



EXHIBIT 14-B

FINDINGS of APPROVAL

**CONSIDER APPROVAL OF APPLICATION TO AMEND
CALIFORNIA-AMERICAN WATER COMPANY (CAW) SYSTEM
PERMITS FOR THE RYAN RANCH AND BISHOP UNITS TO
CHANGE THE SOURCE OF SUPPLY AND AUTHORIZE PERMANENT
CONNECTION TO THE MAIN CAW SYSTEM TO RECEIVE
DELIVERIES OF NATIVE SEASIDE BASIN GROUNDWATER
FROM THE COASTAL SUBBASIN**

Donor Service Area: California-American Water Company Main System

Recipient Service Areas: Ryan Ranch and Bishop Units

Application #WDS-20200501CAW, Permit #M15-03-L3-A2

Adopted by the MPWMD Board of Directors on September 21, 2020

It is hereby found and determined as follows:

1. **FINDING:** Applicant California-American Water Company (CAW), a California Corporation, is the current owner and operator of two separate Water Distribution Systems (WDS) known as the Ryan Ranch Unit and the Bishop Unit. The 312-acre Ryan Ranch Unit is located within the City of Monterey and serves Non-Residential uses. The 1,036-acre Bishop Unit is located within unincorporated Monterey County, and serves both Residential subdivisions and Non-Residential uses. Both Units have Water Supply Permits from the State of California and are considered valid WDS by the Monterey Peninsula Water Management District (MPWMD or District). In 2009, MPWMD reduced the System Capacity and instituted a moratorium on new Connections in the Ryan Ranch Unit due to insufficient supply. In most years, emergency augmentation is needed in summer/fall from the “main” CAW water system that draws water from the Monterey Peninsula Water Resource System (Carmel River Basin and Coastal Subarea of the Seaside Groundwater Basin). CAW requests an amendment to its WDS Permit to allow the Ryan Ranch and Bishop Units to connect to the main system, referred to herein as the “CAW/Ryan Ranch and Bishop Units Amendment.”

EVIDENCE: Application #20200501CAW submitted July 8, 2020, including Site maps, lists of Parcels, County and State Permits and other materials. California Department of Public Health Services, *Certificate of Issuance of a Water Supply Permit to California American Water Company – Ryan Ranch Water System*, Permit #0524134 dated May 24, 2013; California Department of Public Health Services, *Certificate of Issuance of a Water Supply Permit to California American Water Company – Bishop Water System*, Permit #02-05P-2701882 dated February 1, 2013. MPWMD *Conditions of Approval in Support of the Cal-Am request to Annex the Ryan Ranch Mutual Water Company as a Subunit of the Cal-Am System*, dated November 13, 1989; MPWMD *Conditions of Approval for Application for Annexation of Laguna Seca Ranch Subdivision Into the Bishop Water Company Service Area*, dated October 21, 1996. MPWMD *Final Findings, Conclusions and Decision [regarding Ryan Ranch Unit] Hearing on Insufficient Supplies*, dated June 18, 2009; MPWMD *Annual Water Production Summary for Ryan Ranch Unit (1990-2019)*, dated October 1, 2019. Staff agenda package prepared for MPWMD Board of Directors Public Hearing (Item 12 on September 21, 2020).

2. FINDING: Both the Ryan Ranch and Bishop Units are within CAW’s Monterey Division, but are operated as separate independent units from CAW’s “main” WDS. The Ryan Ranch and Bishop Units (along with the Hidden Hills Unit) comprise the three CAW “satellite systems” in the Laguna Seca Subarea of the Seaside Groundwater Basin. The Seaside Groundwater Basin is an adjudicated basin governed by the Seaside Basin Watermaster in compliance with a 2006 Decision by the Monterey County Superior Court.

EVIDENCE: Permit application materials specified in Finding #1. Map of CAW Service Area. Seaside Groundwater Basin Adjudication Judgment dated March 27, 2006, as amended, Monterey Superior Court Case #M66343, *California American Water vs. City of Seaside et al.* (referred to herein as the “Adjudication Decision”).

3. FINDING: The Applicant has applied for an amendment to the WDS Permit to allow both Ryan Ranch and Bishop Units to connect to CAW’s main system and change the Source of Supply from the Laguna Seca Subarea for the two units to native groundwater from the Seaside Coastal Subarea of the CAW System. No other changes to the Ryan Ranch Unit or Bishop Unit WDS are proposed.

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #4, and #13 for both the Ryan Ranch Unit and Bishop Unit WDS; Special Condition #27 for the Ryan Ranch Unit.

4. **FINDING:** Approval of the Application for the permanent connection to CAW's main system does not change the current System Limits for either the Ryan Ranch Unit or Bishop Unit WDS.
- EVIDENCE:** Permit application materials specified in Finding #1. MPWMD Permit #M15-03-L3-A2, Amended Condition of Approval #3 for both the Ryan Ranch Unit and Bishop Unit WDS; Special Condition #27 for the Ryan Ranch Unit.
5. **FINDING:** CAW's operation of the interconnection will not conflict with the State Water Resource Control Board's (SWRCB) Water Right Order No. 2016-0016 (CDO) provided that the water delivered through the interconnection to the Ryan Ranch and Bishop Units is accounted for as native groundwater from the Seaside Coastal Subarea.
- EVIDENCE:** The Adjudication Decision expressly authorizes CAW to deliver or transfer native groundwater from the Seaside Coastal Subarea for use in place of Laguna Seca Subarea water where Ryan Ranch and Bishop subdivisions are located. The Adjudication Decision requires CAW to account for this production as Coastal Subarea production and not as production from the Laguna Seca Subarea.
6. **FINDING:** The CDO directs CAW to maximize groundwater use over Carmel River diversions in order to reduce Carmel River diversions to authorized limits, and it prohibits CAW from increasing Carmel River diversions in order to offset loss in production from the Basin.
- EVIDENCE:** The 2016 CDO established an Effective Diversion Limit (EDL) of 8,310 Acre Feet Annually (AFA). As such, CAW cannot exceed the EDL as a result of either reduced groundwater availability from the Seaside Groundwater Basin or increased groundwater demands in the Seaside Groundwater Basin.
7. **FINDING:** The delivery of Seaside Coastal Subarea groundwater through the interconnection will not change CAW's obligations under the CDO, including the EDL limit, and CAW must abide by the other terms and conditions in the CDO and prior SWB Cease – Water Right Orders 95-10 and 2009-0060.
- EVIDENCE:** Water Right Orders 95-10 and 2009-0060 identify the Seaside Groundwater Basin as one of CAW's important sources of supply, and they discuss the availability of the Seaside Groundwater Basin supply in relation to Carmel River diversions, noting the Adjudication Decision's required pumping reductions and the diminishing groundwater supply available to CAW over time as result of the reductions. The SWRCB Orders address CAW's total rights to the Seaside Basin, but do not

differentiate between Coastal and Laguna Seca Subbasin allocations. Nor do the orders impose restrictions on CAW's ability to use the Seaside Basin groundwater as authorized under the Seaside Basin Decision.

8. FINDING: There are conditions in the CDO regarding the use of ASR and PWM supplies as it relates to CAW's Carmel River diversions and the EDL, but the CDO does not condition CAW's use of native groundwater.

EVIDENCE: CAW must account for its deliveries through the interconnection as native Seaside Coastal Basin groundwater and debit such from CAW's Coastal Basin allocation and Watermaster reporting. This accounting must be done monthly, so that CAW does not exceed its annual Coastal Subbasin allocation.

9. FINDING: The application for CAW/Ryan Ranch and Bishop Units Amendment, along with supporting materials, is in accordance with District Rule 21 and Rule 22.

EVIDENCE: Permit application materials specified in Finding #1; "Notice of Public Hearing" letter to CAW from MPWMD dated September 11, 2020; MPWMD Rules and Regulations.

Required Findings (MPWMD Rule 22-B)

10. FINDING: The approval of the Permit would not cause unnecessary duplication of Potable water service within any existing system. The proposed CAW/Ryan Ranch and Bishop Units Amendment to allow connection to CAW's main system will improve system reliability and ensure adequate water supplies are available to serve the existing needs of the Ryan Ranch Unit and the Bishop Unit. [Rule 22-B-1]

EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #4, and #13 for both the Ryan Ranch Unit and Bishop Unit WDS.

11. FINDING: The approval of the Permit would not result in water importation or exportation to or from the District, respectively. The referenced water systems are located wholly within the MPWMD and are within the Seaside Groundwater Basin. [Rule 22-B-2]

EVIDENCE: District boundary location maps.

12. FINDING: Approval of the application would not result in significant adverse impacts to "Sensitive Environmental Receptors" (SER) as defined by MPWMD Rule 11. [Rule 22-B-3]

- EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M15-03-L3-A2, Amended Condition of Approval #13 for both the Ryan Ranch Unit and Bishop Unit WDS; Seaside Basin Adjudication Decision referenced in Finding #2.
13. FINDING: The CAW has specified water rights as determined by the Superior Court as part of the Seaside Basin Adjudication Decision. [Rule 22-B-4]
- EVIDENCE: Adjudication Decision specified in Finding #2.
14. FINDING: The Source of Supply for Ryan Ranch and Bishop Unit Wells is changing from the Laguna Seca Subarea to native groundwater from the Coastal Subarea of the Seaside Groundwater Basin. The cumulative effects of issuance of this WDS Permit do not result in significant adverse impacts to the Source of Supply or the species and habitats dependent on the Source of Supply due to compliance with the Adjudication Decision issued by the Superior Court. [Rule 22-B-6]
- EVIDENCE: MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #4, and #13 for both the Ryan Ranch Unit and Bishop Unit WDS; Adjudication Decision specified in Finding #2.
15. FINDING: The Source of Supply for the Ryan Ranch and Bishop Units is not derived from the Carmel Valley Alluvial Aquifer. The Source of Supply is not within the jurisdiction of the State Water Resources Control Board (SWRCB) and has not been determined to be tributary to the Source of Supply for any other system. The Source of Supply is from native groundwater in the Coastal Subarea of the Seaside Groundwater Basin. [Rule 22-B-7]
- EVIDENCE: MPWMD maps showing boundaries of project area and jurisdiction of the SWRCB; MPWMD hydrogeologic maps on file; MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #4, and #13 for Ryan Ranch Unit and Bishop Unit WDS.
16. FINDING: MPWMD Permit #M15-03-L3-A2 allows CAW's Ryan Ranch and Bishop Units to connect to CAW's main system to improve system reliability; this may be viewed as an environmental benefit. Any CAW Source of Supply may be used in a fire emergency. [Rule 22-B-8]
- EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 and through #4, and #13 for both the Ryan Ranch Unit and Bishop Unit WDS.
17. FINDING: A back-flow protection device to prevent contamination of the CAW system is not necessary as CAW is the water purveyor. All Units are certified by the State of California. [Rule 22-B-9]

EVIDENCE: Permit application materials specified in Finding #1. MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #13, #14 and #15 for both the Ryan Ranch Unit and Bishop Unit WDS.

Minimum Standards for Granting a Permit (MPWMD Rule 22-C)

18. FINDING: The application adequately identifies the Responsible Party as California-American Water Company, a California Corporation. [Rule 22-C-1]

EVIDENCE: Permit application materials specified in Finding #1.

19. FINDING: The application meets the definition of a “Multiple-Parcel Connection System” as water will be provided by CAW, a regulated Public Utility with roughly 40,000 customers, for Non-Residential, Residential and/or landscape use on Ryan Ranch Unit and Bishop Unit Parcels. Compliance with California Title 22 water quality standards is the authority of the SWRCB Division of Drinking Water. [Rule 22-C-2]

EVIDENCE: Permit application specified in Finding #1. MPWMD Permit #M15-03-L3-A2, Conditions of Approval #1, #2, #3, and #15. California Administrative Code, Title 22.

20. FINDING: The application identifies the location of the Source of Supply for the Ryan Ranch and Bishop Units as native groundwater in the Coastal Subarea of the Seaside Groundwater Basin. [Rule 22-C-3]

EVIDENCE: Permit application materials specified in Finding #1; MPWMD Permit #M15-03-L3-A2, Amended Condition of Approval #4 for both the Ryan Ranch Unit and Bishop Unit WDS.

21. FINDING: The approval of the application would not create an Overdraft or increase an existing Overdraft of a Groundwater basin. The Superior Court has determined the “natural safe yield” and specified pumping rights of property owners in the Seaside Basin as part of the Adjudication Decision. [Rule 22-C-4]

EVIDENCE: Adjudication Decision specified in Finding #2. MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #4, and #13 for Ryan Ranch Unit and Bishop Unit WDS.

22. FINDING: The approval of the application would not adversely affect the ability of existing systems to provide water to Users due to conditions of approval that limit future water use to a reasonable and acceptable amount, consistent with the Seaside Basin Adjudication. [Rule 22-C-5]

EVIDENCE: Adjudication Decision specified in Finding #2; MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #4, and #13 for Ryan Ranch Unit and Bishop Unit WDS; California Water Code.

Compliance with California Environmental Quality Act (CEQA)

23. FINDING: In the review of this application, MPWMD has followed those guidelines adopted by the State of California and published in the California Administrative Code, Title 14, Section 15000, *et seq.* Specifically, the MPWMD as a lead agency under CEQA determined that a Class 1 Categorical Exemption is applicable due to minor alterations to existing facilities that involve “negligible expansion” of an existing use, as defined in CEQA Guidelines Section 15301(b). This decision is based on facts regarding current water use, and negligible changes expected in the future with the approval of the subject application.

EVIDENCE: CEQA and CEQA Guidelines, Section 15301; CEQA Guidelines Section 15300.2. MPWMD Notice of Exemption for CAW/Ryan Ranch Bishop Units Amendment signed September 21, 2020. Staff agenda package prepared for MPWMD Board of Directors Public Hearing (Item 12) on September 21, 2020. Minutes of MPWMD Board of Directors Public Hearing (Item 21) conducted on September 21, 2020. MPWMD Permit #M15-03-L3-A2, Amended Conditions of Approval #1 through #5, and #13, and Special Conditions for Ryan Ranch Unit and Bishop Unit WDS.