

EXHIBIT 7-B

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: April – June 2025

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: April - June 2025

On March 5, 2025 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) received the draft Quarterly Water Budget and were invited to provide comments and direction related to 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. It was recognized by the group that WY 2025 began as an below average precipitation year, and the storms in late January resulted in sustainable flows on that Carmel River that would triggered sustained ASR Operations and Table 13 Diversions. The River dropped below flow triggers for diversion of ASR and Table 13 on February 28 and returned to flows allowing injection on March 3. For this quarterly water budget, it was agreed that CalAm would plan to produce water from the wells in the Upper Carmel Valley to support ASR diversions. It was assumed that the low flow trigger could be met at some point during this quarter and continued rainfall in the forecast could push the trigger into June, the group decided to assume the trigger would happen in June 2025 to be conservative. At that point in time, fish rescues will be necessary this water year. The group will be watching streamflow and when the low flow trigger occurs, to the maximum extent, pumping will be shifted away from the river wells and the Seaside well field will be used to meet system demand in the summer months. 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 production limits off the River are greatly reduced when compared to recent history, the Seaside Well Field is being used to recover a mix of Native Groundwater, Pure Water Monterey, and banked ASR water. The bypass pipeline is currently being utilized to allow for simultaneous PWM recovery and ASR injection. At that time, the Seaside wells will be utilized to recover Seaside Native Groundwater, stored Pure Water Monterey water, and inject in ASR 1 and 2. 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.