

EXHIBIT 17-H



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Southwest Region
777 Sonoma Avenue, Room 325
Santa Rosa, California 95404-6528

In Response Refer To:

March 19, 2004 151405SWR148 20 93-1EA

RECEIVED

MAR 24 2004

MPWMD

Board of Directors
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, California 93942

Dear Board Members:

This letter is in reference to the Monterey Peninsula Water Management District's (MPWMD) Mitigation Program developed to address the impacts of water diversions from the Carmel River and Seaside Basin on the water resources and associated habitat for plants, animals, and people.

As you know, South-Central California Coast steelhead (*Onchorynchus mykiss*) are present in the Carmel River and are listed as threatened under the Federal Endangered Species Act. The National Marine Fisheries Service (NOAA Fisheries) has been working closely with the California American Water Company (Cal-Am) and MPWMD for a number of years to minimize impacts to steelhead from water diversions in the Carmel River. Until a long-term water supply is developed for the Monterey Peninsula, adverse impacts to steelhead and their habitat will be on-going. Therefore, NOAA Fisheries believes mitigation to minimize these impacts must continue.

MPWMD's Mitigation Program has helped reduce these impacts, however, some programs have not been as successful as others. For instance, the Sleepy Hollow Steelhead Rearing Facility has been unreliable most years of operation. We also believe there may be other important projects that are not presently included in the Program that should be, such as a greater focus on the Carmel River Lagoon.

NOAA Fisheries supports the continuation of the Mitigation Program. However, we are not able to be responsible for activities or costs of the Program. NOAA Fisheries does request that we are included in the decision-making process on what mitigation projects are appropriate for the protection of threatened steelhead. Through a collaborative process we believe the allocated resources could be more effectively spent to improve the Carmel River habitat. We would be very willing to meet with MPWMD and Cal-Am to discuss changes or additions to the Program.

If you have any questions concerning the above comments, please contact Ms. Joyce Ambrosius at (707) 575-6064 or joyce.ambrosius@noaa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. Rutten".

Patrick J. Rutten
Santa Rosa Field Office Supervisor
Protected Resources Division

cc: J. Lecky, NOAA Fisheries
S. Leonard, Cal-Am
D. Dettman, MPWMD
K. Urquhart, CDFG, Monterey

