

EXHIBIT 32-B

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: July – September 2022

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: July - September 2022

On June 14, 2022 the Quarterly Water Budget Group including staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for upcoming quarter.

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. The group recognized that WY 2022 is a dry year and the storms in later December did not result in large sustainable flows on the Carmel River that triggered long sustained ASR Operations or Table 13 Diversions. The River dropped below flow triggers for diversion of ASR and Table 13 on January 8th and with the dry conditions additional ASR injection did not occur. For this quarterly water budget, it was agreed that CalAm would plan to produce water from the wells in the Lower Carmel Valley to support system demand. The Low Flow period as defined in SBO 2002-02 began on April 16, 2022. Any new sources of water reduce the water available to be pumped from the river on a one to one basis consistent with SBO 2016-0016.

Seaside Groundwater Basin Because flows in the Carmel River have fallen into the Low Flow regime, Cal-Am has shut off the Upper Carmel Valley wells and turned on the Seaside wellfield. The Seaside wells are currently being used to produce Seaside Native groundwater and recover PWM injected water. PWM water will be injected and recovered this quarter with the goal of keeping injection and extraction even to enter WY 2023 with the full operational reserve in the aquifer. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

It is recognized that, based on recent historical use, Cal-Am's production from the Laguna Seca Subarea during this period may not be reduced to zero, as is set by Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. 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, the quarterly budget was developed so that Cal-Am would produce all native groundwater in the Coastal Subareas and Laguna Seca production would be over the Adjudication allotment. On February 5, 2020 the Seaside Groundwater Basin Watermaster Board voted to allow Cal-Am to claim carryover credits to cover the pumping over the Laguna Seca allotment in the interim prior to establishing a physical solution. Because of this decision, the Quarterly Water Budget Group decided that the table presenting the Laguna Seca allotment of zero would no longer be necessary as the Watermaster is now planning to handle the pumping over allotment with a different mechanism.