 1.02 inches and 905 AF, respectively. These values are 85% below and 63% below the mean year-to-date, respectively, through December of the WY.

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 plan to produce 0 acre-feet (AF) of groundwater per month from its wells in the Upper Carmel Valley during January through March 2018. However, Cal-Am has the option of producing water from those wells if flow in the Carmel River at the District's Don Juan Bridge gage in Garland Park is consistently over 20 or more cubic feet per second (cfs), which justifies operations allowed under the less restrictive high-flow period, when Cal-Am can operate these wells whenever needed. Flow in the Carmel River at the District's Don Juan Bridge gage in

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Garland Park has only been over 20 cfs for very short periods of time so far (4 days in November and 3 to-date in January). In addition, it was projected that Cal-Am would produce approximately 673, 559, and 716 AF of groundwater from its wells in the Lower Carmel Valley for customer service, and 38, 52, and 56 AF for Table 13 water rights holders during January, February, and March 2018, respectively.

Releases from LPR have averaged 10.3 cfs for the first 11 days of January, and had been reduced 10% since December 2017 to stretch wise utilization of the small amount of remaining LPR storage through February, if conditions remained dry. As of January 10, 2018, LPR was at 1030.28 feet of surface elevation, 9.5 feet below the spillway, which is equal to 545.1 acre-feet below full. The Fish Ladder that serves the Trap and Truck, Fish Passage Facility at LPD is not yet operational, as the lagoon just opened and adult fish passage flows have only been minimally adequate for a few days. The new Smolt Emigration Facility is not yet operational, as the water surface elevation in the reservoir is not yet high enough to operate it. As of January 11, 2018, flow levels in the Carmel River provided good to excellent downstream passage flows for juvenile steelhead for the 22.2 miles between LPD and the lagoon, and on into the ocean. Flows for adult passage below LPD through January 11, 2018 continue to be marginal to inadequate. December flow at the Sleepy Hollow Weir [RM 12.69] and Don Juan Bridge in Garland Park [RM 10.78] averaged 16.0 and 16.8 cfs, respectively, which avoided any man-stem river dry-back in WY 2017, and provided significant flow and habitat in the lower Carmel River for resident juvenile steelhead year round. Even with the better flows after four years of drought, the District's Sleepy Hollow Steelhead Rearing Facility was not operated because no main-stem rescues were necessary, and all fish rescued from the tributaries in the lower 15 miles were released near their confluence with the main-stem river to rear naturally, as desired by CDFW and NMFS.

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 2018, respectively. Because of the uncertainty in predicting future rainfall and runoff amounts, this assumption is subject to change in practice. The remaining ASR storage from prior WYs has not yet been allocated, but may be allocated at one of the next Quarterly Water Supply Strategy and Budget meetings in March or June, for production in April through September 2018, along with any storage achieved in WY 2018.

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 2018, respectively. There was also a projected goal of producing an additional 25 AF of treated brackish groundwater from

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the Sand City Desalination Plant in each of these three months. Due to groundwater quality problems, the Sand City Desalination Plant 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 attempt to produce only 0 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 2018, respectively. It is recognized that, based on recent historical use, Cal-Am's actual production from the Laguna Seca Subarea during this period will 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 2017 period, Cal-Am produced 16 to 20 AF per month from the Laguna Seca Subarea to meet customer demand in the Ryan Ranch, Bishop, and Hidden Hills systems, and averaged 25 AF per month in WY 2017. 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. 2016-0016, though such savings were available in Water Year, 2016.