

## EXHIBIT 26-B

### **Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: July – September 2024**

#### 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 (CalAm'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 to September 2024

On June 11, 2024 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** CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream sequence, as needed to meet customer demand. The budget schedules 425 AF per month to be produced from the Lower Carmel Valley wellfield and 100 AF from the Upper Carmel Valley wellfield in July so that Cal-Am can produce closeto the total annual 3,376 AF water right off the River. For this quarterly water budget, it was agreed that CalAm would plan to produce water from the wells in the Upper Carmel Valley as long as the low flow trigger was not reached. It was assumed that the low flow trigger would be met at some point during this quarter, the group decided to assume the trigger would happen in July 2024 to be conservative and pumping in the Carmel Valley would shift to the lower valley wells. The group will be watching streamflow and when the low flow trigger occurs, the low flow group will commence meeting and prescribe releases from Los Padres Reservoir.

**Seaside Groundwater Basin** Because production limits off the River are greatly reduced when compared to last Water Year, the Seaside Well Field is proposed to be used to recover a mix of stored Aquifer Storage and Recovery and Pure Water Monterey waters. Cal-Am's allotment of Native Seaside Groundwater through the Adjudication was consumed in the 3<sup>rd</sup> quarter of this water year when the Pure Water Monterey Project was injecting water to build up the Operational Yield. 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, CalAm's production from the Laguna Seca Subarea during this period cannot be reduced to zero, as is set by CalAm'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 CalAm remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Decision, CalAm 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 CalAm 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 CalAm 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.