RULES AND REGULATIONS

OF THE

SEASIDE GROUNDWATER BASIN WATERMASTER

1.0 Introduction

The Watermaster for the Seaside Basin was created on March 27, 2006 by entry of Judgment in *California American Water v. City of Seaside, et al*. (Case No. M66343, California Superior Court, Monterey County). A copy of the Judgment is appended to these Rules and Regulations. The purpose of the Watermaster is to assist the Court in the administration and enforcement of the provisions of the Judgment. All actions of the Watermaster shall be governed by the terms of the Judgment and these Rules and Regulations. In the event of any conflict between the terms of the Judgment and these Rules and Regulations, the Judgment, together with any further or supplemental orders or directions from the Court, shall control the actions of the Watermaster.

2.0 Definitions

Words and phrases which are defined in the Judgment shall have the same meaning when used in these Rules and Regulations. Other terms used in these Rules and Regulations shall have the meaning ascribed to them herein.

2.1 Parties

"**Parties**" shall mean and refer, individually and collectively, to California American Water Company ("**CalAm**"), the Public Agency Parties and the Landowner Group Parties. "**Public Agency Party**" shall mean and refer individually to the cities of Seaside, Sand City, Del Rey Oaks and Monterey, the County of Monterey, the Monterey County Water Resources Agency and the Monterey Peninsula Water Management District. "**Landowner Party**" shall mean and refer to a Producer in the Coastal Subarea and the Laguna Seca Subarea which is not a Public Agency Party or CalAm.

3.0 Watermaster Board

3.1 Representatives and Voting

The Watermaster may only act by and through the Watermaster Board. The Watermaster Board shall consist of nine (9) members ("**Members**"). Members shall be appointed by each of the following Parties or group of Parties in accordance with the procedures set forth in section 4 of these Rules and Regulations. A vote by a Member shall cast the following number of voting positions on the question presented to the Watermaster Board.

Party/Group	Votes
California American Water	3 votes
City of Seaside	2 votes
Monterey County Water Resources Agency	2 votes
Monterey Peninsula Water Management District	2 votes
City of Sand City	1 vote
City of Monterey	1 vote
City of Del Rey Oaks	1 vote
Landowner Parties Group (Coastal Subarea)	1/2 vote
Landowner Parties Group (Laguna Seca Subarea)	1/2 vote

3.1.1 Quorum

A minimum of six (6) Members shall be required to constitute a quorum of the Watermaster Board. No fewer than seven (7) affirmative votes shall be required for any action by the Watermaster. Any Member may request a weighted roll call vote for any question or motion considered by the Watermaster Board, with voting positions of each vote called out by the clerk of the board. The request for a weighted roll call vote must be made after any question or motion considered by the Watermaster Board and prior to the vote being taken, and the ayes and noes, with voting positions of each, thereon recorded in the minutes of the meeting.

3.2 Organization of the Watermaster Board

At the first meeting of the Watermaster Board each year, the Watermaster Board shall elect a Chairperson, and a Vice Chairperson from its Membership. The Watermaster Board shall also select a Secretary, Treasurer and such assistant secretaries and assistant treasurer as may be appropriate. The Secretary, Treasurer, or any assistant or administrator appointed by the Watermaster Board need not be a Member.

3.3 Advisory Committees

The Watermaster Board may establish such committees and subcommittees as it deems necessary to advise Watermaster Board on specific issues. Persons appointed to such committees or subcommittees need not be a Member. The Watermaster Board shall appoint the Chairperson of any such committee or subcommittee. No more than five (5) Members or their Alternates shall sit on any individual committee or subcommittee. Each committee member shall be entitled to one (1) vote only.

3.3.1 Standing Committees

The Watermaster Board has established the following standing committees.

A. Technical Advisory Committee

The purpose of the Technical Advisory Committee is to advise the Watermaster Board regarding implementation of the physical solution, and to perform such specific tasks as the Watermaster assigns to the Technical Advisory Committee from time to time. The Technical Advisory Committee shall be made up of one committee member for each voting Member of the Board of Directors and one member of the Public duly voted on by the Board of Directors for a total of ten, (10) committee members. Committee members representing each Board voting member will be chosen by representatives from that Member entity. The individual voted on by the Board must reside within the boundaries of the Seaside Groundwater Basin and will serve for a two-year term and could be reappointed if the Board so decides. At its sole discretion the Board may remove and/or replace the Public member at any time. A minimum of 6 members shall be required to constitute a quorum of the Technical Advisory Committee.

B. Budget and Finance Committee

The purpose of the Budget and Finance Committee is to advise the Watermaster Board regarding the funding of implementation of the physical solution, including operations of the Watermaster.

3.3.2 Meetings of Standing Committees

Meetings of any standing committee may be called by the Chair or Vice Chair of such committee. At least 72 hours before a regular meeting of a standing committee or at least 24 hours before a special meeting of a standing committee, the Secretary of the Watermaster, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting and deliver a copy of the agenda to the members of the committee and to Persons who have made a written request for copies of the agendas of the standing committee. The agenda shall otherwise conform with the content, posting and availability of requirements for agencies set forth in Rule 3.6.

3.4 Regular Meetings

Regular meetings of the Watermaster Board shall be held on the first Wednesday of each month. The meetings will be held at Monterey Regional Water Pollution Control Agency, Monterey, California or another location set forth in the monthly meeting agenda and will begin at 2:00 p.m., unless a different time is set forth in the agenda.

3.5 Special Meetings

3.5.1 Special Meetings Called by Watermaster Board

A special meeting of the Watermaster Board may be called by the Watermaster Board at any regular or special meeting of the Watermaster Board.

3.5.2 Special Meetings Called by Chair or Members

A special meeting of the Watermaster Board may be called at any time by the Chairperson or Vice Chairperson or by any three (3) Members, by written notice delivered personally or mailed to all Parties and Interested Persons, at least twenty-four (24) hours on a business day before the time of each such meeting in the case of personal delivery, and five (5) days' notice prior to such meeting in the case of mail if the special meeting is being called under urgent circumstances. If a special meeting is called by the Chairperson, Vice Chairperson or by any three (3) Members, and no urgent circumstance exists, then at least ten (10) days' notice must be provided to all Parties. The notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the Watermaster Board. The written notice may be dispensed with as to any Member who at or prior to the time the special meeting convenes, files with the Secretary of the Watermaster Board a written waiver of notice. The written notice may also be dispensed with as to any Member who is actually present at the meeting at the time it convenes. The notice shall be posted at least seventy-two (72) hours prior to the special meeting in the posting locations referred to in section 3.6 of these Rules and Regulations.

3.6 Meeting Agendas

At least 72 hours before a regular meeting of the Watermaster Board, or at least 24 hours before a special meeting of the Watermaster Board, the Secretary of the Watermaster, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session, and deliver a copy of the agenda to the Members and to Persons who have made a written request to be added to the Watermaster's list of Interested Persons. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular or special meeting and shall be posted at the places which have been designated by the Public Agency Parties for the posting of official agendas in their respective jurisdictions. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

3.7 Meeting Procedures

3.7.1 Conduct for Meetings

Meetings of the Watermaster Board shall be called to order by the Chairperson or, in his or her absence, the Vice Chairperson. Watermaster Board

meetings shall be conducted in conformity with the procedures established for meetings of public agencies pursuant to the California Open Meeting Law (the "**Brown Act**"), California Government Code section 54950 et seq., as it may be amended from time to time.

3.7.2 Minutes

The Secretary shall keep accurate minutes of all meetings of the Watermaster Board which reflect all actions taken by the Watermaster. Copies thereof shall be furnished to all Members and Interested Persons. Copies of minutes shall constitute notice of any Watermaster Board action therein reported.

3.7.3 Closed Session

The Watermaster Board may convene closed session meetings in accordance with Brown Act procedures.

4.0 Members

4.1 Appointment of Members

The Public Agency Parties, groups of Landowner Parties identified in section 3.1 and CalAm have each appointed an initial Member to sit on the Watermaster Board for a two (2) year term ending at the first regular meeting of the Watermaster in January of 2008. The Public Agency Parties, groups of Landowner Parties and CalAm shall each appoint or reappoint one Member in November of every second year, beginning in November of 2007, to sit on the Watermaster Board for a two (2) year term. Except for the initial Members, each Member shall assume office at the first regular meeting of the Watermaster Board held in January of every second year, beginning in January of 2008. The Secretary shall give notice of this requirement to each of the Parties during the October preceding each such January.

4.2 Alternate Members

In addition to appointing a Member, CalAm and the Public Agency Parties may also appoint an alternate Member in the same manner and for the same terms as provided for Members in these Rules and Regulations. Each Member representing a group of Landowner Parties may act as an alternate for the Member representing the other group of Landowner Parties. A duly appointed Alternate Member may exercise all of the rights of a Member at a meeting of the Watermaster Board where the Member for whom the Alternate Member sits, is absent.

4.3 Appointments

Appointments of Members and Alternate Members, if any, shall be made in a writing signed on behalf of the Party or group of Parties identified in section 3.1 which is

delivered to the Secretary no later than the close of public comment for the agenda item regarding announcement of appointment of new Members at the November meeting. The Watermaster Board shall give notice to the Court of any person appointed as a Member or Alternate Member.

4.4 Vacancies

Should a Member or Alternate Member resign or otherwise be unable to complete his or her term on the Watermaster Board, the Party or group of Parties which appointed such Member shall appoint a new Member to complete the unexpired term, and deliver notice of that appointment to the Secretary.

4.5 Special Rules for Appointment of Members by Landowner Groups

Appointment of Members by the Landowner Parties shall take place at each November meeting of the Watermaster Board (except for the appointment of initial Members) where the appointment of new Members is to be announced. Each Landowner Party will vote for their preferred Member in writing, signed by an agent of the Landowner Party and delivered to the Watermaster Board no later than the close of public comment for the agenda item regarding election of the Landowner Group Members. Voting rights may only be transferred upon permanent sale of 51% or more of the Landowner's respective Production Allocation. Landowner Parties may only vote for the representative for their respective subarea (i.e., Coastal Subarea Landowner Group Parties vote for the Coastal Subarea Member; and Laguna Seca Landowner Group Parties vote for the Laguna Seca Subarea Member). Should a Member appointed by a Landowner Group be unable to complete his or her term on the Watermaster Board, the Landowner Group which appointed such Member shall give notice to the Secretary who shall schedule an election at the next meeting of the Watermaster Board for the replacement of that Member to be held in the same manner as regular appointments of Landowner Group Members. Landowner Group Members are elected by cumulative voting, with each member of the Landowner Group entitled to one vote for each acre-foot of Production Allocation established in the Judgment.

4.6 Compensation

No Member shall be compensated by the Watermaster for their service on the Watermaster Board.

5.0 Administration

5.1 Watermaster Office

The Watermaster office shall be located at 2600 Garden Road, Suite 228, Monterey, CA 93940. The Watermaster Board may change the location of the Watermaster office from time to time to a place located in Monterey County.

5.2 Records

The minutes of Watermaster Board meetings shall be open to inspection and maintained at the Watermaster office. Copies of minutes and other Watermaster records may be obtained for inspection in accordance with the procedures set forth in the California Public Records Act. Copies of records may be obtained upon payment of the actual cost of duplication established by the Watermaster.

5.3 Notice Lists

The Watermaster shall maintain at all times a current list of the Parties to whom notices are to be sent and their addresses for purposes of service. The Watermaster shall also maintain a list of interested Persons ("**Interested Persons**") that shall include all Persons who have made a written request to the Watermaster to be included on the list of Interested Persons. All notices, determinations, requests, demands, objections, reports and other papers and processes required to be delivered to Interested Persons under the Judgment, these Rules and Regulations or by Order of the Watermaster, shall be delivered to all Parties and Interested Persons.

6.0 Budget

The Watermaster Board will annually adopt a budget for each Fiscal Year stating the anticipated annual expenses required for implementation of the Judgment, including reasonable reserve funds. Each annual budget will contain at least three (3) separate components: (1) an Administrative Budget; (2) a Monitoring and Planning Budget; and, (3) a Replenishment Budget. Seven (7) affirmative votes shall be required for the adoption of any budget or budget assessment by the Watermaster Board. No Member representing a Landowner Party may participate in any vote concerning the approval of the Administrative Budget or Mitigation and Monitoring Plan Budget or the amount of any assessment levied by the Watermaster Board to fund those budgets.

6.1 Adoption of Budget and Budget Assessments

No later than October of 2006, and no later than October of each year thereafter, the Watermaster Board shall adopt a tentative budget, including assessments, for the ensuing Fiscal Year. The tentative budget will be mailed by the Secretary to each Party no earlier than November 1 and no later than November 15 before the beginning of the next Fiscal Year.

6.1.1 Objections

Objections to the tentative budget by any Producer must be submitted in writing to the Watermaster Board within fifteen (15) days after the date of mailing of the tentative budget. If no timely objections are received, the tentative budget shall become the final budget. If objections are received, the Watermaster Board shall consider the objections within ten (10) days thereafter and shall prepare a final budget. The final

budget will be thereafter mailed to each Producer together with a statement of the amount assessed to each Producer.

6.1.2 Appeal to Court

Any Producer may apply to the Court within fifteen (15) days after the mailing of the final budget for revision based on specific objections. Payments of assessments otherwise required shall be made despite the filing of a request for revision with the Court. Upon any revision by the Court, the Watermaster shall either remit to the Producers their pro rata portions of any reduction in the budget, or credit their accounts with respect to any assessment for the next ensuing Administrative Year as the Court shall direct.

6.2 Payment of Assessments

All amounts assessed by the Watermaster Board in the final budget shall be paid to the Watermaster by the Party assessed no later than January 15th of the Fiscal Year to which the assessment relates. If such payment by any Producer is not timely made, the Watermaster shall add a penalty of five percent (5%) thereof to the amount assessed against such Producer.

6.2.1 Contributions to Budget

The Watermaster Board may accept contributions of money, goods or services in furtherance of its purposes.

6.3 Administrative Budget

The Watermaster Board shall adopt an Administrative Budget for each Fiscal Year in an amount sufficient to fund the costs associated with the administration of the Watermaster. The Administrative Budget for the first Fiscal Year shall not exceed ONE HUNDRED THOUSAND DOLLARS ($100,000). The first ONE HUNDRED THOUSAND DOLLARS ($100,000) of the Administrative Budget shall be assessed against California American Water Company, City of Seaside and City of Sand City in the following percentage shares:

California American Water	83%
City of Seaside	14.4%
City of Sand City	2.6%

6.4 Monitoring and Management Program Budget

The Watermaster Board shall develop a budget called the "**Monitoring and Management: Operations Fund,**" in an amount sufficient to fund the cost of the Monitoring and Management Plan referred to in section 7. The Monitoring and Management: Operations Fund Budget for the first Fiscal Year shall not exceed TWO

HUNDRED THOUSAND DOLLARS ($200,000). The Watermaster Board shall also levy a one time assessment of the "**Monitoring and Management: Capital Fund**" in an amount sufficient to fund the cost of the capital improvements described in the Monitoring and Management Program, including but not limited to (1) installation of water quality and water level monitoring wells; (2) implementation of piezometric and water quality monitoring program; (3) installation of sentinel wells to detect seawater intrusion into on-shore portions of the Basin; (4) exploratory borehole drilling, geophysical surveys and improved estimates of natural and secondary recharge in the Basin related to the development of a groundwater model. The total amount of the initial one-time Monitoring and Management: Capital Fund Budget Assessment shall not exceed ONE MILLION DOLLARS ($1,000,000). The total amount of both the Monitoring and Management: Operations Budget and the Monitoring and Management: Capital Fund Budget Assessments shall be assessed against the Standard Producers in the Coastal Subarea in the following shares:

California American Water	91%
City of Seaside	7%
Granite Rock	1%
D.B.O. Development No. 27	1%

At such time as a Party within the Coastal Subarea chooses to change its Alternative Production to a Standard Production Allocation, that Party will be assessed a proportionate share of the Monitoring and Management Plan Budget.

6.5 Replenishment Budget

As a part of its annual budget process, the Watermaster Board shall declare the per-acre-foot cost of the Replenishment Assessments in October of each Water Year. The per-acre foot cost of Replenishment Assessments for Production in excess of Natural Safe Yield shall be based on the anticipated cost of Artificial Replenishment, including the cost to construct, operate, and maintain facilities necessary for replenishment of the Basin. Replenishment Assessments may only be used for Artificial Replenishment.

6.5.1 Assessment on Production Over Natural Safe-Yield

At the end of each Water Year the Watermaster shall levy an Over-Production Replenishment Assessment for Production by any Party over the Natural Safe-Yield of the Seaside Basin. The Over-Production Replenishment Assessment does not apply to Production under an Alternative Production Allocation so long as such Production is within the fixed amount established for that Alternate Producer in Table 2 of Section III.B.3 of the Judgment. The Watermaster will determine each Producer's Over-Production Replenishment Assessment, if any, by using the following method:

6.5.1.1 For purposes of determining the Over-Production Replenishment Assessment each Standard Producer is entitled to the following

percentage share of Natural Safe Yield and/or the Operating Yield that is in excess of production by those Parties with an Alternative Production Allocation:

California American Water	91.38 %
City of Seaside	6.81%
Granite Rock	.64%
D.B.O. Development	1.16%

6.5.1.2 These percentages were determined by first multiplying the Coastal Subarea Standard Production Allocations by that portion of the Operating Yield for the Coastal Subarea which is in excess of the sum of the Alternative Production Allocations within the Coastal Subarea. (The Standard Production Allocations do not total 100 percent. Thus, after the initial calculation, the Standard Production Allocation must continue to be applied to the remainder until less than one acre-foot remains.) Second, California American's Laguna Seca Subarea Allocation (no other standard producer has a Laguna Seca allocation) must be added to California American's total allocation and each Standard Producer's percentage share of the Operating Yield must be recalculated.

6.5.1.3 If any Standard Producer produces more than the amount of water determined by applying its percentage to the Natural Safe Yield, then Watermaster shall assess a Replenishment Assessment for that Standard Producer. The amount of the Replenishment Assessment will be determined by multiplying the Replenishment Assessment per-acre-foot cost by the number of acre-feet pumped in excess of that Standard Producer's allocation of the Natural Safe Yield.

6.5.1.4 At such time as a Party chooses to change its Alternative Production to a Standard Production Allocation, the percentage shares shall be redetermined.

6.5.2 Assessment on Production Over Operating Safe Yield

The Watermaster Board shall levy an additional Replenishment Assessment on any Alternative Producer for each acre-foot of water produced over their respective Alternative Allocation, and on any Standard Producer for each acre-foot produced over their respective percentage share of the Operating Safe Yield. Should the Watermaster be unable to procure replenishment water to offset Production over the Operating Safe Yield in the previous Water Year, the Watermaster will prohibit any Production over the Operating Safe Yield in the current year or until such time as replenishment water is provided.

6.5.3 Payment of Replenishment Assessment

At the end of each Water Year, the Watermaster will promptly notify each Producer by mail of any Replenishment Assessment owed. Payment must be made by January 15th of the following year. If such payment by any Producer is not timely made,

the Watermaster shall add a penalty of five percent (5%) thereof to the amount assessed against such Producer.

6.5.4 California American Credit Toward Replenishment Assessment

California American's expenditures for water supply augmentation may also provide replenishment water for the Seaside Basin. Accordingly, on an annual basis, California American will provide the Watermaster Board with an accounting of all expenditures it has made for water supply augmentation that it contends has or will result in replenishment of the Basin. The Watermaster Board shall review these expenditures and if it concurs, reduce California American's Replenishment Assessment obligation, for that year, by an amount equal to the amount claimed by California American. To the extent that the Watermaster Board rejects any of the claimed amounts, it shall provide California American with an explanation for the rejection and allow California American an opportunity to meet and confer on the disputed amount. In the event that the Watermaster Board and California American cannot agree, the matter may be referred to the Court through a request filed by California American.

7.0 Monitoring and Management Program

Within sixty (60) days of entry of Judgment, the Watermaster Board shall approve the Seaside Groundwater Basin Monitoring and Management Program. The Monitoring and Management Program shall conform to the criteria set forth in Exhibit A to the Judgment, and shall include but not be limited to a seawater intrusion contingency plan, criteria for the annual collection and analysis of groundwater production and quality data, land use data, and the development of criteria for modification of the Operating Safe Yield. The Monitoring and Management Program shall also include criteria to determine the Total Useable Storage Space in the Basin. The Watermaster Board may amend the Monitoring and Management Program from time to time.

8.0 Operating Yield and Material Injury

Pursuant to the Judgment, the Watermaster must continually monitor for Material Injury to the Seaside Basin. If the Watermaster Board determines that groundwater extractions at the Operating Yield are resulting in Material Injury, the Watermaster Board will immediately present the Court with a report detailing the circumstances constituting such Material Injury and, if Watermaster deems appropriate, a recommendation for a reduction in the Operating Yield to respond to the perceived material Injury. In the event that the Court concurs in the Watermaster's conclusion of Material Injury, the Watermaster Board shall determine a lower Operating Yield in accordance with the Principles and Procedures attached as Exhibit A to the Judgment, and through the application of criteria that it shall develop for this purpose.

9.0 Procedures for Assignment and Transfer of Production Allocations

Parties proposing to assign or transfer any portion of their Production Allocation must submit a written notice to the Watermaster forty-five (45) days prior to the effective date of the proposed assignment or transfer. The notice shall include all details of the assignment/transfer (other than details related to consideration for such assignment or transfer), including thorough descriptions of: (1) the Production Allocation being assigned/transferred; (2) the assignor/assignee or transferor/transferee; (3) the duration of assignment/transfer; and (4) the quantity of Production Allocation being assigned/transferred. The Secretary shall transmit a copy of the notice to each of the Members. Within twenty-one (21) days of the mailing of the notice from the Secretary, any Member may file an objection to the proposed assignment/transfer with the Secretary. If no objection is received within that time, the proposed assignment/transfer shall become effective in accordance with its terms. If an objection is received within that time, the Secretary shall cause the matter to be placed on the agenda for the next available meeting of the Watermaster Board. At the meeting, the Member who filed the objection will carry the burden of proving to the Watermaster Board, by a preponderance of the evidence, that the production contemplated by the assignment/transfer will significantly increase the risk of Material Injury to the Basin above the risk posed by production absent the assignment/transfer. At the conclusion of the hearing, the Watermaster Board shall make its determination regarding any increased risk of Material Injury. If the Watermaster Board determines that the proposed assignment/transfer will not significantly increase risk of Material Injury, the proposed the assignment/transfer shall thereupon become effective. If the Watermaster Board determines, based on its detailed written findings, that the proposed assignment/transfer will result in significant increase of risk of Material Injury, the Watermaster may impose such conditions on the proposed assignment/transfer as it deems necessary to reduce such risk.

10.0 Storage

Prior to the beginning of the next Administrative Year, the Watermaster Board shall declare the next year's Total Useable Storage Space for the Seaside Basin. The Watermaster Board may periodically amend the quantity of Total Useable Storage Space throughout the year based upon criteria set forth in the Seaside Groundwater Basin Monitoring and Management Plan. Parties seeking to store water in the Seaside Basin shall follow the procedures set forth in the Judgment.

11.0.0 Reporting by Parties

Pursuant to the terms of the Judgment, all Parties are required to install, at their own cost, devices to measure the quantity of water they extract from the Seaside Basin. All Parties shall report their extraction quantities, and the corresponding beginning and ending water meter readings that were used to calculate these quantities, to Watermaster for the preceding calendar quarter, in writing, on January 15, April 15 and July 15 and October 15 of each Water Year. The water measuring devices must meet the following

standards, which are also requirements of the Monterey Peninsula Water Management District:

11.0.1 A minimum of eight diameters of straight pipe upstream and downstream of the centerline of the meter (i.e., no bends or valves) must be provided to limit turbulence at the meter. Exceptions can be made if it can be demonstrated that the meter is installed according to the manufacturer's recommendations for straight unobstructed flow lengths upstream and downstream of the meter.

11.0.2 The meter installation must be configured to provide a full flow of water in the pipe at the meter under all flow conditions.

11.0.3 The meter must be situated such that all water produced from the well is measured.

11.0.4 Following installation, the meter must be maintained to an accuracy of plus or minus five percent (±5%) of true flow.

11.0.5 The meter must be equipped with a totalizer that is susceptible to correction only by changing mechanical gear equipment.

11.0.6 The water meter should be installed in accordance with good design practices and sufficient space should be provided to allow access for inspections and testing as may, from time to time, be deemed necessary.

11.0.7 The specified flow range of the meter should be consistent with the range of flows provided from the well.

11.0.8 If solid material (e.g., silt, sand, rust particles, etc.) is present in the discharge from the well, a strainer or filter should be installed in the pipe upstream of the meter to avoid fouling of the meter.

11.0.9 The well discharge piping, valves, connections, and meter should be water tight. "Wet dial face" meters should be avoided. These meters tend to become unreadable over time, requiring maintenance that could be avoided with the installation of a meter that precludes entry of discharge water into the dial compartment (i.e., a "dry dial face").

11.0.10 The meter and discharge line should be protected from freezing, where possible, by installing the meter underground, below the frost line, wrapped in insulation, or otherwise enclosing the meter in an insulated box.

11.0.11 Appropriate fittings should be used to allow easy installation and maintenance of the meter.

11.0.12 The water meter should be installed by a qualified, experienced professional.

11.0.13 Manufacturers of water meters that are satisfactory to the Watermaster include, but are not limited to:

McCrometer Water Meters;
Invensys Meters, Inc.;
Sparling Instruments, Inc.;
Badger Meter;
Water Specialties Corporation

11.1.0 Calculation of Production During Periods of Non- or Mis-Measurement. In the event that a party fails to install a functioning measuring device, or fails to repair or replace a non- or mal-functioning measuring device, for any period of production, the Watermaster Board shall determine the production for the period of non- or mis-measurement using either of the methods described in sections 11.1.1 or 11.1.2 below, subject to landowner input as provided in section 11.1.3:

11.1.1 **Historical Peak Production**: The highest monthly production recorded by that specific Party (or for that specific well) during the same calendar month within the preceding three (3) years.

Example: If a meter was missing or not functioning in September 2026, the Watermaster may apply the highest production recorded in any September from 2023–2025.

11.1.2 Peer Comparison: The average production of similar entities and uses (e.g., based on land use, crop type, or service population) within the same management zone.

11.1.3 Extractor-Provided Information: A Party may timely provide additional data for the Watermaster to consider in making its determination of production in the absence of an operating measuring device, which may include:

- Certified electrical power records (using a verified pump efficiency test).
- Satellite-based evapotranspiration (ET) data for irrigated acreage.
- Detailed logs of alternative water sources used during the period.

The provision of information by a Party does not compel or obligate Watermaster to change its determination under sections 11.1.1 or 11.1.2. The provision of information by a Party does not enlarge, diminish, or in any way alter a Party's, or Watermaster's, rights concerning review of Watermaster Board decisions under the provisions of the Judgment.

11.1.4 Administrative Fees. The Watermaster Board may assess an administrative fee to cover the cost of staff time and other expenses required to determine production and

consider information provided by a Party, due to the lack of an installed or operating measuring device.

12.0 Notice

All notices, determinations, requests, and reports required to be delivered to interested persons shall be delivered to all Parties and all persons on Watermaster's list of Interested Persons. Delivery or service of any notice of document required to be served upon or delivered shall be deemed made by deposit in the mail, first class postage prepaid, addressed as shown on the Watermaster's list of Parties or Interested Persons, or by alternative means of delivery (such as email or facsimile) agreed to in advance by a Party or Interested Party. Any Party or Interested Person desiring to be relieved of receiving deliveries from Watermaster may file, in writing, a waiver.

13.0 Watermaster Annual Report

The Watermaster will prepare and file with the Court, and mail to each of the Parties on or before December 15th of each Water Year, an annual report for the preceding Administrative Year. The Watermaster's annual report shall address the following matters, in addition to other matters deemed appropriate by the Watermaster or requested by the Court: (1) groundwater extractions; (2) groundwater storage; (3) amount of artificial replenishment, if any, performed by the Watermaster; (4) leases or sales of Production Allocations; (5) use of imported, reclaimed, or desalinated water as a source of water for storage or as a water supply for lands overlying the Seaside Basin; (6) violations of the Judgment or the Rules and Regulations of the Watermaster, and any corrective action taken; (7) Watermaster administration costs; (8) the fixed per acre fee for replenishment assessments, and the amount of replenishment assessments levied and paid; (9) all components of the Watermaster budget; and, (10) recommendations.

14.0 Compliance with Judgment and Rules and Regulations

The Watermaster Board will promptly review the written request for compliance with all terms of the Judgment and these Rules and Regulations, and the Watermaster Board will promptly place the matter on a regular meeting agenda for consideration and action by the Watermaster Board.

15.0 Computation of Time

The time in which any act provided by the Judgment or these Rules and Regulations shall be computed by excluding the first day and including the last, unless the last is a holiday. Holidays are every Sunday and any other days that are specified or provided as holidays in Government Code sec. 6700.

16.0 Review of Watermaster Decisions

Any action, decision, rule or procedure of the Watermaster may be subject to review by the Court on motion filed by any Party in accordance with the following procedure.

16.1 Effective Date of Watermaster Action

Any order, decision or action of the Watermaster on a noticed specific agenda item shall be deemed to have occurred on the date of the order, decision or action.

16.2 Replenishment Assessment Review

Objections to a Replenishment Assessment by any Producer must be submitted in writing to the Watermaster Board within fifteen (15) days after the date of mailing of the Assessment. The Watermaster Board will place the matter on the next regular meeting agenda for the Producer to present their reasons that the Assessment is not appropriate. If the Watermaster determines that the Assessment is appropriate, the Watermaster's determination will be final. If the Producer is not in agreement with this final determination, the Court can then be petitioned.

If the Watermaster determines that there were extenuating circumstances and the Assessment is not appropriate, then the Watermaster makes a determination that is final. If the Producer is not in agreement with this final determination, the Court can then be petitioned.

If the Court accepts the petition, the Court will make its own determination, "De Novo." That is, the Court will consider the issue independently from the Watermaster.

16.3 Notice of Motion

Any Party, by a regularly noticed motion, may petition the Court for review of the Watermaster's action or decision. The motion shall be deemed filed when a copy, conformed as filed with the Court, has been delivered to the Watermaster with the service fee established by the Watermaster. The fee shall be sufficient to cover the cost of photocopying and mailing the motion to each Party. The Watermaster shall prepare copies and mail a copy to each Party on the Watermaster's list of Parties.

16.4 Time for Motion

A motion to review any Watermaster action or decision shall be filed within thirty (30) days after such Watermaster action or decision, except that motions to review Budget Assessments and Replenishment Assessments shall be filed within fifteen (15) days of mailing a notice of assessment.