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**FEE EXEMPT**

Attorneys for  
**CHINO BASIN WATERMASTER**

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN BERNARDINO

Chino Basin Municipal Water District,  
  
Plaintiff,  
  
v.  
  
City of Chino, et al.,  
  
Defendants.

**Case No. RCV 51010**

[Assigned for All Purposes to the  
Honorable Stanford E. Reichert]

**NOTICE OF LODGMENT OF  
DECLARATION OF JANINE WILSON  
AND DOCUMENTS REFERENCED BY  
CHINO BASIN WATERMASTER AT  
HEARING ON WATERMASTER'S  
MOTION REGARDING 2015 SAFE YIELD  
RESET AGREEMENT, AMENDMENT OF  
RESTATED JUDGMENT, PARAGRAPH 6**

DATE: September 23, 2016  
TIME: 1:30 P.M.  
DEPT.: S35

**TO THE HONORABLE COURT AND TO ALL PARTIES AND TO THEIR  
ATTORNEYS OF RECORD:**

PLEASE TAKE NOTICE that Chino Basin Watermaster ("Watermaster") hereby lodges the Declaration of Janine Wilson, Senior Accountant of the Watermaster, attaching two documents that Watermaster legal counsel referenced during his argument at the hearing on Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgement, Paragraph 6, held on September 23, 2016 at 1:30 p.m. in Department S35 of this Court:

Documents Lodged	
Exhibit 1:	Transmittal of Revised Rules and Regulations; Explanation of Revisions (filed June 15, 2001)
Exhibit 2:	Exhibit 2: Special Referee's Final Report and Recommendations on Motion for Approval of Peace II Documents (filed December 20, 2007)

Dated: September 27, 2016

BROWNSTEIN HYATT FARBER  
SCHRECK, LLP

By: 

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**DECLARATION OF JANINE WILSON  
REGARDING DOCUMENTS  
REFERENCED BY CHINO BASIN  
WATERMASTER AT THE HEARING ON  
WATERMASTER'S MOTION  
REGARDING 2015 SAFE YIELD RESET  
AGREEMENT, AMENDMENT OF  
RESTATED JUDGMENT, PARAGRAPH 6**

DATE: September 23, 2016  
TIME: 1:30 P.M.  
DEPT.: S35

I, JANINE WILSON, declare:

1. I have personal knowledge of the facts stated in this declaration, except where stated on information and belief, and if called as a witness, I could and would competently testify to them under oath.

2. I am currently employed as Senior Accountant of the Chino Basin Watermaster ("Watermaster").

3. In its normal course of business and practice, the Watermaster maintains copies of documents relating to the Watermaster case.


4. As part of my regular duties with Watermaster, I oversee the documents maintained by the Watermaster and assist Watermaster's General Counsel by retrieving documents from Watermaster's files. The documents attached hereto as Exhibits 1 and 2 are true and correct copies of the documents I retrieved from the Watermaster's files relating to the above captioned matter:

Exhibit 1: Transmittal of Revised Rules and Regulations; Explanation of Revisions (filed June 15, 2001); and,

Exhibit 2: Special Referee's Final Report and Recommendations on Motion for Approval of Peace II Documents (filed December 20, 2007).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed on September 27, 2016, at Rancho Cucamonga, California.

  
Janine Wilson

038350\0036\15084475.2



# Exhibit 1

COPY

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San Bernardino County Clerk

JUN 15 2001

5 Attorneys for CHINO BASIN WATERMASTER

By Susan King Deputy

8  
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 COUNTY OF SAN BERNARDINO - RANCHO CUCAMONGA DIVISION

11 CHINO BASIN MUNICIPAL WATER DISTRICT, )

CASE NO. RCV 51010

12 Plaintiff, )

Judge: Honorable J. MICHAEL GUNN

13 v. )

14 THE CITY OF CHINO, )

TRANSMITTAL OF REVISED  
RULES AND REGULATIONS;  
EXPLANATION OF REVISIONS

15 Defendants. )  
16 )  
17 )  
18 )  
19 )

Hearing Date: July 19, 2001  
Time: 2:00 p.m.  
Dept: 8

20 I.  
INTRODUCTION

21 Pursuant to Condition No.2 of the Court's Order Concerning Motion to Extend Nine-Member  
22 Board, dated September 28, 2000, the parties to the Judgment undertook the task of revising and  
23 consolidating the Rules and Regulations for the Chino Basin. This effort began in October of 2000,  
24 and continued through February of 2001. The parties met at least once a week throughout this  
25 process and produced a set of Rules and Regulations that comprehensively addresses Watermaster's  
26 management of the Basin and articulates a transparent process for Watermaster decision making.

27 ///

1 A workshop was held on March 8, 2001, to present the Rules and Regulations to the Special  
2 Referee and her assistants. On March 20, 2001, the Rules and Regulations were submitted to the  
3 Agricultural Pool for approval, and over the next three days passed through each of the other two  
4 Pools, the Advisory Committee and the Board. Also on March 20, 2001, the Special Referee filed  
5 her Report on the Workshop and Comments Regarding Watermaster's Revised Rules and  
6 Regulations. Unfortunately, the parties did not have time to further revise the Rules and Regulations  
7 based upon the Referee's comments prior to approving the Rules and Regulations and submitting  
8 them to the Court on March 23, 2001.

9 In its April 19, 2001 Order, the Court approved the revisions to the Rules and Regulations,  
10 but directed the parties to review the Referee's comments and provide additional appropriate  
11 revisions.

## 12 II.

### 13 COMPLETED REVISIONS TO RULES AND REGULATIONS

14 The Referee's Report provided approximately sixty separate requests for changes and  
15 clarifications to the Rules and Regulations. The parties have met and discussed the Referee's  
16 comments at length and are in agreement that the Referee's comments are helpful and provide a  
17 useful critique of the Rules and Regulations. Revisions made in response to the Referee's Report have  
18 made the Rules and Regulations more consistent and "user friendly" for the parties to the Judgment  
19 as well as the public. A redlined copy of the Rules and Regulations showing the specific changes  
20 made in response to the Referee's comments is attached to this pleading as Exhibit "A" for review  
21 by the Court.

22 Watermaster counsel is pleased to report that the parties were able to fully respond to all of  
23 the changes and clarifications recommended by the Special Referee. Section A. through L. below,  
24 indicate the nature of changes made to the Rules and Regulations based upon the Referee's Report.  
25 Detailed explanations of these changes are provided where appropriate. Rather than reproducing here  
26 all sixty of the requested changes, we have instead listed only the changes but have used the same  
27 numbering system used by the Special Referee in Part II of her report. That is, "A.1." below refers  
28

1 to "A.1." of the Referee's Report. For each change the location of the change in the revised Rules  
2 and Regulations is noted in the list.

3 **A. TITLE**

- 4 1. Change made as requested. New definition (yyy).  
5 2. Change made as requested. Table of contents provided.

6 **B. ARTICLE I - GENERAL PROVISIONS**

- 7 1. Change made as requested. Section 1.1(a)  
8 2. Referee comment, no change requested. Section 1.1(e). To assist the Court and Referee in  
9 interpreting the intent of the parties to the Judgment and the Watermaster, we offer the  
10 following. First, as to why "leases" are not expressly included within the definition, we  
11 answer, that they in fact are through the definition of "transfer." Second, as to the use of the  
12 descriptive term Annual Production Right, our intention was to be less wordy and  
13 comprehensive in the discussion of the water that may be available to be Produced. It simply  
14 made more sense to list the various sources as a defined term rather than continually repeat  
15 them. Watermaster offers a simplified characterization of the term New Yield as tool that  
16 works to bring the parties to the Judgment together on Basin management without requiring  
17 any party to make an irretrievable commitment to a given course of action when they  
18 earnestly believe that presently there are insufficient facts to make that decision. On the one  
19 hand, the Watermaster and the parties to the Judgment simply desire to accommodate a  
20 consensus view that adjustments to Operating Safe Yield should not be undertaken without  
21 having a sufficient historic record and experience under present land use and operating  
22 conditions. On the other hand, Watermaster and the parties to the Judgment wish to ensure  
23 that if new projects and changes in baseline conditions occur through the implementation of  
24 the OBMP, and real wet water is generated, that the parties will receive the benefit of the  
25 proven increases. Accordingly, rather than recalculate Operating Safe Yield, Watermaster  
26 and the parties to the Judgment will treat the New Yield as a new and available supply. If  
27 actual experience ultimately suggests that it is prudent and wise to readjust the Operating Safe  
28 Yield, Watermaster can make the necessary change.

- 1 3. Change made as requested. Section 1.1(k).
- 2 4. Change made as requested. Section 1.1(l). All rules of construction identified in the Referee's
- 3 Report have been relocated to section 1.2 of the Rules and Regulations with a cross reference
- 4 provided in the section modified by the rule.
- 5 5. Change made as requested. Section 1.1(o).
- 6 6. Change made as requested. New section 1.1(bb). Please note that the term is not actually
- 7 used in the Rules and Regulations, but it is found in related documents.
- 8 7. Change made as requested. Section 1.1(cc).
- 9 8. Change made as requested. Section 1.1(gg).
- 10 9. Change made as requested. Section 1.1(qq).
- 11 10. Change made as requested. Section 1.1(rr).
- 12 11. Change made as requested. Section 1.1(aaa).
- 13 12. Change made as requested. Section 1.1(bbb).
- 14 13. Change made as requested. Section 1.1(ddd).
- 15 14. Change made as requested. Section 1.1(mmm).
- 16 15. Change made as requested. New section 1.1(rrr).
- 17 16. Change made as requested. Section (ttt).
- 18 17. Change made as requested. Section 1.1(aa). Watermaster and the parties to the Judgment
- 19 considered the request and added the only undisputable clarification we could offer. First,
- 20 because Salt Credits must be used to facilitate the OBMP we have added this boundary.
- 21 Second, we have further described how the Salt Credits would be used as an off-set against
- 22 potential impacts.
- 23 18. Change made as requested. Section 1.1(ah). The definition of "Transfer" in the Rules and
- 24 Regulations encompasses only the transfer of the right to produce water. In this sense it is
- 25 true that a transferee must be a party to the Judgment.
- 26 19. Change made as requested. Section 2.21.
- 27 20. Change made as requested. Section 1.6.
- 28

1 **C. ARTICLE II - ADMINISTRATION**

- 2 1. Change to be made as requested in Advisory Committee Rules. Section 2.6(e).  
3 2. Changes made as requested. Sections 2.7 and 2.27.  
4 3. Change made as requested. Section 2.21.

5 **D. ARTICLE III - MONITORING**

- 6 1. Change made as requested. Section 3.0.  
7 2. Change made as requested. Section 3.1(c)(ii).  
8 3. Change made as requested. Section 3.2. Watermaster desires to have some flexibility. So  
9 long as the method is reasonable, Watermaster may use the method. However, the change  
10 also reflects present practice which is an estimation based upon crop duty. Presently, there  
11 are currently 93 minimal producers who use approximately 400 acre-feet per year. They  
12 report to Watermaster on an annual basis per section 3.2. Minimal Producers are also  
13 addressed in section 4.1(e). Watermaster does initiate personal interviews in some instances  
14 and will always consider the specifics of a property. Wells, overlying use and parcel size are  
15 evaluated.

16 **E. ARTICLE IV - ASSESSMENTS, REIMBURSEMENTS AND CREDITS**

- 17 1. Change made as requested. Section 4.4(d).  
18 2. Change made as requested. Section 4.1(f).  
19 3. Change made as requested. Section 4.5(c).  
20 4. Change made as requested. Section 4.5(d) moved to section 4.5(b). The Rules do require  
21 some articulation of "purpose" so that there are some guidelines to guide Watermaster in  
22 responding to specific requests for Credits and Reimbursements.  
23 5. Change will be accommodated in the Appropriative Pool rules. See Section 4.10. As re-  
24 worded Section 4.10 clarifies that the Appropriative Pool will develop the procedures *when*  
25 Salt Credits become available for assignment.

26 **F. ARTICLE VI - SAFE YIELD AND OPERATING SAFE YIELD**

- 27 1. a. Change regarding an express commitment to evaluate safe yield, has been made as  
28 requested in new section 6.5.

- b. Change made as requested. Section 6.1.
- c. Change accommodated elsewhere (*see above*, F.1.a).
- d. Change made as requested. Section 6.2.
- e. Change made as requested. Section 6.2.
- f. Change made as requested. Section 6.2(f). The parties agree with the Referee that it is not necessary to specifically provide a saving clause which specifies that nothing in section 6.2 shall be construed as over-riding the limitations contained in paragraph 44 of the Judgment. The Agricultural Pool and the Non-Agricultural Pool will continue to retain their respective allocation of Safe Yield as provided in paragraph 44 of the Judgment. In the event New Yield is demonstrated, consistent with the provisions of paragraph 44, it shall be made available to the Appropriative Pool. The Rules are sufficiently clear on these points that section 6.2(f) is unnecessary. See further the response to B.2. above.

- 2. Change made is an effort to be responsive to the Referee's concern that the provisions of section 6.3(c) may best be addressed elsewhere and not in the Rules. First, as reworded Section 6.3(c)(ii) indicates that further amendments to the Peace Agreement may be necessary to sustain a consensus, but no effort to amend the Peace Agreement is feasible or needed now. Second, Watermaster acknowledges there may also be further amendments to the Rules to effectuate the intention of the parties to the Judgment on this point. Accordingly, this issue can then be resolved in the context of an actual, not hypothetical, situation. Third, and most importantly, the resolution of this issue was not an easy one for the parties to the Judgment. After arduous and lengthy negotiations on this point, the parties most impacted by the compromise and on all sides of the negotiation strongly believe that this preservation of the issue and reservation to the Appropriative Pool as the source of the Resolution were critically important.

As for the desirability of further harmonizing the definitions within the Judgment, Peace Agreement and the Rules and Regulations, we must agree. As additional experience with the Rules and Regulations is obtained, it may be possible to again reconsider whether

1 certain definitions can be modified or eliminated. For the time being, the definitions in the  
2 Rules and Regulations are expressly drawn from the Judgment and the Peace Agreement. To  
3 the extent there are actually new definitions, they are offered only to guide Watermaster in  
4 areas not otherwise expressly covered by the Judgment or the Peace Agreement.

5 **G. ARTICLE VII - RECHARGE**

- 6 1. Change made as requested. Section 7.1(c).  
7 2. Change made as requested. New definition, section 1.1(mm).  
8 3. Change made as requested. Section 7.1(c).

9 **H. ARTICLE VIII - STORAGE**

- 10 1. Change made as requested. Section 8.1(f)(iii). As revised, the Rules and Regulations use  
11 the phrase, "revived and extended."  
12 2. Change made as requested. Section 8.1(f)(iv)c).  
13 3. Change made as requested. Section 8.1(g)(iii).  
14 4. No change requested. Discussed below under "Appendix 2."  
15 5. Change made as requested. Section 8.2(a).  
16 6. Change made as requested. Section 8.2(g) and (h).  
17 7. The Referee is correct that loss calculations will be applied to water in storage as part of the  
18 Storage and Recovery Program as well as to water in Local Storage accounts after October  
19 1, 2005. With regard to losses from water stored as part of the Storage and Recovery  
20 Program, it is important that Watermaster retain the discretion to determine the most  
21 appropriate loss calculus based upon the particular parameters of proposed Storage and  
22 Recovery Projects. Section 8.2(j). For example, it may be that a broader Storage and  
23 Recovery Program raises the risk of losses and should have a higher duty to the Basin. On  
24 the other hand, it may be that, as configured, the Storage and Recovery Program presents a  
25 reduced risk and consequently should be assigned a lower loss figure.  
26 8. Change accounted for in section 8.1(c) which requires Court approval of a Storage and  
27 Recovery Program.  
28 9. Change made as requested. Section 8.3(j).



I. ARTICLE IX - TRANSFERS

1. Responsive clarification made. Section 9.2(d).

To place the proposed change in context, Watermaster offers the following explanation. First, one of the great benefits provided by the Judgment, the Peace Agreement and one that these Rules and Regulations seek to maintain, is an active regional water market. The parties to the Judgment and Watermaster have sought to respect the benefits of the market while at the same time addressing any impacts associated with Transfers and OBMP activities.

Second, any Transfer must be accomplished against the limitations in the Judgment precluding mining of the Basin, and the protections within the Peace Agreement that ensure that there will be no Material Physical Injury to any party or to the Basin. Transfers per se cannot lead to an erosion of hydrologic balance or uncontrolled overdraft. Thus, any impacts are likely to be either related to concentrated pumping and water quality. Both of these impacts are best addressed through management of Recharge and not restricting the local Transfer market.

Watermaster and the parties to the Judgment have committed to (a) monitor and analyze the cumulative impacts from Transfers in Section 9.3 and (b) address the impacts when carrying out its recharge responsibilities pursuant to Section 7.1. The approach is significant in that it will allow Watermaster to fully monitor the potential cumulative impacts associated with Transfers and to spread the costs of mitigating those impacts among a broader number of beneficiaries.

Watermaster and the parties to the Judgment prefer this approach to the alternative of considering the cumulative impacts of Transfers on a case by case basis. One feared result of requiring a cumulative impacts analysis as a precondition to any specific Transfer, is that a single transaction would bear a disproportionate responsibility for addressing the problem.

Watermaster fears that forcing each transfer to overcome a cumulative impacts threshold would foster strategic behavior comparable to the proverbial "race to the pumphouse," where each party races to gain approval for any possible Transfer they may

1 want to initiate in an attempt to be the first party through the process and thereafter lie in wait  
2 for subsequent transactions.

3 Still, the parties agree with the Referee that it is important for Watermaster to analyze  
4 the cumulative impacts of Transfers in order to insure that hydrologic balance is maintained  
5 in all areas and subareas of the Basin (*See specifically*, section 7.1(b)(i), (ii), (iii), (iv), (v), (vi)  
6 and (xii) and to ensure that the Safe Yield of the Basin is not exceeded. Because they accept  
7 that the prior language may have been either (a) incomplete or (b) misleading, Watermaster  
8 has reworded Section 9.2(d) to indicate that Watermaster must address the cumulative  
9 impacts of Transfers but on a global basis, with all parties to the Judgment participating in the  
10 solution.

11 2. Change made as requested. Section 9.6.

12 **J. ARTICLE X - APPLICATIONS, CONTEST AND COMPLAINTS**

13 1. Change made as requested. Section 10.6.

14 2. See above in H.1. Section 10.10.

15 3. Change made as requested. Section 10.25(d).

16 **K. APPENDIX 1 FORMS**

17 Revised Watermaster Forms are currently under development. When completed, these  
18 Forms will be included with the Rules as an Appendix 1. Watermaster anticipates completion  
19 of a revised set of Forms prior to the July 19, 2001, hearing and will transmit these Forms to  
20 the Court in a separate transmittal.

21 **L. APPENDIX 2 ACCOUNTING SCHEDULES AND POLICIES AND PROCEDURES**

22 An Appendix 2 has been created which includes appendices B and E through I of the  
23 most recent Watermaster Annual Report and the most recent revisions to the assessment  
24 package whose purpose is to conform the terminology in the assessment package to the  
25 terminology in the Rules and Regulations. Per the Court's April 19, 2001 Order, this  
26 Appendix also provides copies of all of the existing Watermaster policies and procedures with  
27 the exception of those policies and procedures which pertain to wholly internal affairs such  
28 as personnel matters.

III.

CONCLUSION

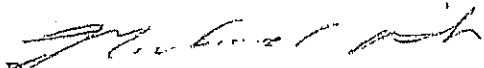
The new revisions to the Rules and Regulations were presented to the Non-Agricultural and Appropriative Pool Committees on June 14, 2001. These Pool Committees have recommended that the revised Rules and Regulations be transmitted to the Advisory Committee and Board for approval on June 28, 2001. The Agricultural Pool Committee is scheduled to consider the Rules on June 19, 2001. If any additional changes are made by either the Advisory Committee or Board at that time, Watermaster counsel will alert the Court to these changes prior to the July 19, 2001 hearing.

Watermaster has been successfully operating under the new Rules and Regulations for two months since the Court directed Watermaster to proceed in conformance with the new Rules and Regulations pending the Court's final approval. In that time several transactions have smoothly found their way through the Article X approval process, and Watermaster has successfully completed some of the short term measures required by the Rules and Regulations, such as the quantification of supplemental water held in local storage pursuant to section 8.1(f)(iv).

The Rules and Regulations promise to provide an effective and efficient means for conducting Watermaster's implementation of the OBMP. The Referee's comments were useful in highlighting issues of concern and areas of ambiguity. Having fully addressed these changes and clarifications, Watermaster respectfully requests the Court to find that the revisions are satisfactory.

DATED: 5/14/01

HATCH AND PARENT

By 

SCOTT S. SLATER  
MICHAEL T. FIFE  
Attorneys for Chino Basin Watermaster

EXHIBIT "A"

**CHINO BASIN WATERMASTER  
RULES AND REGULATIONS**

**June 2001**

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## ARTICLE I GENERAL PROVISIONS

### 1.0 Title.

This document shall be known and may be referred to as the “Chino Basin Watermaster Rules and Regulations” adopted pursuant to the Judgment.

### 1.1 Definitions

As used in these Rules and Regulations, these terms, including any grammatical variations thereof shall have the following meanings.

- (a) “Active Parties” means all parties to the Judgment other than those who have filed a written waiver of service of notices with Watermaster, pursuant to Paragraph 58 of the Judgment. [Judgment ¶ 4(a).]
- (b) “Agricultural Pool” shall have the meaning of Overlying (Agricultural) Pool as used in the Judgment and shall include all its members. [Peace Agreement § 1.1(a).]
- (c) “Agricultural Pool Committee” shall mean the designated representatives and alternates who serve on behalf of the Agricultural Pool.
- (d) “Annual or Year” means a fiscal year, July 1 through June 30 following, unless the context shall clearly indicate a contrary meaning. [Judgment ¶ 4(b).]
- (e) “Annual Production Right” means the total amount of water available to the Appropriative Pool in any year from all available sources (e.g., Carry-Over Water, assigned share of Initial Operating Safe Yield, Transfers, assignments, New Yield, water Recaptured from Storage, land-use conversions, Early Transfer) which Watermaster shall determine can be Produced by the members of the Appropriative Pool free of a Replenishment Obligation.
- (f) “Answer” means the written response that may be filed to a Complaint or the reply to a Contest pursuant to the provisions of Article X.

- (g) “Applicant” means a person that files an Application for Watermaster approval of an action pursuant to Article X.
- (h) “Application” means a request filed by any person pursuant to the provisions of Article X, seeking (i) Watermaster approval of Recharge, Transfer, Recapture or Qualifying Storage operations or activities or (ii) for Watermaster approval of a credit or reimbursement.
- (i) “Appropriative Pool” shall have the meaning as used in the Judgment and shall include all its members. [Peace Agreement § 1.1(b).]
- (j) “Appropriative Right” means the annual Production right of a Producer from the Chino Basin other than pursuant to an Overlying Right. [Judgment ¶ 4(c).]
- (k) “Basin Water” means Groundwater within the Chino Basin which is part of the Safe Yield, Operating Safe Yield, (including New Yield), or Replenishment Water in the Basin as a result of operations under the Physical Solution decreed in the Judgment. Basin Water does not include “Stored Water” under the Judgment and the Peace Agreement. [Judgment ¶ 4(d).]
- (l) “Best Efforts” means reasonable diligence and reasonable efforts under the totality of the circumstances. [Peace Agreement § 1.1(d).] ~~Indifference and inaction do not constitute Best Efforts. Futile action(s) are not required. [Peace Agreement § 1.1(d).]~~  
Note: a rule of construction applies to this definition. See section 1.2(e) below.
- (m) “CBWCD” means the Chino Basin Water Conservation District. [Peace Agreement § 1.1(e).]
- (n) “Carry-Over Right” means the annual unpumped share of Safe Yield and Operating Safe Yield that is reserved to be pumped first the following year by the members of the Non-Agricultural Pool and the Appropriative Pool respectively. [Based on the Judgment Exhibit “G” ¶ 7 and Exhibit “H” ¶ 12.]
- (o) “Carry-Over Water” means the un-Produced water in any year that may accrue to a ~~Producer under the Judgment and the Peace Agreement~~ member of the Non-Agricultural Pool or the Appropriative Pool and that ~~may be~~ is Produced first each subsequent Fiscal Year or stored as Excess Carry-Over. (Judgment Exhibit H ¶ 12.)
- (p) “CEQA” means the California Environmental Quality Act, Public Resources Code Sections 21000 et seq; 14 California Code of Regulations 15000 et seq. [Peace Agreement § 1.1(f).]

- (q) “Chino Basin” or “Basin” means the Groundwater basin underlying the area shown on Exhibit “B” to the Judgment and within the boundaries described on Exhibit “K” to the Judgment. [Judgment ¶ 4(f) and Peace Agreement § 1.1(g).]
- (r) “Chino Basin Watershed” means the surface drainage area tributary to and overlying Chino Basin. [Judgment ¶ 4 (g) and Peace Agreement § 1.1(h).]
- (s) “Chino I Desalter,” also known as the SAWPA Desalter, means the Desalter owned and operated by PC14 with a present capacity of approximately eight (8) million gallons per day (mgd) and in existence on the Effective Date. [Peace Agreement § 1.1(i).]
- (t) “Chino I Desalter Expansion” means the planned expansion of the Chino I Desalter from its present capacity of approximately eight (8) mgd to a capacity of up to fourteen (14) mgd. [Peace Agreement § 1.1(j).]
- (u) “Chino II Desalter” means a new Desalter not in existence on the Effective Date with a design capacity of approximately ten (10) mgd, to be constructed and operated consistent with the OBMP and to be located on the eastside of the Chino Basin. [Peace Agreement § 1.1(k).]
- (v) “Committee(s)” means any of the Pool Committees or the Watermaster Advisory Committee as the context may compel.
- (w) “Complainant” means a party to the Judgment that files a Complaint pursuant to Article X.
- (x) “Complaint” means a claim filed by a party to the Judgment with Watermaster pursuant to the provisions of Article X.
- (y) “Contest” means an objection filed by a party to the Judgment pursuant to the provisions of Article X.
- (z) “Contestant” means a party to the Judgment that files a Contest pursuant to the provisions of Article X.
- (aa) “Court” means the court exercising continuing jurisdiction under the Judgment. [Peace Agreement § 1.1(l).]
- (bb) “Cyclic storage” as used in various related Watermaster documents, means the pre-delivery of Replenishment water pursuant to an agreement with Watermaster.

- (cc) “Date of Execution” means the first day following the approval and execution of the Peace Agreement by the last Party to do so which date is August 1, 2000. [Peace Agreement § 1.1(m).]
- (dd) “Desalter” and “Desalters” means the Chino I Desalter, Chino I Desalter Expansion, the Chino II Desalter, related facilities and Future Desalters, consisting of all the capital facilities and processes that remove salt from Basin Water, including extraction wells, transmission facilities for delivery of groundwater to the Desalter, Desalter treatment and delivery facilities for the desalted water including pumping and storage facilities, and treatment and disposal capacity in the SARI System. [Peace Agreement § 1.1(n).]
- (ee) “Direct Recharge” means the storage of water by percolation in spreading grounds or by injection through wells. [Judgment ¶ 50(a).]
- (ff) “Early Transfer” means the reallocation of Safe Yield in accordance with the Peace Agreement where water from the Agricultural Pool is made available to the Appropriative Pool on an annual basis. [Peace Agreement § 1.1(o).]
- (gg) “Effective Date” refers to the Effective Date of the Peace Agreement and means October 1, 2000, provided that all conditions precedent in the Peace Agreement were waived or satisfied. [Peace Agreement § 1.1 (p).]
- (hh) “Excess Carry-Over Water” means Carry-Over Water which in aggregate quantities exceeds a party’s share of Safe Yield in the case of the Non-Agricultural Pool, or the assigned share of Operating Safe Yield in the case of the Appropriative Pool, in any year.
- (ii) “Future Desalters” means enlargement of the Chino I Desalter to a capacity greater than the Chino I Expansion or enlargement of the Chino II Desalter and any other new Desalter facilities that may be needed to carry out the purposes of the OBMP over the term of the Peace Agreement. [Peace Agreement § 1.1(q).]
- (jj) “General law” means all applicable state and federal laws. [Peace Agreement § 1.1(r).]
- (kk) “Groundwater” means all water beneath the surface of the ground. [Judgment ¶ 4 (h) and Peace Agreement § 1.1(s).]

- (ll) "Groundwater Storage Agreement" means either a Local Storage Agreement or an agreement in connection with a Storage and Recovery Program.
- (mm) "Hydrologic Balance" means the maintenance of total inflow at a level generally equivalent to total outflow as measured over an appreciable period of time that is sufficient to account for periodic changes in climate and watershed, basin and land management conditions.
- (nn) "IEUA" means the Inland Empire Utilities Agency, referred to in the Judgment as Chino Basin Municipal Water District. [Peace Agreement § 1.1(t).]
- (oo) "In-lieu Recharge" means taking supplies of Supplemental Water in lieu of pumping groundwater otherwise subject to Production as an allocated share of Operating Safe Yield, as provided in Exhibit "H" Paragraph 11 of the Judgment. [Peace Agreement § 1.1(u).]
- (pp) "Initial Operating Safe Yield" means the Operating Safe Yield first established by the Judgment; i.e. 54,834 acre-feet. [Judgment Exhibit "E".]
- (qq) "Judgment" means the Judgment dated January 27, 1978, in San Bernardino County Case No. 164327 (redesignated as San Bernardino County Case No. RCV 51010) as amended by Order regarding Procedures for Petitions in Intervention dated July 14, 1978; Order regarding Groundwater Storage Agreements dated January 5, 1979; Order Approving Amendments to Judgment Dated December 1, 1995; Order for Amendments to the Judgment Regarding Changes in Pooling Plans and Appropriate Pool Representation on the Advisory Committee, dated September 18, 1996; Order regarding Watermaster's Annual Report dated March 31, 1999; Order regarding Compensation of Watermaster Board Members dated March 31, 1999; Order regarding Adoption of the OBMP dated September 28, 2000; and other such amendments. [Peace Agreement § 1.1(v).]
- (rr) "Local Imported Water" is water from any origin, native or foreign which was not available for use or included in the calculation of Safe Yield of the Chino Basin at the time the Judgment was entered. [Based on Judgment ¶ 49(c).] Local Imported Water is reported by Watermaster in its annual report.
- (ss) "Local Storage" means water held in a storage account pursuant to a Local Storage Agreement between a party to the Judgment and Watermaster. Local Storage accounts may consist of: (i) a Producer's unproduced Excess Carry-Over Water or (ii) a party to the Judgment's Supplemental Water, up to a cumulative maximum of fifty thousand (50,000) acre-feet for all parties to the Judgment stored in the Basin

on or after July 1, 2000 or (iii) that amount of Supplemental Water previously stored in the Basin on or before July 1, 2000 and quantified in accordance with the provisions and procedures set forth in Section 7.2 of these Rules and Regulations, or (iv) that amount of water which is or may be stored in the Basin pursuant to a Storage Agreement with Watermaster which exists and has not expired before July 1, 2005. [Peace Agreement § 1.1(x).]

- (tt) “Local Storage Agreement” means a Groundwater Storage Agreement for Local Storage.
- (uu) “Material Physical Injury” means material injury that is attributable to the Recharge, Transfer, Storage and Recovery, management, movement or Production of water, or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift (lower water levels) and adverse impacts associated with rising Groundwater. Material Physical Injury does not include “economic injury” that results from other than physical causes. Once fully mitigated, physical injury shall no longer be considered to be material. [Peace Agreement §1.1(y).]
- (vv) “Metropolitan Water District or MWD” means the Metropolitan Water District of Southern California. [Peace Agreement § 1.1.(2).]
- (ww) “Minimal Producer” means any producer whose Production does not exceed ten (10) acre-feet per year. [Judgment ¶ 4(j).]
- (xx) “New Yield” means proven increases in yield in quantities greater than historical amounts from sources of supply including, but not limited to, capture of rising water, capture of available storm flow, operation of the Desalters and related facilities, induced Recharge and other management activities implemented and operational after June 1, 2000. [Peace Agreement § 1.1(aa).]
- (yy) “Non-Agricultural Pool” shall have the meaning as used in the Judgment for the Overlying (Non-Agricultural) Pool and shall include all its members. [Peace Agreement § 1.1(bb).]
- (zz) “OBMP” means the Optimum Basin Management Program, which consists of the OBMP Phase I Report and the OBMP Implementation Plan, which shall be implemented consistent with the provisions of Article V of the Peace Agreement. [July 13, 2000 Court Order.]

- (aaa) "OBMP Assessments" means assessments levied by Watermaster for the purpose of implementing the OBMP. [Peace Agreement § 1.1(cc).] Note: a rule of construction applies to this definition. See section 1.2(f) below. ~~These OBMP Assessments shall be deemed Administrative Expenses under Paragraph 54 of the Judgment. OBMP Assessments do not include assessments levied as provided in Section 5.1(g) of the Peace Agreement. Upon the expiration of the Peace Agreement, no conclusion of "general benefit" may be drawn based upon the manner in which the assessments have been made during the term of the Peace Agreement. [Peace Agreement § 1.1(cc).]~~
- (bbb) "OBMP Implementation Plan" means Exhibit "B" to the Peace Agreement.
- (ccc) "OCWD" means the Orange County Water District. [Peace Agreement § 1.1(dd).]
- (ddd) "Operating Safe Yield" means the annual amount of Groundwater which Watermaster shall determine, pursuant to criteria specified in Exhibit "I" to the Judgment, can be Produced from Chino Basin by the Appropriative Pool parties free of Replenishment obligation under the Physical Solution. ~~Watermaster shall include any New Yield as provisional Safe Yield in determining Operating Safe Yield. [~~ Judgment ¶ 4(l) and Peace Agreement § 1.1(ee).]
- (eee) "Overdraft" means a condition wherein the total annual Production from the Basin exceeds the Safe Yield thereof, as provided in the Judgment. [Judgment ¶ 4(m) and Peace Agreement § 1.1(ff).]
- (fff) "Overlying Right" means the appurtenant right of an owner of lands overlying Chino Basin to Produce water from the Basin for overlying beneficial use on such lands. [Judgment ¶ 4(n).]
- (ggg) "PC14" means Project Committee No. 14, members of SAWPA, composed of IEUA, WMWD, and OCWD, pursuant to Section 18 of the SAWPA Joint Exercise of Powers Agreement which now constitutes the executive Authority through which SAWPA acts with respect to the Chino I Desalter and other facilities, programs and projects. [Peace Agreement § 1.1(ii).]
- (hhh) "Party" or "Parties" means a Party to the Peace Agreement. [Peace Agreement § 1.1(gg).]
- (iii) "Party" or "parties to the Judgment" means a party to the Judgment. [Peace Agreement § 1.1(hh).]



- (jjj) “Peace Agreement” means the agreement dated June 29, 2000 among various parties to the Judgment identified therein and approved by Watermaster as it existed on that date and without regard to any subsequent amendment thereto unless such amendments are approved by each Party to the Peace Agreement, Watermaster and the Court.
  
- (kkk) “Person” means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, water district and other entity of whatever nature including but not limited to the State of California and the Department of Water Resources. [Judgment ¶ 4(o).]
  
- (lll) “Physical Solution” shall have the meaning of the Physical Solution as described the Judgment.
  
- (mmm) “Produce” or “Produced” means to pump or extract groundwater from the Chino Basin. [Judgment ¶ 4(q) and Peace Agreement § 1.1 (ii).]
  
- (nnn) “Producer” means any person who Produces water from the Chino Basin. [Judgment ¶ 4(r) and Peace Agreement § 1.1 (jj).]
  
- (ooo) “Production” means the annual quantity, stated in acre-feet, of water Produced from the Chino Basin. [Judgment ¶ 4(s) and Peace Agreement § 1.1(kk).]
  
- (ppp) “Public Hearing” means a hearing of Watermaster held pursuant to the Judgment other than as provided in Article X herein.
  
- (qqq) “Qualifying Storage” means the storage of Supplemental Water, Excess Carry-Over Water after July 1, 2005 or to participate in a Storage and Recovery Program.
- (rrr) “Qualifying Storage Agreement” means an agreement with Watermaster to store Supplemental Water, Excess Carry-Over Water after July 1, 2005 or to store water by participation in a Storage and Recovery Program.
  
- (sss) “Recapture” and “Recover” means the withdrawal of water stored in the Basin under a Groundwater Storage Agreement.
  
- (ttt) “Recharge” and “Recharge Water” means the introduction of water into the Basin, directly or indirectly, through injection, percolation, delivering water for use in-lieu of Production or other method. Recharge references the physical act of introducing water into the Basin. Recharge includes Replenishment Water but not all Recharge is Replenishment Water. [Peace Agreement § 1.1(nm).] Note: a rule of construction

applies to this definition. See section 1.2(g) below. ~~This definition shall not be construed to limit or abrogate the authority of CBWCD under general law. [Peace Agreement § 1.1(nn).]~~

- (uuu) “Recycled Water” means water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource, referred to as “reclaimed water” in the Judgment. [Judgment ¶ 4(u) and Peace Agreement § 1.1 (pp).]
- (vvv) “Replenishment Obligation” means the quantity of water that Watermaster must purchase to replace Production by any Pool during the preceding Fiscal Year which exceeds that Pool’s allocated share of Safe Yield or Operating Safe Yield in the case of the Appropriative Pool. The quantity of a Producer’s Over-Production and the Replenishment Obligation is determined after Watermaster takes into account any Transfers of water or any Recovery from storage in the same year, and takes into account the Appropriative Pool obligation as a result of the implementation of the Peace Agreement, if any. [Judgment ¶ 45.]
- (www) “Replenishment Water” means Supplemental Water used to Recharge the Basin pursuant to the Physical Solution, either directly by percolating the water into the Basin or indirectly by delivering the water for use in-lieu of Production and use of Safe Yield or Operating Safe Yield. [Judgment ¶ 4(v) and Peace Agreement § 1.1(oo).]
- (xxx) “Responsible Party” means the owner, co-owner, lessee or other person(s) designated by multiple parties interested in a well as the person responsible for purposes of filing reports with Watermaster pursuant to the Judgment ¶ 4(w). [Judgment, ¶ 4(w).]
- (yyy) “Rules and Regulations” means these Chino Basin Watermaster Rules and Regulations as authorized pursuant to the Judgment, initially adopted by the Watermaster on February 15, 2001 and as they may be amended from time to time. They are to be distinguished from the previous Watermaster Rules and Regulations and the Uniform Groundwater Rules and Regulations that were repealed and replaced by the same action adopting and approving these Rules and Regulations.
- (zzz) “Safe Yield” means the long-term average annual quantity of groundwater (excluding Replenishment Water or Stored Water but including return flow to the Basin from use of Replenishment or Stored Water) which can be Produced from the Basin under cultural conditions of a particular year without causing an undesirable result. [Judgment ¶ 4(x) and Peace Agreement § 1.1(qq).]

- (ab) “Salt Credits” means an assignable credit that may be granted by the Regional Water Quality Control Board and computed by Watermaster from activities that result from removal of salt from the Basin, or that result in a decrease in the amount of salt entering the Basin. [Peace Agreement § 1.1 (rr).] Salt Credits may be used by individual members of the Appropriative Pool to facilitate implementation of the OBMP as a whole and as an off-set against potential impacts associated with discrete projects.
- (ac) “SAWPA” means the Santa Ana Watershed Project Authority. [Peace Agreement § 1.1(ss).]
- (ad) “SBVMWD” means San Bernardino Valley Municipal Water District. [Judgment ¶ 4(y).]
- (ae) “Sphere of Influence” has the same meaning as set forth in Government Code Section 56076.
- (af) “Storage and Recovery Program” means the use of the available storage capacity of the Basin by any person under the direction and control of Watermaster pursuant to a Court approved Groundwater Storage Agreement but excluding “Local Storage,” including the right to export water for use outside the Chino Basin and typically of broad and mutual benefit to the parties to the Judgment. [Peace Agreement § 1.1(uu).]
- (ag) “Stored Water” means Supplemental Water held in storage, as a result of direct spreading, injection or in-lieu delivery, for subsequent withdrawal and use pursuant to a Groundwater Storage Agreement with Watermaster. [Judgment ¶ 4(aa) and Peace Agreement § 1.1(vv).]
- (ah) “Supplemental Water” means water imported to Chino Basin from outside the Chino Basin Watershed and Recycled Water. [Judgment ¶ 4(bb) and Peace Agreement § 1.1(ww).]
- (ai) “Transfer” means the assignment (excepting an assignment by a member of the Non-Agricultural Pool or the Agricultural Overlying Pool), lease, or sale of a right to Produce water to another Producer within the Chino Basin or to another person or entity for use outside the Basin upon the person’s intervention in conformance with the Judgment. ~~whether the Transfer is of a temporary or permanent nature.~~ [Peace Agreement § 1.1 (xx).]
- (aj) “TVMWD” means Three Valleys Municipal Water District (referred to in the Judgment as Pomona Valley Municipal Water District). [Peace Agreement § 1.1(yy).]

- (ak) “Uniform Groundwater Rules and Regulations” (UGRR) means the Uniform Groundwater Rules and Regulations that were in effect on December 31, 2000.
- (al) “Watermaster” means Watermaster as the term is used in the Judgment. [Peace Agreement §1.1 (zz).]
- (am) “Watermaster Resolution 88-3” means the resolution by the Chino Basin Watermaster establishing the procedure for transferring unallocated Safe Yield water from the Agricultural Pool to the Appropriative Pool on an annual basis, adopted on April 6, 1988 and rescinding Resolution 84-2 in its entirety. [Peace Agreement § 1.1(aaa).]
- (an) “Watermaster Rules and Regulations” means the Watermaster Rules and Regulations that were in effect on December 31, 2000.
- (ao) “WMWD” means Western Municipal Water District. [Judgment ¶ 4(cc) and Peace Agreement § 1.1 (bbb).]

## 1.2 Rules of Construction

- (a) Unless the context clearly requires otherwise:
  - (i) The plural and singular forms include the other;
  - (ii) “Shall,” “will,” “must,” and “agrees” are each mandatory;
  - (iii) “may” is permissive;
  - (iv) “or” is not exclusive;
  - (v) “includes” and “including” are not limiting; and
  - (vi) “between” includes the ends of the identified range.
- (b) The masculine gender shall include the feminine and neuter genders and vice versa.
- (c) Reference to any agreement, document, instrument, or report means such agreement, document, instrument or report as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof.

- (d) Except as specifically provided herein, reference to any law, statute, ordinance, regulation or the like means such law as amended, modified, codified or reenacted, in whole or in part and in effect from time to time, including any rules and regulations promulgated thereunder. [Peace Agreement § 1.2.]
  - (e) “Best Efforts” as defined in section 1.1(l) above, shall be construed to mean that indifference and inaction do not constitute Best Efforts. However, futile action(s) are not required. [Peace Agreement § 1.1(d).]
  - (f) OBMP Assessments as defined in section 1.1(aaa) above, shall be deemed Administrative Expenses under Paragraph 54 of the Judgment. OBMP Assessments do not include assessments levied as provided in Section 5.1(g) of the Peace Agreement. Upon the expiration of the Peace Agreement, no conclusion of “general benefit” may be drawn based upon the manner in which the assessments have been made during the term of the Peace Agreement. [Peace Agreement § 1.1(cc).]
  - (g) The definition of the terms Recharge and Recharge Water in section 1.1(ttt) above, shall not be construed to limit or abrogate the authority of CBWCD under general law. [Peace Agreement § 1.1(nn).]
  - (h) The right of a party to receive a credit if Watermaster compels a Groundwater Production facility to be shut down and/or moved under section 4.5 below, shall not be construed in determining the extent of Watermaster’s authority under the Judgment, if any, to compel the shut-down of a well.
  - (i) These Rules and Regulations should not be construed as placing any limitation on the export of Supplemental Water other than as may be provided in the Judgment, except as may be necessary as a condition to prevent Material Physical Injury (*see specifically* section 8.3 below).
- 1.3 Consistency with Judgment and Peace Agreement. These Rules and Regulations shall be construed consistent with the Judgment and the Peace Agreement. In the event of a conflict between these Rules and Regulations and the Judgment or the Peace Agreement, the Judgment and/or the Peace Agreement shall prevail. In the event of a conflict between the Peace Agreement and the Judgment, the Judgment shall control.
- 1.4 No Prejudice. No provision of these Rules and Regulations shall be used to construe the power and authority of the Advisory Committee or the Watermaster Board inter-se under the Judgment.

- 1.5 Amendment of Rules. These Rules and Regulations may be amended by Watermaster only upon the prior approval of the Watermaster Advisory Committee.
- 1.6 Repeal of All Existing Rules and Regulations. Watermaster's existing Rules and Regulations and the ~~UGGR~~ the Uniform Groundwater Rules and Regulations shall be repealed upon the adoption of these Watermaster Rules and Regulations. However, all other rules and regulations, which includes the Rules for the Advisory Committee and for each of the three Pools, shall remain in effect

## ARTICLE II ADMINISTRATION

- 2.0 Principal Office. The principal office of Watermaster shall be the Chino Basin Watermaster business office, currently located at 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, California 91730; telephone number 909-484-3888, or at such other location or locations as may be designated from time to time by Watermaster Resolution and filed with the Court.
- 2.1 Records. The minutes of Watermaster meetings shall be open to inspection and maintained at the principal office. [Based on Judgment ¶ 37(d).] Copies of minutes may be obtained upon payment of the duplication costs thereof. Copies of other records may be obtained on the payment of the duplication costs thereof and pursuant to Watermaster policy. Watermaster shall maintain a website. Watermaster Staff shall publish those records and other matters that it deems to be of interest to the parties to the Judgment, the general public or the Court on its website.
- 2.2 Regular Meetings. Regular meetings shall be held at the principal office of Watermaster pursuant to Watermaster policy at such time(s) as may be contained in the necessary notice(s) thereof. [Based on Judgment ¶ 37 (b).] As a matter of policy, Watermaster shall generally operate in accordance with the provisions of the California Open Meetings Law (Brown Act). However, in the event of conflict, the procedures set forth in these Rules and Regulations shall control.
- 2.3 Special Meetings. Special meetings may be called at any time by a majority of the Watermaster Board by delivering notice thereof at least twenty-four (24) hours before the time of each such meeting in the case of personal delivery (including faxes and electronic mail), and ninety-six (96) hours in the case of mail. [Based on Judgment ¶ 37 (c).]
- 2.4 Adjournment. Any meeting may be adjourned to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. A copy of the order or

notice of adjournment shall be conspicuously posted forthwith on or near the door of the place where the meeting was held. [Based on Judgment ¶ 37 (e).]

2.5 Public Meetings/Hearings. All meetings, whether regular or special, shall be open to the public unless they are properly designated as a confidential session. Whenever a Public Hearing shall be required therein, written notice of such public hearing containing the time, date and place of Public Hearing, together with the matter to be heard thereat, shall be given to all Active Parties and each such person who has requested, in writing, notice of such meeting, at least ten (10) days prior to said Public Hearing. At such Public Hearing, evidence shall be taken with regard to only the matters noticed, unless a sufficient urgency shall exist to the contrary, and full findings and decisions shall be issued and made available for public inspection. Notwithstanding the provisions of this section 2.5, the provisions of Article X shall control when applicable.

2.6 Confidential Sessions.

- (1) The Watermaster Board may hold confidential sessions authorized by this Rule. A confidential session may be held by the Watermaster Board and, at a minimum, the chairs of the three Pools (Appropriative, Agricultural and Non-Agricultural) to, in a manner consistent with the Judgment:
  - (i) meet with counsel to discuss or act on pending or threatened litigation involving Watermaster; or
  - (ii) discuss personnel matters of Watermaster employees involving individual employees; or
  - (iii) discuss contract negotiations involving Watermaster.
- (2) Minutes shall not be taken for confidential sessions of the Watermaster Board, but a confidential memorandum shall be prepared to describe attendance and votes on decisions.
- (3) Notice of confidential sessions of the Watermaster Board shall be as provided in section 2.7.
- (d) A report on any action taken at the confidential session of the Watermaster Board shall be given both immediately following the conclusion of the confidential session and at the next regular meeting of the Watermaster Board.
- (5) The Advisory Committee may hold a confidential session on any matter authorized by its own resolution.

- 2.7 Notice. Notices shall be given in writing to all Active Parties and each such person who has requested notice in writing, and shall specify the time and place of the meeting and the business to be transacted at the meeting. Notice may be provided by either facsimile or electronic mail delivery if the party so consents to such delivery. [Based on Judgment ¶ 37(c).] Delivery of notice shall be deemed made on the date personally given or within ninety-six (96) hours of deposit thereof in the United States mail, first class, postage prepaid, addressed to the designee and at the address in the latest designation filed by such person. Copies of all notices shall be published on the Watermaster website. Watermaster will maintain a current list of the names of active parties and their addresses for the purpose of providing service, and will maintain a current list of the names and addresses of all parties to the Judgment. [Judgment ¶ 58.]
- 2.8 Quorum. A majority of the Board acting as Watermaster shall constitute a quorum for the transaction of the affairs or business. [Based on Judgment ¶ 35.]
- 2.9 Voting Procedures. Only action by affirmative vote of a majority of the members of the Watermaster Board present and acting as Watermaster shall be effective. All actions may be adopted by voice vote, but upon demand of any member of a Board acting as Watermaster, the roll shall be called and the ayes and noes recorded in the minutes of the proceedings. Every member of a Board acting as Watermaster, in attendance, unless disqualified by reason of an opinion of the Watermaster counsel that the member of the board has a conflict of interest, shall be required to vote.
- 2.10 Conflict of Interest. Watermaster is an interest based governing structure in which various interests must be represented in decision-making. It is expected and preferred that each interest be allowed to participate in Watermaster decisions except as provided in these Rules and Regulations. Each member of the Watermaster Board or the Advisory Committee shall vote on matters before the Board or Advisory Committee unless that member has a conflict of interest as described in this Rule or other provision of general law. No member of the Watermaster Board or Advisory Committee may vote, participate in meetings or hearings pertaining to, or otherwise use his or her position to influence a Watermaster decision in which he knows or has reason to know he has both a direct personal and financial interest.
- (a) Subject to the qualification provided for in section 2.10(b) herein, a member of the Watermaster Board or Advisory Committee is deemed to have a direct personal and financial interest in a decision where it is reasonably foreseeable that the decision will have a material effect on the Watermaster member, members of his or her immediate family, or the Watermaster member's other business, property, and commercial interests.



- (b) To be classified as a direct personal and financial interest, the particular matter must be distinguishable from matters of general interest to the respective pool (Appropriative, Non-Agricultural, or Agricultural) or party to the Judgment, which the Watermaster member has been appointed to represent on the Watermaster Board or Advisory Committee. The member must stand to personally gain discrete and particular advantage from the outcome of the decision beyond that generally realized by any other person or the interests he or she represents. Moreover, Watermaster representatives are expressly intended to act in a representative capacity for their constituents. A member of the Board or Advisory Committee shall not be considered to have a discrete and particular financial advantage unless a decision may result in their obtaining a financial benefit that is not enjoyed by any other person. In those instances where the Board member or Advisory Committee member does have a conflict of interest, that respective interest may be represented by that interest's designated alternate and the Board or Advisory Committee member with the identified conflict of interest may address the Board or Committee or participate in the hearing or meeting as a party to the Judgment.
- 2.11 Minutes. The secretary (or in the absence thereof any person so designated at said meeting) shall cause the preparation and subscription of the minutes of each meeting and make available a copy thereof to all Active Parties and each person who has filed a request for copies of all minutes or notices in writing. The minutes shall constitute notice of all actions therein reported. Unless a reading of the minutes is ordered by a majority of the members of the Board acting as Watermaster, minutes may be approved without reading. [Based on Judgment ¶ 37(d).] Watermaster shall publish a copy of its minutes on the Watermaster website.
- 2.12 Rules of Order. Except as may be provided herein, the procedures of the conduct of any meeting shall be governed by the latest revised edition of Roberts' Rules of Order. However, such rules, adopted to expedite the transaction of the business in an orderly fashion, are deemed to be procedural only and failure to strictly observe such rules shall not affect the jurisdiction or invalidate any action taken at a meeting that is otherwise held in conformity with law.
- 2.13 Compensation. Members of Watermaster shall receive compensation from Watermaster for attendance at meetings, regular or special, in an amount as approved by the Court together with reasonable expenses related to the respective activities thereof, subject to applicable provisions of law. [Based on Judgment ¶ 18 (as amended).]
- 2.14 Employment of Experts and Agents. Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel and consultants as it may deem appropriate and shall require appropriate bonds from all officers and employees

handling Watermaster funds. Watermaster shall maintain records for purposes of allocating costs of such services as well as of all other expenses of Watermaster administration as between the several pools established by the Physical Solution of the Judgment. No member of the Watermaster Advisory Committee or any Pool Committee may be employed or compensated by Watermaster for professional or other services rendered to such committee or to Watermaster other than as provided in section 2.13 above. [Based on Judgment ¶ 20.]

- 2.15 Acquisition of Facilities. Watermaster may purchase, lease, acquire and hold all necessary facilities and equipment; provided, that it is not the intent of the Judgment that Watermaster acquire any interest in real property or substantial capital assets. [Judgment ¶ 19 and Peace Agreement § 5.1(h).]
- 2.16 Investment of Funds. Watermaster may hold and invest all Watermaster funds in investments authorized from time to time for public agencies of the State of California, taking into consideration the need to increase the earning power of such funds and to safeguard the integrity thereof. [Based on Judgment ¶ 23.]
- 2.17 Borrowing. Watermaster may borrow from time to time, amounts not to exceed the annual anticipated receipts of Watermaster during such year. [Judgment ¶ 24.]
- 2.18 Contracts. Watermaster may enter into contracts and agreements for the performance of any of its powers pursuant to the Judgment.
- 2.19 Cooperation with Other Agencies. Watermaster may, subject to the prior recommendation of the Advisory Committee, act jointly or cooperate with agencies of the United States of America, and the State of California or any political subdivisions, municipalities, districts or any person to the end that the purpose of the Physical Solution of the Judgment may be fully and economically carried out. [Based on Judgment ¶ 26.]
- 2.20 Annual Administrative Budget. Watermaster shall submit to the Advisory Committee, after Pool Committee review and approval, an administrative budget and recommendation for action for each subsequent Fiscal Year on or before March 1. The Advisory Committee shall review and submit the budget and their recommendations to Watermaster on or before April 1, next following. Watermaster shall hold a public hearing on the budget which was approved by Advisory Committee at an April meeting of each year and adopt the annual administrative budget which shall include the administrative items for each committee. The administrative budget shall set forth budgeted items in sufficient detail as necessary to make a proper allocation of expenses among the several pools, together with Watermaster's proposed allocation. The budget shall contain such additional comparative information or explanation as the Advisory Committee may recommend from time to time. Expenditures within the budgeted items may thereafter be made by Watermaster in the exercise of its powers, as

matter of course. Any budget transfer in excess of 20% of a budget category, or modification of the administrative budget during any year shall be first submitted to the Advisory Committee for review and recommendation. [Based on Judgment ¶ 30.]

- 2.21 Annual Report. Watermaster shall prepare and make available an annual report, which shall be filed on or before January 31 of each year and shall contain details as to the operation of each of the pools, a certified audit of all assessments and expenditures pursuant to the Physical Solution of the Judgment and a review of Watermaster activities. [Based on Judgment ¶ 48.] The annual report shall generally include a “state-of-the-basin” report that ~~generally describes hydrologic conditions in the Basin and~~ an update on the status of the parties’ efforts to implement the OBMP. On a biannual basis, the annual report shall include an engineering appendix which contains a more specific “state of the Basin” report including an update on the status of individual OBMP related activities such as monitoring results and Watermaster’s analysis of Hydrologic Balance. The annual report shall also include a compilation of any amendments to these Rules and Regulations made by Watermaster during the prior twelve (12) months and serve as notice to the Court of the amendments.
- 2.22 Studies. Watermaster may, with concurrence of the Advisory Committee or affected Pool Committee and in accordance with Paragraph 54(b) of the Judgment, undertake relevant studies of hydrologic conditions, both quantitative and qualitative, and operating aspects of implementation of the Chino Basin OBMP. [Judgment ¶ 27.]
- 2.23 Demonstrated CEQA Compliance. Watermaster shall not approve any request made under the Judgment or these Rules and Regulations where the proposed action also constitutes a “project” within the meaning of CEQA unless the Watermaster finds that the person requesting Watermaster approval has demonstrated CEQA compliance.
- 2.24 Notice of Litigation. Watermaster shall provide reasonable notice to the parties to the Judgment of any threatened or existing litigation affecting Watermaster or that challenges the legality, validity, or enforceability of the Judgment, the Peace Agreement, the OBMP Implementation Plan or the Rules and Regulations.
- 2.25 Defense of Judgment. Watermaster shall reasonably defend the Judgment, the Peace Agreement, the OBMP Implementation Plan and these Rules and Regulations against challenges brought by persons who are not parties to the Judgment. These costs incurred by Watermaster in defending the Judgment, the Peace Agreement, the OBMP Implementation Plan and these Rules and Regulations shall be considered a Watermaster general administrative expense. However, the State of California shall not be obligated to reimburse Watermaster for any legal or administrative costs incurred in such defense. [Peace Agreement § 4.1.]

- 2.26 Written Reports. All reports required to be provided by Watermaster under these Rules and Regulations shall be provided in written form unless the context requires otherwise.
- 2.27 Interventions. Watermaster will receive and make recommendations regarding petitions for intervention and accumulate them for filing with the Court from time to time. [Judgment ¶ 60 and Order re Intervention Procedures, July 14, 1978.]
- 2.28 Advisory Committee and Pool Administration. Administration of each of the three Pools is not governed by these Rules and Regulations. Each of these entities has its own rules and shall thereby be governed by those rules. The Advisory Committee shall also be governed by its own rules and procedures. However, when these Rules and Regulations make express reference to the Advisory Committee and the context requires such a construction, these Rules and Regulations shall control.

### **ARTICLE III MONITORING**

- 3.0 Scope. Watermaster will carry out the monitoring activities described under Program Element 1 of the OBMP and as described in the OBMP Implementation Plan. Monitoring procedures not described by this Article III shall be implemented through the development of appropriate Watermaster policies and procedures as necessary. Any such policies and procedures adopted by resolution or minute action shall be reported to the Court in Watermaster's annual report.
- 3.1 Meters. This section sets forth Watermaster's rules and procedures for monitoring Groundwater Production by metering.
- (a) Reporting. Any person Producing in excess of ten (10) acre-feet per year shall install and maintain in good operating condition, at the cost of each such person except as provided in (b) below, such meters as Watermaster may deem necessary. Any such measuring device shall be subject to regular inspection and testing as the Watermaster may, from time to time, require, but at a minimum every two years. [Judgment ¶ 21.]
- (b) Watermaster shall provide a meter testing service with a complete line of carefully calibrated test equipment. Any Producer may request an evaluation of any or all of its water meters at any time. Watermaster shall only pay for tests initiated by Watermaster and for all tests on meters owned by Watermaster

(c) Agricultural Pool Meters.

- (i) Any assessment levied by Watermaster on the members of the Agricultural Pool to fund the installation of meters which is set forth in the Judgment, paragraph 21 regarding metering, shall be paid by the Appropriate Pool. Members of the Agricultural Pool, shall have no obligation to pay for or assume any duty with regard to the installation of meters. The obligation to install and maintain and replace meters on wells owned or operated by members of the Agricultural Pool shall be that of the Watermaster. [Peace Agreement § 5.6(a).]
- (ii) Agricultural Pool meters shall be installed within ~~forty-eight (48)~~ thirty-six (36) months of the Date of Execution. Watermaster shall be responsible for providing the meter, as well as paying the cost of any installation, maintenance, inspection, testing, calibrating and repairing. The members of the Agricultural Pool shall provide reasonable access during business hours to a location reasonably appropriate for installation, inspection, testing, calibrating and repairing of a meter. [Peace Agreement § 5.6(b).] However, the State of California reserves its right to continue to install, operate, maintain, inspect, test and repair its own meters on wells owned or operated by the State, unless it consents to installation by Watermaster in which case Watermaster assumes the cost. [Peace Agreement § 5.6(c).]
- (iii) Watermaster shall test every Agricultural Pool meter other than those owned by the State of California on an active well under Watermaster's jurisdiction at least once every two years.

- 3.2 Reporting by Producers. Each party, or Responsible Party Producing water from the Basin, shall file with Watermaster on forms provided therefore, a quarterly report of the total water Production of that Producer during the preceding calendar quarter, together with such additional information as Watermaster and/or the affected Pool Committee may require. The report shall be due on the 15<sup>th</sup> day of the month next succeeding the end of each respective calendar quarter, i.e., April 15, July 15, October 15 and January 15, except for minimal Producers, whose reports are due annually by July 15. [Judgment ¶ 47.] Watermaster shall annually estimate the quantity of water Produced by "minimal producers" by any reasonable means, including but not limited to the use of a water duty factor dependent upon the type of use and/or acreage.

**ARTICLE IV**  
**ASSESSMENTS, REIMBURSEMENTS AND CREDITS**

4.0 Scope. This Article sets forth Watermaster's rules and procedures regarding, assessments, reimbursements and credits.

4.1 Assessments. Watermaster shall levy assessments against the parties (other than Minimal Producers complying herewith) based upon Production during the preceding Production period. The assessment shall be levied by Watermaster pursuant to the pooling plan adopted for the applicable pool. [Based on Judgment ¶ 53.] Assessments shall cover the cost of Replenishment Water and the expenses of Watermaster administration which shall be categorized as either (a) general, or (b) special project expense.

(a) General Administrative Watermaster Expense shall include office rental, general personnel expense, supplies and office equipment and related incidental expense and general overhead. [Judgment ¶ 54(a).]

(b) Special Project Expense shall consist of special engineering, economic or other studies, litigation expense, meter testing or other major operating expenses. Each such project shall be assigned a task order number and shall be separately budgeted and accounted for. [Judgment ¶ 54(b).]

(c) General Watermaster administrative expense shall be allocated and assessed against the respective pools based upon allocations made by the Watermaster, who shall make such allocations based upon generally-accepted cost accounting methods. [Judgment ¶ 54.]

(d) Special project expense shall be allocated to a specific pool, or any portion thereof, only upon the basis of prior express assent and finding of benefit by the appropriate Pool Committee, or pursuant to written order of the Court. [Judgment ¶ 54.]

(e) Minimal Producers shall be exempted from payment of assessments upon filing of the Production reports referred to in Paragraph section 3.2 hereof and payment of an annual five dollar (\$5.00) administrative fee with the annual Production report. [Based on Judgment ¶ 52.] In addition, any Minimal Producer who is a member of the Appropriative Pool or the Non-Agricultural Pool and who has no quantified right to Produce water, shall pay a replenishment assessment upon the water that it Produces.

(f) Notwithstanding the foregoing, Watermaster shall levy assessments for the 6,500 acre-feet per year as provided in section 5.1(g) of the Peace Agreement and the cost and allocation of this Supplemental Water shall be apportioned pro rata among the members of the Appropriative Pool under the Judgment according to the Producer's

assigned share of Initial Operating Safe Yield. [Peace Agreement § 5.1(g)(ii) (inclusion of word "Operating" to correcting mis-phrasing of Peace Agreement as required by the context in the Peace Agreement).]

4.2 OBMP Assessments. Watermaster Assessments for implementation of the OBMP shall be considered a Watermaster Administrative Expense pursuant to paragraph 54 of the Judgment.

4.3 Assessment - Procedure. Assessments shall be levied and collected as follows:

- (a) Notice of Assessment. Watermaster shall give written notice of all applicable assessments to each party as provided in the Judgment not later than October 31 of each year [Judgment ¶ 55(a).];
- (b) Payment. Each assessment shall be payable on or before thirty (30) days after the date of invoice, and shall be the primary obligation of the party or successor owning the water Production facility at the time written notice of assessment is given, even though prior arrangement for payment by others has been made in writing and filed with Watermaster [Judgment ¶ 55(b).]; and
- (c) Delinquency. Any delinquent assessment shall incur a late charge of ten (10%) percent per annum (or such greater rate as shall equal the average current cost of borrowed funds to the Watermaster) from the due date thereof. Delinquent assessments and late charge may be collected in a show-cause proceeding instituted by the Watermaster, in which case the Court may allow Watermaster's reasonable cost of collection, including attorney's fees. [Judgment ¶ 55(c).]

4.4 Assessment Adjustments. The Watermaster shall make assessment adjustments in whole or in part for assessments to any Producer as a result of erroneous Production reports or otherwise as necessary for the reporting period as either a credit or debit in the next occurring assessment package unless otherwise decided by Watermaster.

- (a) All assessments will be based on the assumption that appropriate, timely filed and pending Applications will be approved by Watermaster. If any such Applications are not approved, a supplemental assessment may be levied.
- (b) Assessment adjustments may be necessary due to overstated Production, understated Production, or errors in the assessment package discovered after the assessments have been approved.
- (c) Watermaster may cause an investigation and report to be made concerning questionable reports of Production from the Basin.

- (d) Watermaster may seek to collect delinquent assessments and interest in a show-cause proceeding in which case the Court may allow Watermaster its reasonable costs of collection, including attorney's fees. [Judgment ¶ 55(c).] Alternately, Watermaster may bring suit in a court having jurisdiction against any Producer for the collection of any delinquent assessments and interest thereon. The court, in addition to any delinquent assessments, may award interest and reasonable costs including attorney's fees.

4.5 Credits Against OBMP Assessments and Reimbursements. Watermaster shall exercise reasonable discretion in making its determination regarding credits against OBMP Assessments and reimbursements, considering the importance of the project or program to the successful completion of the OBMP, the available alternative funding sources, and the professional engineering and design standards as may be applicable under the circumstances. However, Watermaster shall not approve such a request for reimbursement or credit against future OBMP Assessments under this section where the Producer or party to the Judgment was otherwise legally compelled to make the improvement. [Peace Agreement § 5.4 (d).]

- (a) Any party to the Judgment may make Application for credits against OBMP assessments or for reimbursement by filing a timely Application pursuant to the provisions of this section and Article X of these Rules and Regulations.
- (b) A party to the Judgment is eligible to be considered for credits or reimbursement for those documented capital, operations and maintenance expenses, including the cost of shutting down and/or relocating Groundwater Production facilities, that are reasonably incurred in the implementation of any project or program that carries out the purposes of the OBMP upon approval of the request by Watermaster. [Peace Agreement § 5.4(d).] The purposes of the OBMP shall be those goals set forth in the Phase I Report as implemented through the OBMP Implementation Plan in a manner consistent with the Peace Agreement including, but not limited to, the prevention of subsidence in the Basin. [July 13, 2000 Court Order.]
- (c) Any Producer that Watermaster compels to shut down and/or move a Groundwater Production facility that is in existence on August 1, 2000 shall have the right to receive a credit against future Watermaster assessments or reimbursement up to the reasonable cost of the replacement Groundwater Production facility, including the legal rate of interest on California Judgments. [Peace Agreement § 5.4 (e).] In its sole discretion, Watermaster may determine to issue full reimbursement upon approval of the Application or to issue a credit against future Watermaster assessments. However, in the event Watermaster elects to provide a credit in lieu of reimbursement, it must have fully compensated the Producer for the reasonable cost of the replacement



Groundwater Production facility through any combination of credits and reimbursements within five years from the date of the Application, unless the Producer consents in writing to a longer period. Note: this section is subject to a rule of construction. See section 1.2(h) above.

~~(ii) This rule shall not be construed in determining the extent of Watermaster's authority under the Judgment, if any, to compel the shut-down of a well.~~

~~(d) The purposes of the OBMP shall be those goals set forth in the Phase I Report as implemented through the OBMP Implementation Plan in a manner consistent with the Peace Agreement including, but not limited to, the prevention of subsidence in the Basin. [July 13, 2000 Court Order.]~~

(d) An Application to Watermaster for reimbursement or a credit against OBMP Assessments shall be considered timely, if and only if, the Application has been approved by Watermaster in advance of construction or the offer by a party to dedicate the facility to carry out the goals purposes of the OBMP as described in (b) above. [Based on Peace Agreement § 5.4(d).]

4.6 Agricultural Pool Assessments and Expenses. During the term of the Peace Agreement, all Assessments and expenses of the Agricultural Pool including those of the Agricultural Pool Committee shall be paid by the Appropriative Pool. This includes but is not limited to OBMP Assessments, assessments pursuant to paragraphs 20, 21, 22, 30, 42, 51, 53, 54 (both general administrative expenses and special project expenses), 55, and Exhibit F (Agricultural Pool Pooling Plan) of the Judgment except however in the event the total Agricultural Pool Production exceeds 414,000 acre-feet in any five consecutive year period as defined in the Judgment, the Agricultural Pool shall be responsible for its Replenishment Obligation pursuant to paragraph 45 of the Judgment. [Peace Agreement § 5.4 (a).]

4.7 Replenishment Assessments. Watermaster shall levy and collect assessments in each year, pursuant to the respective pooling plans, in the amount of the Replenishment Obligation (including any Desalter Replenishment) for any pool during the preceding year. [Based on Judgment ¶ 51.]

4.8 Desalter Replenishment Assessments and Credits. The price of Desalted water to a purchaser of Desalted water does not include the cost of Replenishment. The source of Replenishment shall be those provided in Article VII herein and Article VII of the Peace Agreement. However, a purchaser of Desalted water may elect to obtain a reduced Assessment levied by Watermaster by dedicating by Transfer, or assignment, some or all of its Production rights to Watermaster for the purpose of satisfying Desalter Replenishment. The amount of the credit granted by Watermaster shall be equal to the value of the cost of Replenishment Water then

available from the MWD as interruptible, untreated water or the then prevailing value of the avoided Replenishment Obligation, whichever is less. For purposes of determining Replenishment assessments, water Produced by the Desalters shall be considered Production by the Appropriative Pool.

- 4.9 Consistency with Peace Agreement. The procurement of Replenishment Water and the levy of Assessments shall be consistent with the provisions of section 5.4(a) of the Peace Agreement.
- 4.10 Salt Credits. Salt Credits shall be held in trust for the benefit of the individual members of the Appropriative Pool according to section 5.5 of the Peace Agreement. Watermaster shall assign each member's proportionate share of Salt Credits to the member of the Appropriative Pool upon request by the member. This rule establishes no basis for the allocation of Salt Credits. Such procedures shall be developed in the Appropriative Pool Rules at the time Salt Credits become available for assignment.
- 4.11 OBMP Committee. Watermaster shall establish a subcommittee (OBMP Committee) for the purpose of coordinating fund raising efforts in furtherance of the OBMP.
- (a) The subcommittee shall hold a regularly scheduled meeting a minimum of once every quarter.
  - (b) Prior to each subcommittee meeting, Watermaster shall prepare a summary of the funds, loans or grants secured for the purpose of implementing the OBMP over the past three months and distribute any information it may possess regarding the availability of other potential funds, loans or grants.

## ARTICLE V PHYSICAL SOLUTION

- 5.0 Scope. This Article generally sets forth the standards for Watermaster implementation of the Physical Solution established by the Judgment, including the application of these standards to Watermaster conduct and decisions under the Judgment, these Rules and Regulations and the OBMP.
- 5.1 Physical Solution. It is essential that this Physical Solution provide maximum flexibility and adaptability to use existing future, technological, social, institutional and economic options to maximize beneficial use of the waters of the Chino Basin. [Judgment ¶ 40.]

- 5.2 Watermaster Control. Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop its OBMP. [Based on Judgment ¶ 41.]
- 5.3 Basin Management Parameters. Watermaster shall consider the following parameters in implementing the Physical Solution under Articles VI - X of these Rules and Regulations:
- (a) Pumping Patterns. Chino Basin is a common supply for all persons and agencies utilizing its waters. It is an objective in management of the Basin's waters that no Producer be deprived of access to said waters by reason of unreasonable pumping patterns, nor by regional or localized Recharge of Replenishment Water, insofar as such result may be practically avoided. [Judgment Exhibit "T".]
  - (b) Water Quality. Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster. [Judgment Exhibit "T".]
  - (c) Economic Considerations. Financial feasibility, economic impact and the cost of optimum use of the Basin's resources and the physical facilities of the parties are objectives and concerns equal in importance to water quantity and quality parameters. [Judgment Exhibit "T".]

## ARTICLE VI SAFE YIELD AND OPERATING SAFE YIELD

- 6.0 Scope. This Article sets forth the rules and procedures that are applicable to Watermaster's regulation, control, and management of Safe Yield and Operating Safe Yield.
- 6.1 Annual Production Right. The Annual Production Right shall be calculated by Watermaster pursuant to the Judgment and the Peace Agreement. ~~It shall include the Appropriative Pool's assigned share of Initial Operating Safe Yield of the Basin including that portion of Early Transfer water made available for the Appropriative Pool by the Agricultural Pool pursuant to section 5.3(g) of the Peace Agreement and land use conversion claims pursuant to section 5.3(h) of the Peace Agreement, and any New Yield as provisional Safe Yield.~~
- ~~(a) Pursuant to the Judgment and to implement the Physical Solution, Watermaster may adjust the Annual Production Right.~~

~~(b) The success of Recharge projects, basin management efforts and changing land-use conditions, among other factors, may indicate that enhanced yield in excess of the Safe Yield is available for extraction without causing Material Physical Injury to any party to the Judgment or the Basin.~~

6.2 New Yield. The Judgment provides that Safe Yield may need to be periodically adjusted based on more accurate and updated data and based on evidence of increased capture of native water and increased return flow from use of Replenishment or Stored Water. Safe Yield can only be re-determined periodically when long-term data or evidence is developed in support thereof. ~~In order to encourage maximization of Basin Water under the Physical Solution, New Yield should be treated as a provisional increase in Safe Yield in the interim between periodic re-determinations of Safe Yield. In order to encourage maximization of Basin Water under the Physical Solution, New Yield shall be accounted for by Watermaster in interim periods between re-determinations of Safe Yield. The Judgment limits the quantity of that portion of Operating Safe Yield which is comprised of Watermaster authorized controlled overdraft of the Basin to 200,000 acre-feet total and 10,000 acre-feet in any given year. New Yield is not controlled overdraft. Accordingly, it shall not be subject to these limitations.~~

- (a) Proven increases in yield in quantities greater than the historical level of contribution from certain Recharge sources may result from changed conditions including, but not limited to, the increased capture of rising water, increased capture of available storm flow, and other management activities. These increases are considered New Yield.
- (b) To the extent the New Yield arises from conditions, programs or projects implemented and operational after July 1, 2000, it is available for allocation by Watermaster as a component of the Annual Production Right for each member of the Appropriative Pool.
- (c) As part of the documentation for the assessments and annual report for each year, Watermaster will provide a summary and analysis of the historical recharge and whether there are changed conditions that have resulted in a quantity of New Yield.
- (d) Pursuant to the Peace Agreement, any New Yield shall first be assigned to offsetting Desalter Replenishment Obligations in the immediately following year and as reasonably required to satisfy expected future Replenishment Obligations arising from the Desalter. If there is water in the Watermaster Desalter Replenishment Account to satisfy the Desalter Replenishment Obligation for the year, the New Yield shall be made available to the Appropriative Pool to satisfy a Replenishment Obligation consistent with section 6.3(c) herein.

- (e) New Yield is expected to result from a variety of conditions, including but not limited to enhanced Basin management, increased stormwater Recharge, induced Recharge from operation of the Desalters, injection, and changes in land use patterns. Watermaster has established an initial baseline quantity of stormflow Recharged in the Basin under historical conditions in the amount of 5,600 acre-feet per year. Any party to the Judgment may request Watermaster to re-examine this initial estimate of the baseline quantity and to adjust the quantity in accordance with best available technology and substantial evidence.

~~(f) Nothing in this section 6.2 shall be construed as over-riding the limitations contained in paragraph 44 of the Judgment which allocates the Safe Yield among the parties to the Judgment by pools. The Agricultural Pool and the Non-Agricultural Pool will continue to retain their respective allocation of Safe Yield as provided in paragraph 44 of the Judgment. In the event, New Yield is demonstrated, consistent with the provisions of paragraph 44, it shall be made available to the Appropriative Pool.~~

### 6.3 Accounting of Unallocated Agricultural Portion of Safe Yield.

- (a) In each year, the 82,800 acre-feet being that portion of the Safe Yield made available to the Agricultural Pool under the Judgment, shall be made available:
  - (i) To the Agricultural Pool to satisfy all demands for overlying Agricultural Pool lands;
  - (ii) To land use conversions that were completed prior to October 1, 2000;
  - (iii) To land use conversions that have been completed after October 1, 2000; and
  - (iv) To the Early Transfer of 32,800 acre-feet from the Agricultural Pool to the Appropriative Pool in accordance with their pro-rata assigned share of Initial Operating Safe Yield.
- (b) In the event actual Production by the Agricultural Pool exceeds 414,000 acre-feet in any five years, the Agricultural Pool shall procure sufficient quantities of Replenishment Water to satisfy over-Production obligations, whatever they may be.
- (c) In the event actual Production from the Agricultural Pool does not exceed 82,800 acre-feet in any one year or 414,000 acre-feet in any five years but total Production from all the uses set forth in section 6.3(a) above, exceeds 82,800 acre-feet in any year, the members of the Appropriative Pool shall procure sufficient quantities of Replenishment Water to satisfy over-Production obligations, whatever they may be.

The cost of the Replenishment Water, if any, shall be borne by the Appropriators as follows:

- (i) For Fiscal Years 2001-2002 through Fiscal Year 2005-2006, the cost of Replenishment Water shall be borne by Appropriators in accordance with their proportionate assigned share of Initial Operating Safe Yield. Thereafter, the Appropriative Pool shall reconsider its method for apportioning the cost of Replenishment Water, if any; and
- (ii) Notwithstanding 6.3(c)(i) if the sum of the actual Production from the Agricultural Pool, plus the 32,800 acre feet from the Early Transfer, plus the land use conversions, exceeds the sum of 82,800 acre-feet plus any New Yield not dedicated to Desalter Replenishment pursuant to section 7.4(b) herein by more than 10,000 acre-feet in any Fiscal Year after 2003-2004, the Appropriative Pool shall establish the basis for apportioning the cost of Replenishment Water, if any. Therefore, the Appropriative Pool's reconsideration of the method of allocating the cost of the Replenishment Water attributable to this section may occur earlier than 2006-2007. Watermaster's allocation of Replenishment Obligations pursuant to Section 6.3(c)(i) shall not prejudice a member of the Appropriative Pool from requesting another method of allocation under the last sentence of 6.3(c)(i) above or this section 6.3(c)(ii) on the basis of benefits received including consideration of any necessary amendments of the Peace Agreement as may be required.

6.4 Conversion Claims. The following procedures may be utilized by any Appropriator:

- (a) Record of Unconverted Agricultural Acreage Watermaster shall maintain on an ongoing basis a record, with appropriate related maps, of all agricultural acreage within the Chino Basin subject to being converted to appropriative water use pursuant to the provisions of this subparagraph.
- (b) Record of Water Service Conversion. Any Appropriator who undertakes to permanently provide water service to any portion of a legal parcel subject to conversion shall report such change to Watermaster. Watermaster shall ensure that when a partial conversion occurs, that the water use on the acreage is properly metered. For all or any portion of the legal parcel that is proposed for conversion, Watermaster shall thereupon verify such change in water service and shall maintain a record and account for each Appropriator of the total acreage involved. Should, at any time, all or any portion of the converted acreage return to agricultural overlying use, Watermaster shall return such acreage that returns to agricultural use to

unconverted status and correspondingly reduce or eliminate any allocation accorded to the Appropriator involved.

- 6.5 Recalculation of Safe Yield. The Safe Yield shall be recalculated in year 2010/11 based upon data from the ten-year period 2000/01 to 2009/10.

## **ARTICLE VII RECHARGE**

- 7.0 Scope. This Article sets forth the standards that are applicable to Watermaster's review of Recharge actions by all persons that may be subject to the Judgment as well as Watermaster's efforts to administer, direct, and arrange for Recharge in accordance with the Judgment.

7.1 In General.

- (a) Watermaster shall administer, direct and arrange for the Recharge of all water in a manner pursuant to the Judgment, the Peace Agreement and the OBMP; and in a manner that causes no Material Physical Injury to any party to the Judgment or the Chino Basin. Nothing herein shall be construed as committing a Party to provide Supplemental Water upon terms and conditions that are not deemed acceptable to that party. This means that no party to the Judgment shall be individually and independently obligated to purchase or acquire Supplemental Water on behalf of another party to the Judgment. [Peace Agreement § 5.1(e).] Applications to engage in Recharge activities shall be processed in accordance with the provisions of Article X using the forms provided by Watermaster attached hereto as Appendix 1.
- (b) Watermaster shall exercise its Best Efforts to:
  - (i) Protect and enhance the Safe Yield of the Chino Basin through Replenishment and Recharge [Peace Agreement § 5.1(e).];
  - (ii) Ensure there is sufficient Recharge capacity for Recharge water to meet the goals of the OBMP and the future water supply needs within the Chino Basin [Peace Agreement § 5.1(e).];
  - (iii) Evaluate the long term Hydrologic Balance within all areas and subareas of the Chino Basin;

- (iv) Make its initial report on the then existing state of Hydrologic Balance by July 1, 2003, including any recommendations on Recharge actions which may be necessary under the OBMP. Thereafter Watermaster shall make written reports on the long term Hydrologic Balance in the Chino Basin every two years;
- (v) Use and consider the information provided in the reports under (iv) above, when modifying or updating the Recharge Master Plan and in implementing the OBMP;
- (vi) Evaluate the potential or threat for any Material Physical Injury to any party to the Judgment or the Chino Basin, including, but not limited to, any Material Physical Injury that may result from any Transfer of water in storage or water rights which is proposed in place of physical Recharge of water to Chino Basin in accordance with the provisions of section 5.3 of the Peace Agreement [Peace Agreement § 5.1(e).];
- (vii) Cooperate with owners of existing Recharge facilities to expand/improve/preserve Recharge facilities identified in the Recharge Master Plan; arrange for the construction of the works and facilities necessary to implement the quantities of Recharge identified in the OBMP Implementation Plan [Peace Agreement § 5.1(e)(ix)] and cooperate with appropriate entities to construct and operate the new Recharge facilities that are identified in the Recharge Master Plan;
- (viii) Ensure that its Recharge efforts under the Recharge Master Plan are consistent with the Judgment, and the Peace Agreement;
- (ix) Establish and periodically update criteria for the use of water from different sources for Replenishment purposes [Peace Agreement § 5.1(e)(v).];
- (x) Ensure a proper accounting of all sources of Recharge to the Chino Basin [Peace Agreement § 5.1(e)(vi).];
- (xi) Recharge the Chino Basin with water in any area where Groundwater levels have declined to such an extent that there is an imminent threat of Material Physical Injury to any party to the Judgment or the Basin [Peace Agreement § 5.1(e)(vii).];
- (xii) Maintain long-term Hydrologic Balance between total Recharge and discharge within all areas and sub-areas [Peace Agreement § 5.1(e)(viii).]; and



(xiii) Use water of the lowest cost and the highest quality, giving preference as far as possible to the augmentation and the Recharge of native storm water. [Peace Agreement § 5.1(f).]

- (c) Table 1 to the OBMP Implementation Plan shall serve as the Watermaster Recharge Master Plan ~~unless and until~~ amended by Watermaster. Watermaster will evaluate whether any modifications to the Recharge Master Plan shall be required on or before July 1, 2001. Thereafter, Watermaster will update the Recharge Master Plan, in a manner consistent with the Peace Agreement, a minimum of every five years thereafter or earlier if warranted because of changed conditions. The fact that the first of the Watermaster reports under section 7.1(b)(iv) will not be made available until July 1, 2003 shall not alter Watermaster's obligations to prepare and evaluate the Recharge Master Plan as provided in this section 7.1(c).
- (d) Watermaster shall not own Recharge projects, including but not limited to spreading grounds, injection wells, or diversion works. [Peace Agreement § 5.1(h).]
- (e) Watermaster may own and hold water rights in trust for the benefit of the parties to the Judgment. Subject to this exception, Watermaster shall not own land or interests in real property. [Peace Agreement § 5.1(h).] Watermaster shall obtain Court approval prior to acquiring any water rights in trust for the benefit of the parties to the Judgment. In addition, Watermaster shall conform all existing permits to ensure that title is held in trust for the benefit of the parties to the Judgment.
- (f) Watermaster shall arrange, facilitate and provide for Recharge by entering into contracts with appropriate persons, which may provide facilities and operations for physical Recharge of water as required by the Judgment and the Peace Agreement, or pursuant to the OBMP. Any such contracts shall include appropriate terms and conditions, including terms for the location and payment of costs necessary for the operation and maintenance of facilities, if any. [Peace Agreement § 5.1(h).]
- (g) Watermaster shall provide an annual accounting of the amount of Recharge and the location of the specific types of Recharge. [Peace Agreement § 5.1(j).]

7.2 Recharge of Supplemental Water. All Recharge of the Chino Basin with Supplemental Water shall be subject to Watermaster approval obtained by Application made to Watermaster in accordance with provisions of Article X. [Peace Agreement § 5.1 (a).] In reviewing any such Application, Watermaster shall comply with the following.

- (a) Watermaster will ensure that any person may make Application to Watermaster to Recharge the Chino Basin with Supplemental Water pursuant to Article X, including the exercise of the right to offer to sell In-Lieu Recharge Water to Watermaster as provided in the Judgment and the Peace Agreement in a manner that is consistent with the OBMP and the law. [Peace Agreement § 5.1 (b).]
  - (b) Watermaster shall not approve an Application by any party to the Judgment under Article X if it is inconsistent with the terms of the Peace Agreement, or will cause any Material Physical Injury to any party to the Judgment or the Basin. [Peace Agreement § 5.1 (b).]
  - (c) Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Recharge of Supplemental Water shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Recharge of Supplemental Water must be denied. [Peace Agreement § 5.1 (b).]
- 7.3 Sources of Replenishment Water. Supplemental Water may be obtained by Watermaster from any available source. Watermaster shall, however, seek to obtain the best available quality of Supplemental Water at the most reasonable cost for recharge in the Basin. It is anticipated that Supplemental Water for Replenishment of Chino Basin may be available at different rates to the various pools to meet their Replenishment Obligations. If such is the case, each pool will be assessed only that amount necessary for the cost of Replenishment Water to that pool, at the rate available to the pool, to meet its Replenishment Obligation. In this connection, available resources may include, but are not limited to:
- (a) Maximum beneficial use of Recycled Water, which shall be given a high priority by Watermaster [Judgment ¶ 49(a).];
  - (b) State Project Water subject to applicable service provisions of the State's water service contracts [Judgment ¶ 49(b).];
  - (c) Local Imported Water through facilities and methods for importation of surface and Groundwater supplies from adjacent basins and watersheds [Judgment ¶ 49(c).]; and
  - (d) Available supplies of Metropolitan Water District water from its Colorado River Aqueduct. [Judgment ¶ 49(d).]
- 7.4 Sources of Desalter Replenishment Water. Notwithstanding the provisions of section 7.3 above, replenishment for the Desalters shall be provided from the following sources in the following order of priority [Peace Agreement § 7.5.]:

- (a) Dedications by purchasers of Desalted water through Transfer or assignment, some or all of their Production rights to Watermaster for the purpose of satisfying Desalter replenishment. Such dedications shall result in a reduction in replenishment assessments as provided in section 4.8 of these Rules and Regulations.
  - (b) Watermaster Desalter replenishment account composed of 25,000 acre-feet of water abandoned by Kaiser Ventures pursuant to the "Salt Offset Agreement" dated October 21, 1993, between Kaiser Ventures and the RWQCB, and other water previously dedicated by the Appropriative Pool.
  - (c) New Yield that may be made available to Watermaster through a combination of management programs, actions or facilities. On an annual basis, and beginning on July 1, 2003, Watermaster will credit the Desalter's replenishment account with any New Yield it determines has been developed after June 1, 2000;
  - (d) Safe Yield of the Basin; and
  - (e) Additional Replenishment Water purchased by Watermaster the costs of which shall be levied as an assessment by Watermaster.
- 7.5 Method of Replenishment. Watermaster may accomplish Replenishment by any reasonable method, including spreading and percolation, injection of water into existing or new facilities, in-lieu procedures and acquisition of unproduced water from members of the Non-Agricultural and Appropriative Pools. [Judgment ¶ 50.]
- 7.6 Accumulations. In order to minimize fluctuations in assessment and to give Watermaster flexibility in the purchase and spreading of Replenishment Water, Watermaster may make reasonable accumulations of Replenishment Water assessment proceeds. Interest earned on such retained funds shall be added to the account of the pool from which the funds were collected and shall be applied only to the purchase of Replenishment Water. [Judgment ¶ 56.]
- 7.7 In-Lieu and Other Negotiated Procedures. To the extent good management practices dictate that recharge of the Basin be accomplished by taking surface supplies of Supplemental Water in lieu of Groundwater otherwise subject to Production as an allocated share of Operating Safe Yield, the following in-lieu procedures or other additional procedures as may be negotiated by Watermaster and approved by the Watermaster Advisory Committee shall prevail [Judgment Exhibit "H" ¶ 11.];

- (a) Designation of In-Lieu Areas. In-lieu areas may be designated by order of Watermaster upon recommendation or approval of the Watermaster Advisory Committee. Watermaster has previously designated the entire Chino Basin as an in-lieu area. In-lieu areas may be enlarged, reduced or eliminated by subsequent order; provided, however, that designation of an in-lieu area shall be for a minimum fixed term sufficient to justify necessary capital investment. However, should in-lieu Area No.1, which has been established by the Court, be reduced or eliminated, it shall require prior order of the Court.
- (b) Method of Operation. Any member of the Appropriative Pool Producing water within a designated in-lieu area who is willing to abstain for any reason from Producing any portion of its share of Operating Safe Yield in any year, may offer such unpumped water to Watermaster on a form to be provided therefor. In such event, Watermaster shall purchase said water in place, in lieu of spreading Replenishment Water, which may be otherwise required to make up for over Production. The purchase price for in-lieu water shall be the lesser of:
  - (i) Watermaster's current cost of Replenishment Water, plus the cost of spreading; or
  - (ii) The cost of supplemental surface supplies to the Appropriator, less
    - a) said Appropriator's average cost of Groundwater Production, and
    - b) the applicable Production assessment where the water is Produced.

## ARTICLE VIII STORAGE

8.0 Scope. This Article sets forth Watermaster's obligations and responsibilities regarding the management, regulation and control of storage within the Basin.

8.1 In General.

- (a) Watermaster Control. A substantial amount of available Groundwater storage capacity exists in the Basin that is not used for storage or regulation of Basin Waters. It is essential that the use of storage capacity of the Basin be undertaken only under Watermaster control and regulation so as to protect the integrity of the Basin.

Watermaster will exercise regulation and control of storage primarily through the execution of Groundwater Storage Agreements. [Judgment ¶ 11.]

- (b) Categories of Groundwater Storage Agreements. There are different categories of storage and different types of Groundwater Storage agreements. Only those Groundwater Storage agreements defined as “Qualifying Storage agreements” require *new* Watermaster approval. The agreements identified in section 8.1(f)(iii) herein do not require new Watermaster approval. Qualifying Storage agreements will be processed by Watermaster in accordance with the forms provided by Watermaster and attached hereto as Appendix 1.
- (c) Court Notification and Approval. Before it is effective, any Storage and Recovery Agreement entered into pursuant to a Storage and Recovery Program shall first receive Court Approval. With respect to all other Groundwater Storage Agreements, Watermaster shall notify the Court after approval.
- (d) Relationship Between Recapture and Storage. Recapture of water held in a storage account will generally be approved by Watermaster as a component of and coincident with a Groundwater Storage Agreement for Qualifying Storage. However, an Applicant for Qualifying Storage may request, and Watermaster may approve, a Groundwater Storage Agreement where the plan for recovery is not yet known. In such cases, the Applicant may request Watermaster approval of the Qualifying Storage only and subsequently submit and process an independent Application for Recapture under the provisions of Article X.
- (e) Storage of Safe Yield as Carry-Over Water. Any member of the Appropriative Pool or member of the Non-Agricultural Pool who Produces less than its assigned share of Operating Safe Yield or Safe Yield, respectively, may carry such unexercised right forward for exercise in subsequent years. Watermaster shall be required to keep an accounting of Carry-Over Water in connection with said Carry-Over Rights. The first water Produced in any subsequent year, shall be deemed to be in exercise of that Carry-Over Right. If the aggregate remaining Carry-Over Water available to any member of the Appropriative Pool, or member of the Non-Agricultural Pool with Safe Yield, in a given year exceeds its assigned share of ~~Initial~~ Operating Safe Yield after its demands are met, such Producer shall, as a condition of preserving such Excess Carry-Over Water execute a Local Storage Agreement with Watermaster. A member of the Appropriative Pool shall have the option to pay the gross assessment applicable to said Carry-Over Right in the year in which it occurred. [Judgment Exhibit “G,” and Exhibit “H” ¶ 12.]

- (f) Storage of Supplemental Water. The rules and procedures for the storage of Supplemental Water are set forth as follows.
- (i) Supplemental Water. Each party, its officers, agents, employees, successors, and assigns, has been enjoined and restrained from storing Supplemental Water in Chino Basin for withdrawal, or causing withdrawal of water stored, except pursuant to the terms of a Groundwater Storage Agreement with Watermaster. Any Supplemental Water recharged by any person within Chino Basin, except pursuant to these Rules and Regulations and a Groundwater Storage Agreement, is deemed abandoned and shall not be considered Stored Water. [Judgment ¶ 14.]
- (ii) Application for Storage of Supplemental Water. Watermaster will ensure that any person, including but not limited to the State of California and the Department of Water Resources may make Application to Watermaster to store and Recover water from the Chino Basin as provided herein in a manner that is consistent with the OBMP and the law. Watermaster shall not approve an Application to store and Recover water if it is inconsistent with the terms of the Peace Agreement or will cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the storage and Recovery of water shall be reasonably and fully mitigated as a condition of approval. In the event the Material Physical Injury cannot be mitigated, the request for storage and Recovery must be denied. [Peace Agreement § 5.2 (a) (iii).] Applications for the storage of Supplemental Water shall be processed in accordance with the provisions of Article X.
- (iii) Pre-existing Groundwater Storage Agreements. In accordance with the Peace Agreement, pre-existing Groundwater Storage Agreements are preserved revived and protected extended as follows:
- a) Any Local Storage Agreement that would have expired pursuant to its terms on or before July 1, 2000 and which is determined to have water in storage account is preserved revived and extended by these Rules and Regulations until July 1, 2005 subject to the limitations set forth in these Rules and Regulations; and
- b) In addition, a Producer that has a Local Storage Agreement for Supplemental Water that will expire after July 1, 2000 pursuant to its terms and that has Supplemental Water in a storage account as of its

original date of termination date, shall be preserved revived and extended by these Rules and Regulations to July 1, 2005. The extension shall only be valid for that quantity of Supplemental Water that is then in the storage account at the end of the term set forth in the Local Storage Agreement.

(iv) Quantification of Supplemental Water Held in Local Storage on July 1, 2000.

- a) Quantification of Groundwater Held in Local Storage. Upon the request of any Producer, Watermaster shall quantify the amount of Groundwater held in Local Storage by that Producer. Groundwater held in Local Storage by a party to the Judgment, the majority of whose stock is owned by another party to the Judgment, may be treated as the Stored Water of the majority shareholder for purposes of quantification of the amount of such Groundwater as Supplemental Water under this section 8.1(f)(iv) only.
- b) Procedure for Quantification. On or before May 1, 2001, any party may submit a request to Watermaster for the quantification of water held in Local Storage as Supplemental Water. Watermaster shall evaluate pursuant to d) below all written requests filed by any Producer and shall make its determination regarding each request on or before May 31, 2001. Watermaster shall provide a minimum of thirty (30) days advance written notice to all parties of the date to submit requests. Watermaster shall consider all written requests concurrently.
- c) Limitations. Watermaster's quantification of Groundwater in Local Storage pursuant to a Local Storage Agreement as of July 1, 2000 as Supplemental Water and Supplemental Water held in Local Storage as provided in section 8.1(f)(iii) above shall not be subject to the 50,000 acre-foot limitation on Supplemental Water held in Local Storage set forth in the Peace Agreement, section 5.2(b)(iv)(1) and these Rules and Regulations. However, all other Supplemental Water held in a Local Storage Account not quantified as such by Watermaster by May 31, 2001 shall be conclusively presumed to be Basin Water which shall also be subject to a Local Storage Agreement. While a party that obtains a quantification of Supplemental Water pursuant to this section is exempt from the 50,000 acre-foot limitation on the cumulative quantity of Supplemental Water that may be held in Local Storage, the

exemption is limited. First, a party that obtains a Watermaster determination that quantifies some quantity of Groundwater as Supplemental Water pursuant to this Section shall not be entitled to replace the Supplemental Water Produced from Local Storage with new Supplemental Water without regard to the 50,000 acre-foot limitation on Local Storage of Supplemental Water. This means that the 50,000 acre-foot limitation applies to all Supplemental Water that is physically Recharged and stored in the Basin under a Local Storage Agreement after July 1, 2000. A Producer shall not have the right to replace the Groundwater quantified as Supplemental Water under this Section with other Supplemental Water following its initial Transfer or Recapture from Local Storage. Second, the recovery of the Supplemental Water stored under this provision by any Producer shall not cause Material Physical Injury to any party to the Judgment or the Basin.

d) Calculation. For users of Supplemental Water, the quantity of Supplemental Water held by a Producer in Local Storage as of July 1, 2000 is deemed to be the lesser of:

- 1) the quantity of water held by the Producer in Local Storage ;  
or
- 2) the quantity of Supplemental Water used by the Producer prior to July 1, 2000.

(g) Rules and Procedures in General

- (i) Any person desiring to store Supplemental Water in the Basin shall make appropriate Application therefor with the Watermaster pursuant to the provisions of this Article and Article X. Supplemental Water stored or Recharged in the Basin, except pursuant to a Groundwater Storage Agreement with Watermaster, shall be deemed abandoned and not classified as Stored Water. [Judgment ¶ 14.]
- (ii) Guidelines and Criteria. Any person , whether a party to the Judgment or not, may make reasonable beneficial use of the available groundwater storage capacity of Chino Basin for storage of Water pursuant to written agreement with the Watermaster as provided herein. [Judgment ¶12.]



- (iii) In the allocation of storage capacity, the needs and requirements of lands overlying Chino Basin and the owners of rights in the Safe Yield or Operating Safe Yield of the Basin shall have priority and preference over storage for export. [Judgment ¶12.]
- (iv) It is an objective in management of the Basin's waters that no Producer shall be deprived of access to the Basin's waters by reason of unreasonable pumping patterns, nor by regional or localized Recharge of Replenishment Water, insofar as such result may be practically avoided. [Judgment Exhibit "T" ¶ 1(a).]
- (v) Maintenance and improvement of water quality shall be given prime consideration. [Judgment Exhibit "T" ¶ 1(b).]
- (vi) Financial feasibility, economic impact and the cost and optimum utilization of the Basin's resources and the physical facilities of the parties to the Judgment shall be considered equal in importance to water quantity and quality parameters. [Judgment Exhibit "T" ¶ 1(c).]
- (h) Contents of Groundwater Storage Agreements. Each Groundwater Storage Agreement shall include but not be limited to the following components [Judgment Exhibit "T" ¶ 3.]:
  - (i) The quantities and the term of the storage right, which shall specifically exclude credit for any return flows;
  - (ii) A statement of the priorities of the storage right as against overlying, Safe Yield uses, and other storage rights;
  - (iii) The delivery rates, together with schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
  - (iv) The calculation of storage water losses and annual accounting for water in storage; and
  - (v) The establishment and administration of withdrawal schedules, locations and methods.
- (i) Accounting. Watermaster shall calculate additions, extractions and losses of all Stored Water in Chino Basin, and any losses of water supplies or Safe Yield of Chino Basin resulting from such Stored Water, and keep and maintain for public record, an annual accounting thereof. [Judgment ¶ 29.]

- (j) No Material Physical Injury. Watermaster will ensure that any party to the Judgment may Recapture water in a manner consistent with the Peace Agreement, the OBMP, the Judgment and these Rules and Regulations. Watermaster shall not approve a Recapture plan if it is inconsistent with the terms of Peace Agreement or will cause Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Recapture of water by any person shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Recapture must be denied.

8.2 Local Storage: Special Considerations. Under a Local Storage Agreement with Watermaster, every party to the Judgment shall be permitted to store its Excess Carry-Over Water and Supplemental Water in the Chino Basin according to the following provisions:

- (a) Until July 1, 2005, Watermaster shall ensure that: (a) the quantity of water actually held in local storage under a Local Storage Agreement with Watermaster is confirmed and protected and (b) each party to the Judgment shall have the right to store its Excess Carry-Over Water. Thereafter, a party to the Judgment may continue to Produce the actual quantity of Excess Carry-Over Water and Supplemental Water held in its storage account, subject only to the loss provisions set forth herein. ~~This means a party to the Judgment may increase the total volume of Excess Carry-Over Water it holds pursuant to a Local Storage Agreement until July 1, 2005 without regard to the 50,000 acre-foot limitation on Local Storage of Supplemental Water.~~ All Producers with a Local Storage Agreement for either Excess Carry-Over Water or Supplemental water shall be deemed to have received an extension of the applicable term in each of their respective Local Storage Agreements as provided in section 8.1(f)(iii)(a-b) above. However, such extensions shall be subject to the limitations set forth herein; e.g. the requirement that Local Storage does not cause Material Physical Injury, and the 50,000 acre-foot limitation on the cumulative total of Supplemental Water that may be placed in Local Storage after July 1, 2000. However, a Producer that obtains a determination regarding a request for classification of some quantity of Groundwater as Supplemental Water pursuant to section 8.1 above, shall also be deemed to have received an extension of their Local Storage Agreement until July 1, 2005, but only for that Supplemental Water actually stored in the Basin as of July 1, 2000. A Producer shall not have the right to replace the Groundwater classified as Supplemental Water pursuant to section 8.1 with other Supplemental Water following its initial Production from Local Storage without regard to the 50,000 acre-foot limitation.

- (b) Until July 1, 2005 or for such additional period as Watermaster, in its discretion, may establish, any party to the Judgment may make Application to Watermaster for a Local Storage Agreement pursuant to the provisions of this Article and Article X, whereby it may store Supplemental Water in the Chino Basin. [Peace Agreement § 5.2(b)(ii).]
- (c) In accordance with Article X, Watermaster shall provide written notice to all interested parties of the proposed Local Storage Agreement prior to approving the agreement.
- (d) Watermaster shall approve the storage of Supplemental Water under a Local Storage Agreement so long as: (1) the total quantity of Supplemental Water authorized to be held in Local Storage under all then-existing Local Storage Agreements, other than amounts classified as Supplemental Water under the procedure set forth in section 8.1 above, for all parties to the Judgment does not exceed the cumulative total of 50,000 acre-feet; (2) the party to the Judgment making the request provides their own Recharge facilities for the purpose of placing the Supplemental Water into Local Storage; (3) the agreement will not result in any Material Physical Injury to any party to the Judgment or the Basin. Watermaster may approve a proposed agreement with conditions that mitigate any threatened or potential Material Physical Injury. [Peace Agreement § 5.2(b)(iv).]
- (e) There shall be a rebuttable presumption that the Local Storage Agreement for Supplemental Water does not result in Material Physical Injury to a party to the Judgment or the Basin. [Peace Agreement § 5.2(b)(v).]
- (f) In the event more than one party to the Judgment submits a request for an agreement to store Supplemental Water pursuant to a Local Storage Agreement, Watermaster shall give priority to the first party to file a bona fide written request which shall include the name of the party to the Judgment, the source, quantity and quality of the Supplemental Water, an identification of the party to the Judgment's access to or ownership of the Recharge facilities, the duration of the Local Storage and any other information Watermaster shall reasonably request. Watermaster shall not grant any person the right to store more than the then-existing amount of available Local Storage. The amount of Local Storage available for the storage of Supplemental Water shall be determined by subtracting the previously approved and allocated quantity of storage capacity for Supplemental Water from the cumulative maximum of 50,000 acre-feet. [Peace Agreement § 5.2(b)(vii).] This means Watermaster shall not approve requests for the storage of Supplemental Water in excess of the cumulative total of 50,000 acre-feet limitation. Priorities among the parties to the Judgment shall be on the basis that the completed Applications filed first in time

under the provisions of Article X shall have a priority in right up to the amount of the quantity approved by Watermaster.

- (g) Any Producer that does not have a Local Storage Agreement extended by the terms of section 8.1 above, may file an Application with Watermaster for a Local Storage Agreement to place Excess Carry-Over Water in a Local Storage account. The Excess Carry-Over Water may be held in Local Storage without regard to the 50,000 acre-feet cumulative limitation on Supplemental Water until October 1, 2005. Thereafter, or at such later date that Watermaster may, in its discretion, establish, Producers shall obtain a Local Storage Agreement with Watermaster to store Excess Carry-Water in a Local Storage Account.
- (h) After October 1, 2005, Watermaster shall have discretion to place reasonable limits on the further accrual of Excess Carry-Over Water and Supplemental Water in Local Storage. However, Watermaster shall not limit the accrual of Excess Carry-Over Water for Fontana Union Mutual Water Company and Cucamonga County Water District when accruing Excess Carry-Over Water in Local Storage pursuant to the *Settlement Agreement Among Fontana Union Water Company, Kaiser Steel Resources Inc., San Gabriel Valley Water Company and Cucamonga County Water Districts* dated February 7, 1992, to a quantity less than 25,000 acre-feet for the term of the Peace Agreement. [Peace Agreement § 5.2(b)(x).]
- (i) Watermaster shall evaluate the need for limits on water held in Local Storage to determine whether the accrual of additional Local Storage by the parties to the Judgment should be conditioned, curtailed or prohibited if it is necessary to provide priority for the use of storage capacity for those Storage and Recovery Programs that provide broad mutual benefits to the parties to the Judgment as provided in this paragraph and section 5.2(c) of the Peace Agreement. [Peace Agreement § 5.2(b)(xi).]
- (j) Watermaster shall set the annual rate of loss from Local Storage for parties to the Judgment at zero until October 1, 2005. Thereafter the rate of loss from Local Storage for parties to the Judgment will be 2% until recalculated based upon the best available scientific information. Watermaster may, at its sole discretion, set the rate of loss from storage for parties who are not parties to the Judgment. Losses shall be deducted annually from the storage accounts. [Peace Agreement § 5.2(b)(xii).]
- (k) Watermaster shall allow water held in storage to be Transferred pursuant to the provisions of section 5.3 of the Peace Agreement as provided in Article X. Storage capacity is not Transferable. [Peace Agreement § 5.2(b)(xiii).]

- (l) Monetary payment shall not be accepted as a form of mitigation for Material Physical Injury where the injury is not confined to a specific party or parties. Where the Material Physical Injury is confined to a specific party or parties, monetary payment may be accepted as a form of mitigation, if acceptable to the affected party or parties.
- (m) Applicants for Local Storage of Supplemental Water agreements shall submit such Application prior to initiation of the placement of the Supplemental Water into storage except as provided in sections 8.1 and 8.2 above.
- (n) Any Supplemental Water stored or recharged in the Basin, except pursuant to a Local Storage Agreement for Supplemental Water with Watermaster, shall be deemed abandoned and not classified as Stored Water. [Judgment ¶ 14.]

8.3 Groundwater Storage and Recovery Program; Special Considerations. The parties, through Watermaster, may initiate a regional Storage and Recovery (sometimes called “conjunctive use”) Program, for the mutual benefit of the Appropriators and the Non-Agricultural Pool in the Chino Basin according to the following provisions:

- (a) Watermaster will ensure that no person shall store water in, and recover water from the Basin, other than pursuant to a Local Storage Agreement, without a Storage and Recovery agreement with Watermaster [Peace Agreement § 5.2(c)(i).];
- (b) A proposed Applicant for a Storage and Recovery Program must submit the information set forth in Article X to Watermaster prior to Watermaster’s consideration of an Application for a Storage and Recovery agreement;
- (c) As a precondition of any project, program or contract regarding the use of Basin storage capacity pursuant to a Storage and Recovery Program, Watermaster shall first request proposals from qualified persons [Peace Agreement § 5.2(c)(iii).];
- (d) Watermaster shall be guided by the following criteria in evaluating any request to store and recover water from the Basin by a party to the Judgment or any person under a Storage and Recovery Program.
  - (i) The initial target for the cumulative quantity of water held in storage is 500,000 acre-feet in addition to the existing storage accounts. The 500,000 acre-feet target may be comprised of any combination of participants and is in excess of up to an additional 50,000 acre-feet of Supplemental Water and Excess Carry-Over Rights that may be stored under Local Storage Agreements.

- (ii) Watermaster shall prioritize its efforts to regulate and condition the storage and recovery of water developed in a Storage and Recovery Program for the mutual benefit of the parties to the Judgment and give first priority to Storage and Recovery Programs that provide broad mutual benefits.  
[Peace Agreement § 5.2(c)(iv).];
- (e) The members of the Appropriative Pool and the Non-Agricultural Pool shall be exclusively entitled to the compensation paid for a Storage and Recovery Program irrespective of whether it be in the form of money, revenues, credits, proceeds, programs, facilities, or other contributions (collectively “compensation”) with the benefits of such compensation to be spread as broadly as possible as directed by the Non-Agricultural and the Appropriative Pools [Peace Agreement § 5.2(c)(v).];
- (f) The compensation received from the use of available storage capacity under a Storage and Recovery Program, may be used to offset the Watermaster’s cost of operation, to reduce any assessments on the parties to the Judgment within the Appropriative and Non-Agricultural Pools, and to defray the costs of capital projects as may be requested by the members of the Non-Agricultural Pools and the Appropriative Pool [Peace Agreement § 5.2(c)(vi).];
- (g) Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by storage and recovery of water, whether Local Storage and recovery or pursuant to a Storage and Recovery Program, shall be reasonably and fully mitigated as a condition of approval [Peace Agreement §§ 5.2(a)(iii) and 5.2(c)(viii) (labeled “(xiii)”.)];
- (h) Watermaster reserves discretion to negotiate appropriate terms and conditions or to deny any request to enter into a Storage and Recovery Program Agreement. With respect to persons who are not parties to the Judgment, Watermaster reserves complete discretion to ensure that maximum compensation, as defined in section (e) above, is received. Watermaster shall base any decision to approve or disapprove any proposed Storage and Recovery Program Agreement upon the record as provided in Article X. However, it may not approve a proposed Storage and Recovery Program Agreement unless it has first imposed conditions to reasonably and fully mitigate any threatened or potential Material Physical Injury [Peace Agreement § 5.2(c)(ix).];
- (i) Any party to the Judgment may seek review of the Watermaster’s decision regarding a Storage and Recovery Program Agreement as provided in Article X;
- (j) Nothing herein shall be construed as prohibiting the export of Supplemental Water stored under a Storage and Recovery Program and pursuant to a Storage and

~~Recovery Agreement; and This means that these Rules and Regulations should not be construed as placing any limitation on the export of Supplemental Water other than as may be provided in the Judgment, except as may be necessary as a condition to prevent Material Physical Injury; and~~

- (k) The Parties shall indemnify and defend the State of California and the members of the Agricultural Pool against any lawsuit or administrative proceedings, without limitation, arising from Watermaster's adoption, approval, management, or implementation of a Storage and Recovery Program.

#### 8.4 Recapture.

- (a) All Recapture of water held in a storage account under a Groundwater Storage Agreement shall be subject to the requirement that the Recovery of the water not result in Material Physical Injury to a party to the Judgment or the Basin.
- (b) Recapture of water held in a Local Storage Account that pre-exists the adoption of these Rules and Regulations and that was extended by Watermaster in accordance with Article V of the Peace Agreement and these Rules and Regulations until July 1, 2005, shall be in accordance with the provisions of the plan for Recapture previously approved by Watermaster. Any amendments to an approved Recapture plan shall require additional Watermaster's approval under the provisions of Article X .
- (c) A person with an approved plan for Recapture shall have the right to process amendments to the previously approved plan in accordance with the provisions of Article X.

### **ARTICLE IX TRANSFERS**

- 9.0 Scope. Any Transfer shall be made only in accordance with the Judgment, the Peace Agreement section 5.3, the OBMP and this Article IX.
- 9.1 In General. Watermaster will ensure that any party to the Judgment may Transfer water in a manner that is consistent with the Judgment, the Peace Agreement, the OBMP and the law. Watermaster shall approve a Transfer if it is consistent with the terms of the Peace Agreement, and will not cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Transfer of water shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and

reasonably mitigated, the request for Transfer must be denied. Upon receipt of written request by Watermaster, a party to the Judgment shall exercise Best Efforts to provide Watermaster with a preliminary projection of any anticipated Transfer of Production within the Year.

9.2 Application to Transfer. A party to the Judgment may make Application to Watermaster to Transfer water as provided in the Judgment under the procedures set forth in Article X.

- (a) Watermaster shall provide reasonable advance written notice to all the Active ~~p~~Parties to the Judgment of a proposed Transfer, prior to approving the Transfer as provided in Article X.
- (b) Watermaster shall approve the Transfer of water as provided in the Judgment so long as the individual Transfer does not result in any Material Physical Injury to any party to the Judgment or the Basin. Watermaster may approve a proposed Transfer with conditions that fully and reasonably mitigate any threatened or potential Material Physical Injury.
- (c) There shall be a rebuttable presumption that the Transfer and the Production by the transferee does not result in Material Physical Injury to a party to the Judgment or the Basin.
- (d) Watermaster shall base any decision to approve or disapprove any proposed Transfer upon the record after considering potential impacts associated with the individual Transfer alone and without regard to impacts attributable to any other Transfers. [Peace Agreement § 5.3(b)(v).] However, nothing herein shall be construed as impairing or restraining Watermaster's duty and discretion with regard to cumulative impacts in the context of section 9.3.
- (e) Transfers which occur between the same parties in the same year shall be considered as a single Transfer for the purpose of determining Material Physical Injury.

9.3 Integrated Watermaster Review. In reviewing Transfers under these Rules and Regulations, Watermaster shall exercise reasonable discretion. Watermaster shall review each proposed Transfer based upon the record before it and considering the potential impacts of the proposed Transfer alone. However, Watermaster shall also consider the cumulative impacts of Transfers generally when carrying out its responsibilities to implement the OBMP and Recharge and monitoring programs authorized by these Rules and Regulations or the Judgment.



- (a) Watermaster will evaluate the cumulative physical impact of Transfers on the Basin, if any, by July 1, 2003, and a minimum of once every two years thereafter.
  - (b) Watermaster will take the results of its evaluation into account when carrying out its obligations under section 7.1 of these Rules and Regulations.
- 9.4 Transfer of Non-Agricultural Pool Production Rights. Watermaster shall approve the Transfer or lease of the quantified Production rights of Non-Agricultural Producers within the Non-Agricultural Pool subject to the provisions of section 9.2(b) above. The right to Transfer within the pool includes the right to lease water to other members of the Non-Agricultural Pool. In addition, the parties to the Judgment with rights within the Non-Agricultural Pool shall have the additional right to Transfer their rights to Watermaster for the purposes of Replenishment for a Desalter or for a Storage and Recovery Program.
- 9.5 Early Transfer.
- (a) Pursuant to the Peace Agreement, Watermaster approved an Early Transfer of water to the Appropriative Pool in an amount not less than 32,800 acre-feet per year. The quantity of water subject to Early Transfer under this section shall be the greater of (i) 32,800 acre-feet or (ii) 32,800 acre-feet plus the actual quantity of water not Produced by the Agricultural Pool for that Fiscal Year that is remaining after all the land-use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement.
    - (i) The Transfer shall not limit the Production right of the Agricultural Pool under the Judgment to Produce up to 82,800 acre-feet of water in any year or 414,000 acre-feet in any five years as provided in the Judgment. [Peace Agreement § 5.3(g)(ii).]
    - (ii) The combined Production of all parties to the Judgment shall not cause a Replenishment assessment on the members of the Agricultural Pool. The Agricultural Pool shall be responsible for any Replenishment obligation created by the Agricultural Pool Producing more than 414,000 acre-feet in any five-year period. [Peace Agreement § 5.3(g)(iii).]
    - (iii) The Appropriative Pool shall procure sufficient quantities of Replenishment Water to satisfy Replenishment Obligations pursuant to § 6.3(c) of these Rules and Regulations.

(iv) Nothing herein shall be construed as modifying the procedures or voting rights within or by the members of the Agricultural Pool. [Peace Agreement § 5.3(g)(v).]

(b) The amount of water converted from agricultural use to urban use prior to execution of the Peace Agreement was 2.6 acre-feet per acre, with 1.3 acre-feet per acre being allocated collectively to all members of the Appropriative Pool with an assigned share of Initial Operating Safe Yield and 1.3 acre-feet per acre being allocated to that Appropriator providing service for that urban use. The rate of 2.6 acre-feet per acre shall be changed to a total of 2.0 acre-feet per acre, all of which shall be allocated upon the conversion of the land use to that party to the Judgment which is a member of the Appropriative Pool, on the Effective Date of the Peace Agreement, and whose Sphere of Influence or authorized service area contains the land ("purveyor"). Upon such conversion of water use the purveyor will pledge that the amount of water needed for such urban land use, when such urban land use is established, up to 2.0 acre-feet of water per acre of land per year will be made available for service for such converted land by purveyor under its then existing standard laws, regulations, rules and policies, or for service arranged by such purveyor, subject only to prohibition of such service by a federal, state agency or court with jurisdiction to enforce such prohibition. The owner of such converted land shall have the right to enforce such pledge by specific performance or writ of mandate under the terms of the Peace Agreement. No monetary damages shall be awarded.

9.6 Voluntary Agreement. The members of the Agricultural Pool, including the State of California, shall have the right to engage in a voluntary agreement with an Appropriator which has a service area contiguous to or inclusive of the agricultural land, to provide water allocated from the Agricultural Pool to the overlying land for agricultural use on behalf of the member of the Agricultural Pool unless otherwise prohibited by general law. The Appropriator providing service shall be entitled to a pumping credit to offset Production pursuant to the Peace Agreement section 5.3(i). ~~to the extent it is serving the overlying land up to the amount of the historical maximum annual quantity of water previously used on the property so long as the water provided to the overlying land is for agricultural use, or use by the State of California.~~

9.7 Assignment of Overlying Rights. In addition to the Voluntary Agreement under section 9.6 above, should an Appropriator take an assignment of rights from a Non-Agricultural Pool member, the agreement shall provide that the Appropriator may undertake to provide water service to such overlying land, but only to the extent necessary to provide water service to said overlying lands. Watermaster shall make available to members of the Non-Agricultural Pool and/or Appropriative Pool, a standard form which shall be completed and filed with

Watermaster. Any assignment, lease and/or license shall be ineffective unless provided on the standard form approved by Watermaster and filed with Watermaster. [Based on Judgment Exhibit "H" ¶ 13; Exhibit "G" ¶ 6.]

## **ARTICLE X APPLICATIONS, CONTESTS AND COMPLAINTS**

- 10.0 Purpose. This Article sets forth the Watermaster rules and procedures for processing requests by a person for: (i) Watermaster approval of Recharge and Transfer; (ii) Qualifying Storage and Recapture; (iii) amendments to previously approved Applications; (iv) reimbursement or a credit for costs incurred by a party to the Judgment in furtherance of the OBMP; and (v) a Complaint for redress arising from an alleged Material Physical Injury to a party to the Judgment or the Basin. However, the procedures described in this Article X shall not be construed to apply to Watermaster actions, decisions, or rules other than as expressly set forth herein. All proceedings hereunder shall be conducted in an expeditious manner.
- 10.1 Notice and Opportunity to be Heard. Watermaster shall provide reasonable notice and opportunity to be heard to any person requesting Watermaster review or approval of any matter arising under this Article.
- 10.2 Judicial Review.
- (a) The Complaint procedures set forth in this Article X are not intended to constitute an exclusive remedy or constitute a requirement that a party to the Judgment exhaust this discretionary remedy. However, a party to the Judgment may elect to avail itself of the procedures set forth herein by filing a Complaint and requesting relief from any actual or threatened Material Physical Injury to any person or to the Basin where the alleged injury arises from the Recharge, Transfer or Qualifying Storage or Recapture of water by any person other than Watermaster.
  - (b) Once a party to the Judgment elects to pursue redress under the provisions of this Article, it shall exhaust this process until conclusion unless there is a sudden, unexpected event or emergency that causes a need for immediate judicial review or in the event that the Watermaster has failed to take action on a longstanding request. Thus, other than in the event of an emergency or where Watermaster has engaged in undue delay, a party to the Judgment may not seek judicial review of a Watermaster action on a pending Application or Complaint until the Watermaster Board has taken final action under the provisions of this Article. However, the procedures

described in this Article X shall not preclude any party from seeking judicial review of any action, decision or rule of Watermaster in accordance with paragraph 31 of the Judgment.

10.3 Applications for Watermaster Approval: In General. Any party to the Judgment requesting approval by Watermaster for the Recharge, Transfer, Qualifying Storage or Recapture of water in the Basin, or reimbursements or credits against OBMP Assessments, or any person requesting approval of an agreement to participate in a Storage and Recovery Program, may make Application to Watermaster as provided in these Rules and Regulations.

- (a) Requests for Watermaster approval shall be processed by Application to the Watermaster.
- (b) All Applications shall be submitted to Watermaster in compliance with the requirements set forth in this Article. Approved forms for use by persons requesting Watermaster approval pursuant to this section are attached hereto as Appendix 1. Watermaster shall have no obligation to process incomplete Applications.
- (c) No person shall obtain a right to engage in the activities subject to an Application to Watermaster under these Rules and Regulations or the Judgment unless and until the proposed action is approved by Watermaster as provided herein.
- (d) Upon approval by Watermaster, the person shall have the right to proceed in accordance with the terms and conditions of the Watermaster approval. The rights of a party shall be construed consistent with the Judgment and subject to the terms and conditions set forth in Watermaster's approval.

10.4 Recharge Applications. Any party to the Judgment may make a request for Watermaster approval to engage in Recharge by submitting an Application to Watermaster that includes the following information.

- (a) The identity of the person proposing to engage in Recharge;
- (b) The quantity of water to be Recharged;
- (c) The quality of water to be Recharged;
- (d) The duration of the Recharge;
- (e) The method of the Recharge; and

- (f) The facilities to be used in the Recharge, and their location.

10.5 Transfer Applications. Any party to the Judgment may request Watermaster's approval for a Transfer by submitting an Application to Watermaster. A party to the Judgment that Produces water may in the same Fiscal Year request approval of a Transfer to offset all or a portion of its Replenishment Obligation, subject to the Watermaster's authority to approve or reject the Application under the provisions of this Article. An Application for Transfer shall include the following information:

- (a) The identity of the transferee and transferor;
- (b) The maximum quantity of water to be Transferred;
- (c) The duration of the Recovery of the quantity of water Transferred;
- (d) The location of the Production facilities from which the water will be Transferred, if known;
- (e) The location of the Production facilities from which the Transferred water will be Recaptured and Produced, if known; and
- (f) The rate of extraction at which the Transferred water will be Recaptured and Produced.

10.6 Qualifying Storage Agreements. A party to the Judgment may request Watermaster's approval of a Local Storage Agreement to store Supplemental Water, or, after July 1, 2005, a party to the Judgment may request Watermaster's approval of the accumulation of Excess Carry-Over Water in the event the party's aggregate Carry-Over Water exceeds its share of assigned Operating Safe Yield or Safe Yield. Prior to July 1, 2005, a party to the Judgment shall also be required to obtain a Local Storage Agreement to store Excess Carry-Over Water, and Watermaster shall approve such agreements under uniform terms and conditions. ~~shall be deemed to have Watermaster approval to store all Excess Carry-Over Water.~~ In addition, so long as there is then less than 50,000 acre-feet of Supplemental Water that was placed in Local Storage after July 1, 2000, a party to the Judgment's request to store Supplemental Water under a Local Storage Agreement shall be approved by Watermaster. The Applicant may include a plan for Recapture within the request for approval of the Qualifying Storage or subsequently identify the proposed plan for Recapture under an independent Application for Recapture or combine the request for subsequent approval in an Application for Transfer.

- (a) Any party to the Judgment may file an Application to store Supplemental Water pursuant to a Local Storage Agreement. The Application shall include the following information:
  - (i) The identity of the person(s) that will Recharge, Store and Recover the water;
  - (ii) The quantity of Supplemental Water to be Stored and Recovered;
  - (iii) The proposed schedule and method for the Recharge of water for Storage, if any;
  - (iv) The proposed schedule for Recovery, if any;
  - (v) The location of the Recharge facilities through which the Stored water will be Recharged, if any;
  - (vi) The location of the Production facilities through which the Stored water will be Recovered, if known; and
  - (vii) The water levels and water quality of groundwater in the areas likely to be affected by the storage and Recovery.
- (b) Each Producer shall have the right to store its un-Produced Carry-Over Water in the Basin. Excess Carry-Over Water placed into Local Storage after July 1, 2005 shall require a Local Storage Agreement with Watermaster. A Producer may file an Application prior to July 1, 2005 for a Local Storage Agreement for Excess Carry-Over Water that will be placed into Local Storage after July 1, 2005. Such an Application shall include the following information:
  - (i) The identity of the person(s) that will store and Recover the Carry-Over Water;
  - (ii) The quantity of Carry-Over Water to be stored and Recovered;
  - (iii) The proposed schedule for the Recovery, to the extent known;
  - (iv) The location of the Production facilities through which the stored Carry-Over Water will be Recovered, to the extent known; and

- (v) The water levels and water quality of Groundwater in the areas likely to be affected by the Production of the stored Carry-Over Water.

10.7 Storage and Recovery Program. Any person may request Watermaster's approval of an Agreement to participate in a Storage and Recovery Program by submitting an Application to Watermaster that, at a minimum, includes the following information:

- (a) The identity of the person(s) that will Recharge, store and Recover the water as well as its ultimate place of use;
- (b) The quantity of water to be Stored and Recovered;
- (c) The proposed schedule for the Recharge of water for storage, if any;
- (d) The proposed schedule and method for Recovery;
- (e) The location of the Recharge facilities through which the Stored Water will be Recharged;
- (f) The location of the Production facilities through which the Stored Water will be Recovered;
- (g) The water levels and water quality of the Groundwater in the areas likely to be affected by the Storage and Recovery, if known; and
- (h) Any other information that Watermaster requires to be included.

10.8 Recapture. Any person may file an Application for approval of its Recovery of water held in storage. Recapture of water may be approved by Watermaster as a component of and coincident with a request for approval of Qualifying Storage or a Transfer. However, an Applicant for Qualifying Storage may request, and Watermaster may approve, a Groundwater Storage Agreement where the plan for Recovery is not yet known. An Application for Recapture shall include the following information:

- (a) The identity of the person(s) that Recharged and stored the water;
- (b) The identity of the person(s) that will Recover the water as well as its ultimate place of use;
- (c) The quantity of water to be Recovered;

- (d) The proposed schedule for Recovery;
- (e) The location of the Production facilities through which the Stored Water will be Recovered;
- (f) The existing water levels and water quality of the Groundwater in the areas likely to be affected by the Recovery; and
- (g) Any other information that Watermaster requires to be included.

10.9 Credits Against OBMP Assessments and Reimbursements. Any Producer, including the State of California, may make Application to Watermaster to obtain a credit against OBMP Assessments or for reimbursements by filing an Application that includes the following information:

- (a) The identity of the party to the Judgment;
- (b) The specific purposes of the OBMP satisfied by the proposed project;
- (c) The time the project is proposed to be implemented and a schedule for completion;
- (d) The projected cumulative project costs; and
- (e) The specific capital or operations and maintenance expenses incurred in the implementation of any project or program, including the cost of relocating Groundwater Production facilities.

10.10 Watermaster Summary and Notification of a Pending Application. Upon Watermaster's receipt of an Application for Recharge, Transfer, Storage, Recapture or for a credit or reimbursement, Watermaster shall prepare a written summary and an analysis (which will include an analysis of the potential for Material Physical Injury) of the Application and provide Active pParties to the Judgment with a copy of the written summary and advance notice of the date of Watermaster's scheduled consideration and possible action on any pending Applications. The notice shall be accompanied by the Watermaster summary and analysis and it shall reasonably describe the contents of the Application and the action requested by the Applicant. Watermaster shall provide the following minimum notice to the Active pParties to the Judgment:

- (a) Applications for Recharge: 30 (thirty) days.



- (b) Applications for Transfer: 30 (thirty) days.
  - (c) Applications for Storage and Recovery: 90 (ninety) days.
  - (d) Local Storage Agreement or Recapture: 30 (thirty) days.
- 10.11 All Applications Considered by Pool Committees. All Applications shall be considered by the Pool Committees. Following its completion of the summary and analysis and the issuance of the required notice as provided in section 10.10, Watermaster Staff shall place the Application on the first available Pool Committee Agenda for each of the respective Pool Committees for consideration, discussion, recommendations or proposed conditions. The Application shall not be considered by the Advisory Committee until at least twenty-one (21) days after the last of the three Pool Committee meetings to consider the matter.
- 10.12 Watermaster Investigations of Applications. Watermaster may, in its discretion, cause an investigation of the Groundwater or the portion of the Basin affected by a pending Application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations.
- 10.13 Contesting an Application. Following consideration of an Application by each Pool Committee, a Contest to the Application may be filed by any party to the Judgment. Contests to Applications filed by parties to the Judgment or other persons requesting Watermaster's approval pursuant to this Article shall be submitted in writing a minimum of fourteen (14) days prior to the date scheduled for Advisory Committee consideration and possible action. The Contest shall describe the basis for the Contest and the underlying facts and circumstances. Watermaster shall provide notice of the Contest to the Active Parties to the Judgment.
- 10.14 Contents of a Contest.
- (a) Each Contest shall include the name and address of the Contestant and show that the Contestant has read either the application or the related notice.
  - (b) If the Contest is based upon the allegation that the proposed action may result in Material Physical Injury to a party to the Judgment or the Basin, there shall be an allegation of the specific injury to the Contestant or to the Basin which may result from the proposed action and an identification of any then available evidence to support the allegation. If the Contest identifies documentary evidence other than Watermaster records or files, the Contestant shall serve copies of the documentary evidence on Watermaster and the Applicant seven (7) days prior to the hearing. *If relevant* to the Contest, the Contestant shall provide Watermaster with the location of the Contestant's extraction and place of use. The location shall be described with

sufficient accuracy so that the position thereof relative to the proposed action may be determined. *If relevant* to the Contest, the Contestant shall describe the Contestant's purpose of use.

- (c) If a Contest is based upon other grounds it shall summarize the grounds of the Contest.
- (d) The Contest shall set forth any conditions or amendments to the proposed action which, if agreed upon, would result in withdrawal of the Contest.
- (e) If Watermaster finds the Contest fails to comply with this provision, it may reject the Contest and deny the request for hearing if the Contestant fails to correct the defect and file a proper Contest within five (5) business days of the Watermaster's rejection. In any instance where a rebuttable presumption is applicable, the Watermaster shall include a statement in the rejection of the Contest that the Contestant has failed to reference any potential substantial evidence to overcome the presumption of no Material Physical Injury.

10.15 Extensions of Time and Continuance for Good Cause. An Applicant or Contestant may request an extension of time to file a Contest and Answer or for a continuance of a scheduled hearing and the request may be granted by Watermaster staff where good cause exists.

10.16 Applicant May Answer the Contest. An Applicant or project proponent may elect to file a written Answer to any Contest.

- (a) Contents. An Answer shall be responsive to the allegations contained in the Contest.
- (b) Time for Filing. Answers shall be filed at least seven (7) days prior to the scheduled hearing. If the Applicant intends to rely on documentary evidence other than Watermaster records or files, the Applicant shall serve copies of the documentary evidence upon Watermaster and the Contestant a minimum of three (3) days prior to the hearing.

10.17 Uncontested Applications by Parties to the Judgment.

- (a) The Advisory Committee and Watermaster Board shall consider and may approve any uncontested Application. No hearing shall be required for an uncontested Application by a party to the Judgment unless there is good cause to hold a hearing. Where good cause appears, the Advisory Committee and the Watermaster Board

may deny, condition, or continue an *uncontested* Application. However, Watermaster shall not deny an Application until it has referred the matter to a hearing officer. In the case of a proposed denial or conditional approval, and upon the request of the Applicant, Watermaster shall schedule an appropriate and timely hearing in general conformity with this Article X.

- (b) An uncontested Application shall be considered at the first regularly scheduled meeting of the Advisory Committee following the expiration of the Contest period.
- (c) The Advisory Committee shall consider the Application, the staff Summary and Analysis and staff report and any rebuttable presumption that may be applicable and make any determinations under the Judgment in accordance with the provisions of section 10.25 herein.
- (d) Following consideration by the Advisory Committee, the matter shall be transmitted to the Watermaster Board for consideration. The Watermaster Board shall also consider the Application, the staff summary and Analysis and staff report and any rebuttable presumption that may be applicable, as well as the Advisory Committee action consistent with the Judgment. The Board's determination shall be made in accordance with the provisions of section 10.25 herein.
- (e) In each case where Watermaster the Advisory Committee or Watermaster Board) denies or conditions an uncontested Application made by a party to the Judgment, it must support its determination by substantial evidence and act in a manner that is consistent with the Judgment and the Peace Agreement.

10.18 Contested Applications. In each case where a Contest is filed, the matter shall be set for hearing by Watermaster staff in coordination with the hearing officer and the parties to the proceeding.

10.19 Applications by Persons not Parties to the Judgment. In its sole discretion, Watermaster may review, consider, process and decide upon Applications made by persons not parties to the Judgment. However, Watermaster may not approve or conditionally approve such an Application without first holding a hearing in accordance with this Article X.

10.20 Complaints in General. Any party to the Judgment may file a Complaint with Watermaster alleging that the conduct of another person is causing or will cause Material Physical Injury in violation of these Rules and Regulations, the Judgment and the Peace Agreement.

- (a) The Complaint shall identify the name of the Complainant, the specific action or conduct that is causing or will or may cause Material Physical Injury, and any

recommended mitigation measures or conditions that might avoid or reduce the alleged Material Physical Injury.

- (b) Upon receipt of the Complaint by Watermaster, it shall prepare a summary of the allegations and serve the summary along with a notice of the Complaint to the parties to the Judgment within 30 (thirty) days from filing.
- (c) Any party to the Judgment may file an Answer to the Complaint within 14 (fourteen) days of the date of the notice of Complaint or other time as may be prescribed in the Watermaster notice of the Complaint.
- (d) Watermaster shall schedule a hearing on the Complaint within 30 (thirty) days of the notice of the Complaint.
- (e) A party to the Judgment's failure to appear or Contest a hearing on the approval of an Application of any matter before Watermaster shall not be a bar to the party's right to file a Complaint as provided herein. However, a party shall not be permitted to file a Complaint if it knew or should have known of a particular harm that that party would suffer and had a reasonable opportunity to object at the time of the original approval process but did not file such a Contest.
- (f) Any party to the Judgment may request an extension of time to file an Answer or to continue the hearing, which may be granted for good cause by Watermaster.
- (g) Any party to a Complaint proceeding that intends to rely upon documentary evidence at the hearing, other than Watermaster documents or files, shall serve copies of the evidence upon Watermaster and the other parties to the proceeding a minimum of seven (7) days in advance of the hearing.
- (h) Watermaster may, in its discretion, cause an investigation of the injury alleged to exist by the pending Complaint. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations.

10.21 All Complaints Considered by Pool Committees. All Complaints shall be considered by the Pool Committees. Following consideration by the respective Pool Committees, if the Complaint is not dismissed any person(s) directly impacted by the Complaint may file an Answer in accordance with the provisions of section 10.16 and the Complaint shall be set for hearing.

- 10.22 Designation of Hearing Officer for Applications, Contests and Complaints. The Watermaster Board shall develop and maintain a panel of five individuals that have technical expertise and some familiarity with the Basin. The hearing officer shall be selected by the mutual agreement of each side. If mutual agreement cannot be reached, each side to any hearing on an Application or Complaint shall rank their preferred hearing officer from one (1) to five (5). The panel member receiving the highest total score shall be selected by the Watermaster Board as the Hearing Officer, unless he or she is unable to serve in which case the panel member receiving the next highest rank shall be selected. Ties shall be broken by vote of the Watermaster Board. Watermaster may add or remove new members to the five member panel from time to time or as circumstances may warrant. There shall be only two sides in any hearing and intervenors shall be assigned to a side.
- 10.23 Duty of the Hearing Officer. The hearing officer shall conduct the hearings in accordance with the provisions of this Article. It shall be the responsibility of the hearing officer to compile the record, develop proposed findings and recommendations supported by substantial evidence in the record within thirty days of the hearing and transmit the record to the Advisory Committee and thereafter the Watermaster Board for further action. The hearing officer shall have and shall exercise the power to regulate all proceedings in any matter before it, and to take and do all acts and measures necessary or proper for the efficient performance of its duties.
- 10.24 Procedure at Hearings on Applications, Contests and Complaints
- (a) Parties Recognized at Hearing. Only the Applicant(s), Contestant(s), Watermaster staff and other party or parties to the Judgment which the hearing officer, in its discretion, allows to intervene as Applicant or Contestant, may be allowed to appear at the hearing.
  - (b) Appearances. Persons appearing on their own behalf shall identify themselves at the beginning of the hearing. When a person is represented by an agent or attorney, such agent or attorney shall likewise enter an appearance before the hearing officer and thereafter will be recognized as fully controlling the case on behalf of that party to the proceeding.
  - (c) Conduct of Hearings. Hearings shall be open to the public. The hearing officer has and shall exercise the power to regulate all proceedings in any manner before it, and to do all acts and take all measures necessary or proper for the efficient performance of its duties. The hearing officer may rule on the admissibility of evidence and may exercise such further and incidental authority as necessary for the conduct of the proceedings.

- (d) Evidence. The hearing need not be conducted according to technical rules of evidence and witnesses. Any relevant, non-repetitive evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient by itself to support a finding unless it would be admissible over objection in civil actions.
- (e) Rebuttable Presumption. A rebuttable presumption under these Rules and Regulations means that the presumption shall be sufficient to approve an Application, unless a party to the Judgment opposing the Application produces substantial evidence to rebut the presumption. Once the party to the Judgment opposing the Application produces substantial evidence in support of their contention that an action may cause Material Physical Injury to a party to the Judgment or the Basin, the presumption shall be deemed rebutted.
- (f) Official Notice. Before or after submission of a matter for decision, official notice may be taken by the Hearing Officer of such facts as may be judicially noticed by the courts of this State.
- (g) Evidence by Reference. Public records of Watermaster which are relevant to the subject of the hearing and books, reports or other papers and pleadings which have been prepared by Watermaster and submitted previously to the Court, may in the discretion of the hearing officer, be received into evidence as exhibits without the need of supplying copies to Watermaster or other parties to the proceeding.
- (h) Examination of Witnesses. Each party to the proceeding shall have the right to call and examine witnesses and introduce exhibits. Watermaster staff and consultants may participate in the hearing as appropriate, using their technical knowledge and experience for the primary purpose of developing a full, fair and accurate record, including the questioning of any witness or the agents for any party to the proceeding
- (i) Order of Procedure. There shall be an opening statement by Watermaster staff, summarizing the subject matter and purpose of the hearing and the procedures to be followed. The designated hearing officer will then ask all persons wishing to participate in the hearing to identify themselves. Staff shall present any written reports, or summary of any findings resulting from an investigation of the Application or the Complaint. The Applicant or the Complainant shall then proceed in the case in chief, followed by the Contestant(s) or the Respondents. The Applicant and the Complainant will then be afforded an opportunity to present any responsive evidence. The hearing officer may allow further response as the interests

of justice may require. Questions from the hearing officer or Watermaster staff shall be appropriate at any time.

- (j) Opening Statements and Closing Briefs. Prior to presenting their case, any party to the proceeding may file a written opening statement, or may make an oral opening statement, the length of which may be prescribed by the hearing officer. At the close of the hearing, if the hearing officer deems it advisable, time will be allowed for the filing of written briefs.
- (k) Record. The record of the hearing shall consist of all documents submitted for consideration as well as all testimony presented. Tape recordings of all testimony shall be made. Any party, at that party's sole expense, may have a court reporter present at the hearing.
- (l) Completion of Record. The Hearing Officer may request assistance from Watermaster staff and general counsel in completing the record, proposed findings and recommendations. The Hearing Officer shall transmit his or her proposed findings to the Advisory Committee within thirty days of the close of the hearing. The proposed findings of the hearing officer shall be based upon substantial evidence in the record.

#### 10.25 Watermaster Determinations.

- (a) Watermaster shall consider and may approve, deny, or condition any contested Application. Prior to rendering a determination on a contested Application or a Complaint, both the Advisory Committee or the Board may also each remand the matter for further findings by the hearing officer a maximum of one time each. The hearing officer shall conduct any additional hearings and complete its review and rehearing and transmit its subsequent report to the Advisory Committee within thirty days from the date of notice from Watermaster of the need for additional findings.
- (b) A contested Application or a Complaint shall be considered at the first regularly scheduled meeting of the Advisory Committee following the transmittal of the record, proposed findings of fact and recommendations by the hearing officer and no later than 30 days from the date of the hearing. The Advisory Committee shall consider the Application, the staff summary and analysis and staff report, any rebuttable presumption, the Contest, Answer, the record, proposed findings of fact and any recommendations of the hearing officer. The Advisory Committee may amend, modify, accept or reject the report of the hearing officer, or it may direct the hearing officer to conduct a re-hearing to receive additional evidence, direct the filing of additional briefs or request oral argument.

- (i) The findings and decision adopted by the Advisory Committee shall be supported by citations to substantial evidence in the record.
  - (ii) If the Advisory Committee fails to base its decision on substantial evidence in the record or fails to consider the proposed findings of fact developed by the Hearing Officer, subject to the right of the Advisory Committee to remand for further findings, any Advisory Committee mandate shall not be binding on the Watermaster Board. This provision shall not be considered in construing the power of the Watermaster Board or the Advisory Committee that may exist under the Judgment.
- (c) Following consideration by the Advisory Committee, the matter shall be transmitted to the Board for consideration within the next thirty (30) days. The Board shall also consider the Application, the staff summary, analysis and staff report, any rebuttable presumption that may be applicable, the Contest, the Answer, the record, the proposed findings of fact and recommendations of the hearing officer, as well as the Advisory Committee action consistent with the Judgment. The Watermaster Board may amend, modify, accept or reject the report of the hearing officer, or it may direct the hearing officer to conduct a re-hearing to receive additional evidence, direct the filing of additional briefs or request oral argument. If the Board directs the hearing officer to conduct a re-hearing, then the proposed findings of fact and any recommendations shall be transmitted to the Advisory Committee for re-consideration prior to transmittal to the Board.
- (d) Watermaster Action. In acting upon a Complaint, or by approving, denying or conditioning in whole or in part any Application under this Article, ~~Watermaster's determination (Advisory Committee and the Watermaster Board)~~ the determinations made by the Watermaster Advisory Committee and Board shall be based upon substantial evidence in the record developed by the hearing officer and then before ~~Watermaster~~ the Advisory Committee and Board. In making such determinations, ~~Watermaster (Advisory Committee and the Watermaster Board)~~ the Advisory Committee and Board shall act in a manner consistent with the Judgment, the Peace Agreement and these Rules and Regulations. ¶ Each shall support its determinations by written findings. ¶ Each shall consider all relevant evidence presented to ~~Watermaster (Advisory Committee and the Watermaster Board)~~ and give due consideration to the policies and purposes set forth in the Judgment as well as Article X, section 2 of the Peace Agreement and the OBMP Implementation Plan.



- (e) No Restriction on Rights to Judicial Review Following Determination by Watermaster. Nothing herein shall be construed as imposing any limitation on any party's rights to seek judicial review of a Watermaster decision under this Article pursuant to paragraph 31 of the Judgment once Watermaster has rendered a decision on the respective Application or, in the case of a Complaint, to seek judicial review of a Watermaster decision where a party to the Judgment has elected to pursue Watermaster review of an action under this Article.
- (f) Emergency Review. In the event of a sudden, unforeseen and unexpected emergency impacting the health, safety and welfare of a party to the Judgment or the Basin, the party to the Judgment may seek immediate judicial review in accordance with the provisions of the Judgment and the Local Rules.
- (g) Undue Delay. Absent a Watermaster determination that extraordinary circumstances exist, Watermaster shall render its final decision on any Application filed under this Article within 180 days from the date the Application is deemed complete by Watermaster Staff. In the event Watermaster fails to offer a satisfactory response to repeated requests by a party to the Judgment to approve, deny or condition an Application or to rule on a Complaint, a party to the Judgment may request judicial review of the matter prior to the final Watermaster action.
- (h) Effective Date of Watermaster Action.
  - (i) For purposes of judicial review, any action determination or rule of Watermaster shall be the date on which the decision is filed.
  - (ii) For the purposes of determining the date on which an approved Application pursuant to Article X shall be considered effective, the approval shall relate back to date the completed Application is filed.

10.26 Application, Contests, Complaints Fees and Expenses.

- (a) Each party to the proceeding shall bear its own costs and expenses associated with the proceeding.
- (b) Watermaster's summary and analysis and participation in any hearing under this Article X shall be considered a general Watermaster administrative expense.
- (c) Upon request by the Agricultural Pool, Non-Agricultural Pool, or Appropriative Pool, the parties shall renegotiate this section 10.26. This renegotiation shall consider, but shall not be limited to, the adoption of a Court-approved resolution to

address potential costs, fees and procedures incurred by parties to the Judgment and Watermaster in resolving frivolous and repetitiously unsuccessful similar contests.

- (d) Nothing herein shall be construed as precluding the right or claim by any party to the Judgment to request a reviewing Court under paragraph 31 of the Judgment to award litigation fees and costs to the extent such fees and costs may be available under general law.

# APPENDIX 1

# APPENDIX 2

Sample Assessment Package  
Sample Exhibits from Annual Report  
and  
Policies & Procedures

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS  
Approved 01/25/01

Base Initial Draft FY 01-02 Assessment

NOTE: Budget not updated, no production entered, etc.

MEMO ONLY

FULL CONDITIONAL

2001/2002 BUDGET

TOTALS

1999-00 Production in Acre-Feet & Exchanges  
2000-01 Production in Acre-Feet & Exchanges

ADMINISTRATIVE BUDGET

GENERAL & ADMINISTRATION

Administration, Advisory Committee & Watermaster Board (1)

OBMP #6900 & #7000 series

Pool Administration #8300, #8400, #8500

TOTAL GENERAL & ADMINISTRATION

ASSESSMENT	APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRICULTURAL POOL
TOTALS	Amount	Amount	Amount
(Acre-Feet)	(Acre-Feet)	(Acre-Feet)	(Acre-Feet)
178,820,363	126,643,389	44,400,900	7,774,074
44,400,900	0.000	44,400,900	0.000
	70.823%	100.000%	1.442%
	0.001%		-0.001%

General Administration	OBMP	General Administration	OBMP	General Administration	OBMP
\$7		\$684,987		\$7	
	\$15		\$1,549,736		\$15
9,873		55,792		5,442	
9,880		740,779		5,435	
	15		1,549,736		-15

PROJECT NUMBERS

#8370, #8470, #8570

#8380, #8480, #8580

#6950

ON-GOING SPECIAL PROJECTS

Meter Testing Program - Pool Specific

Monitoring - Pool Specific

Cooperative Efforts

TOTAL ON-GOING SPECIAL PROJECTS

TOTAL ADMINISTRATIVE BUDGET

Add: 33% Admin Operating Reserve, 0% OBMP

OBMP AG Pool Specific

OBMP EXERT AND STAFF #6900 & #7000 series

TOTAL 01/02 BUDGET & OPERATING RESERVE

Plus or (Minus)

00/01 Appropriative Pool Interest Revenue

CASH DEMAND for FY 2001/2002

Less: Funds on hand for Administrative Assessments 7/1/01

TOTAL 2001/2002 BUDGET

FUNDS TO BE ASSESSED OVER FY 2000/2001 PRODUCTION

RECOMMENDED 2001/2002 ASSESSMENTS:

General Administration Assessments

Minimum Assessments

Water Reallocation Costs (Revenues) (1)

2000/2001 ASSESSMENTS (FOR INFORMATION ONLY)

Footnotes:

(1) Total Costs have been allocated to Pools by actual production percentages.

(2) Cash on Hand for Appropriative Pool is June 30, 2000 Working Capital less interest revenue and less funds shown as

Cash on Hand for the Appropriative Pool and Ag Pool for Carryover Projects.

Cash on Hand for Agricultural Pool is the balance of funds assessed in 99/00 for Special Projects earned over to 00/01.

Cash on Hand for Non-Ag Pool is June 30, 2000 Working Capital.

(3) Appropriative Pool members have agreed to assume the Ag Pool's 2000-2001 administrative assessments in exchange

for unimpacted Ag water reallocated to the Appropriative Pool following the 98/99 production year.

(Per Minute action by the Appropriative Pool at their meeting of June 7, 1998.)

Costs have been allocated to each Appropriative Pool member based on its assigned share (percent) of Operating Safe Yield

Per Acre-Foot	#DIV/0!	#DIV/0!	#DIV/0!
Per Producer			
Per Acre-Foot			
	5,0000	0.0000	5,0000
		\$40,3587	
	\$8,4605	\$14,5195	\$3,4575

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS

APPROPRIATIVE POOL  
REALLOCATION OF UNPRODUCED AGRICULTURAL POOL SAFE YIELD

ACRE-FOOT TO BE REALLOCATED TO APPROPRIATORS (A)  
Agricultural Pool Annual Safe Yield 82,800.000  
Less Early Transfer: 32,800.000  
Less Pool Production: 44,400.900  
Under(Over) Production: 5,599.100  
32,800.000  
5,599.100  
0.000  
38,399.100

Appropriative Pool Party	Share of Operating Safe Yield (Percent)	Assigned Share of Operating Safe Yield (Acre-Feet)	Prior Yr One Time Transfer (Acre-Feet)	0.000	32,800 AF Annual Early Transfer (2)	Land Use Conversions (3)	Total Required Conversions (4)=(1)+(2)+(3)	Total Required Total Available (Acre-Feet)	Difference Btwn Total Required & Total Available (Acre-Feet)	Total Reallocated (Acre-Feet)	Administration \$25,657.8	Assessments per acre-foot OBMF \$40,358.7	2000-01 Safe Yield Reallocation (Acre-Feet)
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	\$0.00	\$0.00	0.000
City of Chino	7.357%	4,033.857	0.000	0.000	2,413.096	2,368.410	4,781.51	-338.451	4,423.055	4,423.055	113,485.86	178,508.76	4,423.055
Cueamonga County Water District	6.601%	3,619.454	0.000	0.000	2,165.128	598.364	2,763.49	-321.617	2,441.875	2,441.875	62,653.15	98,550.91	2,441.875
Fontana Union Water Company	11.666%	6,396.736	0.000	0.000	3,826.448	0.000	3,826.45	-568.396	3,258.052	3,258.052	83,594.45	131,490.75	3,258.052
Fontana Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.000
Jurupa Community Services (B)	3.759%	2,061.118	0.000	0.000	1,232.952	5,656.550	6,889.50	-183.148	6,706.354	6,706.354	172,070.30	270,659.75	6,706.354
Marygold Mutual Water Co	1.195%	655.317	0.000	0.000	391.960	0.000	391.96	-58.223	333.737	333.737	8,562.95	13,469.18	333.737
Monte Vista Water District	8.797%	4,823.954	0.000	0.000	2,885.416	36.595	2,922.01	-428.611	2,493.400	2,493.400	63,975.16	100,630.38	2,493.400
Monte Vista Irrigation Co	1.234%	676.759	0.000	0.000	404.752	0.000	404.75	-60.123	344.629	344.629	8,842.41	13,908.76	344.629
M/W Co./Glen Avon Heights (B)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.000
City of Norco	0.368%	201.545	0.000	0.000	120.704	0.000	120.70	-17.930	102.774	102.774	2,636.96	4,147.83	102.774
City of Ontario	20.742%	11,373.816	0.000	0.000	6,803.376	894.557	7,697.93	-1,010.600	6,687.333	6,687.333	171,582.24	269,892.05	6,687.333
City of Pomona	20.454%	11,215.852	0.000	0.000	6,708.912	0.000	6,708.91	-996.568	5,712.344	5,712.344	146,566.17	230,542.76	5,712.344
San Antonio Water Co	2.748%	1,506.888	0.000	0.000	901.344	0.000	901.34	-133.889	767.455	767.455	19,691.20	30,973.48	767.455
S.B. County (Olympic +)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.000
City of Chino Hills	3.851%	2,111.422	0.000	0.000	1,263.128	916.866	2,179.99	-187.630	1,992.364	1,992.364	51,119.68	80,409.22	1,992.364
Santa Ana River Water Co	2.373%	1,301.374	0.000	0.000	778.344	0.000	778.34	-115.618	662.726	662.726	17,004.08	26,746.75	662.726
Southern California Water Co	0.750%	411.476	0.000	0.000	246.000	0.000	246.00	-36.542	209.458	209.458	5,374.24	8,453.46	209.458
City of Upland	5.202%	2,852.401	0.000	0.000	1,706.256	0.000	1,706.26	-253.454	1,452.802	1,452.802	37,275.70	58,633.20	1,452.802
West End Consolidated Water Co	1.728%	947.714	0.000	0.000	566.784	0.000	566.78	-84.192	482.592	482.592	12,382.24	19,476.77	482.592
West San Bernardino CWD	1.175%	644.317	0.000	0.000	385.400	0.000	385.40	-57.249	328.151	328.151	8,419.64	13,243.75	328.151
<b>TOTALS</b>	<b>100.000%</b>	<b>54,834.000</b>	<b>0.000</b>	<b>0.000</b>	<b>32,800.000</b>	<b>10,471.342</b>	<b>43,271.342</b>	<b>-4,872.242</b>	<b>38,399.100</b>	<b>38,399.100</b>	<b>\$985,236.43</b>	<b>\$1,549,737.76</b>	<b>38,399.100</b>

(A) Judgment Paragraph 44, pg 25;  
Paragraph 46, pg 26; Exhibit E, Paragraph 10, pg 73.

(B) Jurupa Community Services District acquired

Mutual Water Company of Glen Avon Safe Yield Rights in FY 96/97

Producer	Acres Converted @ 1.3 af/ac (Acre-Feet)	Prior Converted (AF)	Total Prior to Peace Agmt Converted (AF)	Total Post Peace Agmt Converted AF
Chino	1,454,750	1,891,175	2,087,410	2,368,410
Chino Hills	670,266	871,346	871,346	916,866
Cueamonga County WD	460,280	598,364	598,364	598,364
Jurupa CSD	3,094,500	4,022,850	4,022,850	5,656,550
Monte Vista WD	28,150	36,595	36,595	36,595
Ontario	527,044	685,157	894,557	894,557
<b>Totals</b>	<b>6,234,990</b>	<b>8,105,487</b>	<b>8,511,122</b>	<b>10,471,342</b>

CHINO BASIN WATERMASTER  
2001-02 ASSESSMENTS

2000-01 APPROPRIATIVE POOL PRODUCTION

PRODUCER	Notes*	Carry-Over From 1999-00 Production	Assigned Share of Safe Yield	Water		Ag Pool Safe Yield Reallocation	Annual Production Right	2000-01 Production	MWD Exchanges	Net Over-Production 15%/85%	100%	Under Production Balances		
				Transaction To/(From)	Activity							2000-01 Total Under- Produced	Carry-Over To 2000-01 Production	Excess Carryover
Inland Empire Utilities Agency		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
City of Chino	1	2,851,846	4,033,857	478,205	478,205	4,423,055	11,786,963	0.000	0.000	0.000	0.000	11,786,963	4,033,857	7,753,106
Cucamonga County Water District		3,619,454	3,619,454	7,584,091	7,584,091	5,699,928	20,522,927	0.000	0.000	0.000	0.000	20,522,927	3,619,454	16,903,473
Fontana Union Water Company	2,12,16	0.000	6,396,736	(6,396,736)		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	2,3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Junipera Community Services	4,13	1,730,430	2,061,118	244,335	244,335	6,706,354	10,742,237	0.000	0.000	0.000	0.000	10,742,237	2,061,118	8,681,119
Marygold Mutual Water Company		655,317	655,317	77,575	77,575	333,737	1,722,046	0.000	0.000	0.000	0.000	1,722,046	655,317	1,066,729
Monte Vista Water District	14	2,806,868	4,823,954	571,805	571,805	2,493,400	10,696,027	0.000	0.000	0.000	0.000	10,696,027	4,823,954	5,872,073
Monte Vista Irrigation Co	7	676,759	676,759	80,210	80,210	344,629	1,778,357	0.000	0.000	0.000	0.000	1,778,357	676,759	1,101,598
M/W Co./Glen Avon Heights		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
City of Norco		201,545	201,545	23,920	23,920	102,774	529,784	0.000	0.000	0.000	0.000	529,784	201,545	328,239
City of Ontario	6	6,573,831	11,373,816	1,348,230	1,348,230	6,687,333	25,983,210	0.000	0.000	0.000	0.000	25,983,210	11,373,816	14,609,394
City of Pomona	9	19,446	11,215,852	1,329,510	1,329,510	5,712,344	18,277,152	0.000	0.000	0.000	0.000	18,277,152	11,215,852	7,061,300
San Antonio Water Company	1,4	1,506,888	1,506,888	178,620	178,620	767,455	3,959,851	0.000	0.000	0.000	0.000	3,959,851	1,506,888	2,452,963
S. B. County (Olympic+ )		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
City of Chino Hills		2,111,422	2,111,422	250,315	250,315	1,992,364	6,465,523	0.000	0.000	0.000	0.000	6,465,523	2,111,422	4,354,101
Santa Ana River Water Compa	5	1,301,374	1,301,374	154,245	154,245	662,726	3,419,719	0.000	0.000	0.000	0.000	3,419,719	1,301,374	2,118,345
Southern California Water Co		411,476	411,476	48,750	48,750	209,458	1,081,160	0.000	0.000	0.000	0.000	1,081,160	411,476	669,684
City of Upland	10	2,852,401	2,852,401	338,130	338,130	1,452,802	7,495,734	0.000	0.000	0.000	0.000	7,495,734	2,852,401	4,643,333
West End Consol. Water Co.		947,714	947,714	112,320	112,320	482,592	2,490,340	0.000	0.000	0.000	0.000	2,490,340	947,714	1,542,626
West San Bernardino CWD		644,317	644,317	76,375	76,375	328,151	1,693,160	0.000	0.000	0.000	0.000	1,693,160	644,317	1,048,843
Arrowhead Mtn. Spring Water Co.		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Los Serranos Country Club		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dept of Toxic Substances		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MWDSC	11,15	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTALS		28,911,088	54,834,000	6,500,000	6,500,000	38,399,100	128,644,188	0.000	0.000	0.000	0.000	128,644,188	48,437,264	80,206,924

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS

## 2000-01 PRODUCTION REPLENISHMENT

**WATER REPLENISHMENT OBLIGATIONS -  
PRODUCTION IN EXCESS OF SAFE YIELD:  
Appropriative Pool Replenishment Obligation  
Non-Agricultural Pool Replenishment Obligation**

COST OF REPLENISHMENT WATER PER ACRE FOOT:	
Metropolitan Water District Replenishment Water Ra	\$233.00
Projected Water Spreading Cost	10.00
To	<u>\$243.00</u>

TOTAL ACRE FEET TO BE REPLENISHED

[illegible]

## REPLENISHMENT ASSESSMENTS:

15%-85% Group Assessments  
0.000 @ \$243.00 per Acre-Foot  
Less Prepaid 15% Gross Assessments

100% Gross Assessments  
0.000 @ \$243.00 per Acre Foot

Total Assessments

### ASSESSMENTS PER ACRE FOOT



CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS

APPROPRIATIVE POOL  
ASSESSMENT ADJUSTMENTS TO POOL MEMBERS

PRODUCER	Peace Agreement		Cost of Credits Prorated	85%/15% Water Activity Adjustments		1st 6-Mo Assessment Adjustment	Prior Year Interest Revenue		Total 2000-01 Adjustments
	6500 AF NZI Water Assmt \$	Kaiser Canallus Credit \$15,000	Pomona Credit \$66,667	AF Production & MWD Exchange	Producer 15% Credits	Prorated 15% Debits	Paid Assessments	Interest Proration	
Inland Empire Utilities Agency	\$0.00	\$0.00	\$0.00	0.000	\$0.00	#DIV/0!	\$553.63	0.00	#DIV/0!
City of Chino	116,203.82	0.00	0.00	0.000	0.00	#DIV/0!	258,351.85	0.00	#DIV/0!
Cucamonga County Water District	104,262.80	0.00	0.00	0.000	0.00	#DIV/0!	(8,640.75)	0.00	#DIV/0!
Fontana Union Water Co.	184,264.47	0.00	0.00	0.000	0.00	#DIV/0!	90,690.07	0.00	#DIV/0!
Fontana Water Co.	0.00	0.00	0.00	0.000	0.00	#DIV/0!	214,299.16	0.00	#DIV/0!
Jurupa Community Services	50,373.41	0.00	0.00	0.000	0.00	#DIV/0!	391,950.81	0.00	#DIV/0!
Marygold Mutual Water Co.	18,875.03	0.00	0.00	0.000	0.00	#DIV/0!	(545.70)	0.00	#DIV/0!
Monte Vista Water District	138,948.62	0.00	0.00	0.000	0.00	#DIV/0!	276,300.22	0.00	#DIV/0!
Monte Vista Irrigation Co.	19,491.03	0.00	0.00	0.000	0.00	#DIV/0!	(80.12)	0.00	#DIV/0!
Mutual Wtr Co. of Glen Avon Hts	0.00	0.00	0.00	0.000	0.00	#DIV/0!	0.00	0.00	#DIV/0!
City of Norco	\$812.56	0.00	0.00	0.000	0.00	#DIV/0!	61.56	0.00	#DIV/0!
City of Ontario	327,619.89	0.00	0.00	0.000	0.00	#DIV/0!	12,510.82	0.00	#DIV/0!
City of Pomona	232,070.93	0.00	(66,667.00)	0.000	0.00	#DIV/0!	3,490.01	0.00	#DIV/0!
San Antonio Water Co.	43,404.66	0.00	0.00	0.000	0.00	#DIV/0!	(1,633.08)	0.00	#DIV/0!
San Bernardino County (Olympic +)	0.00	0.00	0.00	0.000	0.00	#DIV/0!	3.70	0.00	#DIV/0!
City of Chino Hills	60,826.55	0.00	0.00	0.000	0.00	#DIV/0!	(3,302.08)	0.00	#DIV/0!
Santa Ana River Water Co.	37,481.54	0.00	0.00	0.000	0.00	#DIV/0!	34.39	0.00	#DIV/0!
Southern California Water Co.	11,846.25	0.00	0.00	0.000	0.00	#DIV/0!	164.47	0.00	#DIV/0!
City of Upland	82,165.59	0.00	0.00	0.000	0.00	#DIV/0!	11,626.05	0.00	#DIV/0!
West End Consolidated Water Co.	27,293.76	0.00	0.00	0.000	0.00	#DIV/0!	94,795.44	0.00	#DIV/0!
West San Bernardino Co Water Dist.	18,558.13	0.00	0.00	0.000	0.00	#DIV/0!	131,440.26	0.00	#DIV/0!
Arrowhead Mtn. Spring Water Co.	0.00	0.00	0.00	0.000	0.00	#DIV/0!	9,139.22	0.00	#DIV/0!
Los Serranos Country Club	0.00	0.00	0.00	0.000	0.00	#DIV/0!	2,805.60	0.00	#DIV/0!
Pyrite Canyon Group	0.00	0.00	0.00	0.000	0.00	#DIV/0!	3,168.01	0.00	#DIV/0!
MWDSC	0.00	0.00	0.00	0.000	0.00	#DIV/0!	(907.09)	0.00	#DIV/0!
CCO Ontario LLC	0.00	0.00	0.00	0.000	0.00	#DIV/0!	0.00	0.00	\$0.00
Assessments Paid/Interest Earned	\$1,579,500.00	\$0.00	(566,667.00)	0.000	\$0.00	#DIV/0!	\$2,720,874.78	\$0.00	#DIV/0!

Interest proration should be zero if received  
a credit for the prior year assessment

Water activity adjustments:  
Prepurchase adjustments 0.00  
85/15 adjustment 0.00  
Total activity adjustments 0.00  
85%/15% Group AF Prod 0.000  
Adjustment per acre foot #DIV/0!

Pool Interest to be allocated:  
Total Interest Earned \$0.00  
Plus SEB222 Portion \$0.00  
Total interest adjustment

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS  
APPROPRIATIVE POOL ASSESSMENTS

Producer	ADMINISTRATIVE ASSESSMENTS				REPLACEMENT ASSESSMENTS				Assessment Adjustments From Page 8	2nd 6-Mo FY 00-01 Assessments
	Acre-Feet Produced	Gross Admin. #DIV/01	QBMP #DIV/01	Ag Pool Safe Yield Reallocation Admin. #DIV/01	QBMP #DIV/01	15% Gross Assessments Acre-Feet	Assessment #DIV/01	85% Net Assessments Acre-Feet	Assessment #DIV/01	
Inland Empire Utilities Agency	0.000	#DIV/01	#DIV/01	50.00	\$0.00	0.000	#DIV/01	0.000	\$0.00	#DIV/01
City of Chino	0.000	#DIV/01	#DIV/01	112,485.86	178,508.76	0.000	#DIV/01	0.000	0.00	#DIV/01
Orange County Water District	0.000	#DIV/01	#DIV/01	62,653.15	98,550.91	0.000	#DIV/01	0.000	0.00	#DIV/01
Fountain Union Water Company	0.000	0.00	#DIV/01	83,594.45	131,490.75	0.000	#DIV/01	0.000	0.00	#DIV/01
Fountain Water Company	0.000	#DIV/01	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
Juana Community Services	0.000	#DIV/01	#DIV/01	172,070.30	270,659.75	0.000	#DIV/01	0.000	0.00	#DIV/01
Marygold Mutual Water Company	0.000	0.00	#DIV/01	8,562.95	13,469.18	0.000	#DIV/01	0.000	0.00	#DIV/01
Monte Vista Water District	0.000	#DIV/01	#DIV/01	63,975.16	100,630.38	0.000	#DIV/01	0.000	0.00	#DIV/01
Monte Vista Irrigation Company	0.000	0.00	#DIV/01	8,842.41	13,908.76	0.000	#DIV/01	0.000	0.00	#DIV/01
MV Co Glen Avon Heights	0.000	0.00	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
City of Norco	0.000	#DIV/01	#DIV/01	2,656.96	4,147.83	0.000	#DIV/01	0.000	0.00	#DIV/01
City of Ontario	0.000	#DIV/01	#DIV/01	171,582.24	269,892.03	0.000	#DIV/01	0.000	0.00	#DIV/01
City of Pomona	0.000	#DIV/01	#DIV/01	146,566.17	230,542.76	0.000	#DIV/01	0.000	0.00	#DIV/01
San Antonio Water Company	0.000	#DIV/01	#DIV/01	19,691.20	30,973.48	0.000	#DIV/01	0.000	0.00	#DIV/01
S.B. County (Olympic 4)	0.000	#DIV/01	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
City of Chino Hills	0.000	#DIV/01	#DIV/01	51,119.68	80,409.22	0.000	#DIV/01	0.000	0.00	#DIV/01
Santa Ana River Water Company	0.000	#DIV/01	#DIV/01	17,004.08	26,746.75	0.000	#DIV/01	0.000	0.00	#DIV/01
Southern California Water Company	0.000	#DIV/01	#DIV/01	5,374.24	8,451.46	0.000	#DIV/01	0.000	0.00	#DIV/01
City of Upland	0.000	#DIV/01	#DIV/01	37,275.70	58,633.20	0.000	#DIV/01	0.000	0.00	#DIV/01
West End Consolidated Water Company	0.000	0.00	#DIV/01	12,382.24	19,476.77	0.000	#DIV/01	0.000	0.00	#DIV/01
West San Bernardino CWD	0.000	0.00	#DIV/01	8,419.64	13,241.75	0.000	#DIV/01	0.000	0.00	#DIV/01
Arrowhead MTR. Spring Water Company	0.000	#DIV/01	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
Los Serranos Country Club	0.000	0.00	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
Dept of Toxic Substances	0.000	0.00	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
MWDSC	0.000	0.00	#DIV/01	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
Rep'l Exchange Reimbursement	0.000	0.00	0.00	0.00	0.00	0.000	#DIV/01	0.000	0.00	#DIV/01
Total Acre-Feet	0.000	#DIV/01	#DIV/01	\$985,216.43	\$1,549,737.76	0.000	#DIV/01	0.000	\$0.00	#DIV/01
Total Assessments										(A)

(1) Under the "Mini Conjunctive Use Agreement", MWD agreed to pay administrative assessments on water produced from its account.  
(A) The assessment shown here does not include the 6,500 of supplemental water assessment shown in the second column on page 8.

	(percent) Share of Operating Safe Yield	New Yield Developed					(AF) Net Water By Appropriator	(AF) Net Cost By Appropriator
		(AF) Safe Yield Repli. Water Required	(AF) Desalter Replenishment Water Required	(AF) Rising Water Captured	(AF) Storm Water Recharged			
Appropriative Pool Party								
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	\$0.00
City of Chino	7.357%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Cucamonga County Water District	6.601%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Fontana Union Water Company	11.666%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Fontana Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Jurupa Community Services (B)	3.759%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Marygold Mutual Water Company	1.195%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Monte Vista Water District	8.797%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Monte Vista Irrigation Company	1.234%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
M/W Co./Glen Avon Heights (B)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
City of Norco	0.368%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
City of Ontario	20.742%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
City of Pomona	20.454%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
San Antonio Water Company	2.748%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
S.B. County (Olympic +)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
City of Chino Hills	3.851%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Santa Ana River Water Company	2.373%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Southern California Water Company	0.750%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
City of Upland	5.202%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
West End Consolidated Water Com	1.728%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
West San Bernardino CWD	1.175%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
Arrowhead Mtn. Spring Water Co.	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.00
TOTALS	100.000%	0.000	0.000	0.000	0.000	0.000	0.000	\$0.00

**CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS**

**2000-2001 OVERLYING (NON-AGRICULTURAL) POOL PRODUCTION**

PRODUCER	NOTES	Carry-Over From 99-00	Share of Operating Safe Yield	Transfers	2000-01 Production & Exchange	Net Over Production	Carry-Over To 2001-02	Eligible for Local Storage	Amount In Storage From 1999-00	Storage Transfer	Local Storage At Yr End 2000-01
Ameron Steel		97,858	97,858	0.000	0.000	0.000	97,858	97,858	1,365,091	0.000	1,462,949
Vulcan Materials Co.(Calmat)(1)	1	317,844	317,844	0.000	0.000	0.000	317,844	317,844	6,944,178	0.000	7,262,022
CCG Ontario LLC	6, 9, 10	1,155,274	1,155,274	0.000	0.000	0.000	1,155,274	1,155,274	4,547,044	0.000	5,702,318
S. B. County, Chino Airport	8	4,470	133,870	0.000	0.000	0.000	133,870	4,470	0.000	0.000	4,470
Southern Calif Edison Company		27,959	27,959	0.000	0.000	0.000	27,959	27,959	27,959	0.000	55,918
Reliant Energy, Etiwanda	4	768,460	954,540	0.000	0.000	0.000	954,540	768,460	6,287,041	0.000	7,055,501
Angelica Rental Service	2	0.000	18,789	0.000	0.000	0.000	0.000	18,789	0.000	0.000	18,789
Space Center-Mira Loma		104,121	104,121	0.000	0.000	0.000	104,121	104,121	467,240	0.000	571,361
California Speedway	9	0.000	475,000	0.000	0.000	0.000	0.000	475,000	0.000	0.000	475,000
Sunkist	7	1,873,402	1,873,402	0.000	0.000	0.000	1,873,402	1,873,402	6,825,715	0.000	8,699,117
Swan Lake		464,240	464,240	0.000	0.000	0.000	464,240	464,240	1,789,723	0.000	2,253,963
Praxair Inc.	3	427,446	427,446	0.000	0.000	0.000	427,446	427,446	2,776,566	0.000	3,204,012
California Steel Industries (CSI)	3, 6	1,300,000	1,300,000	0.000	0.000	0.000	1,300,000	1,300,000	0.000	0.000	1,300,000
West Venture Development		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Electric - Geomatrix	5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTALS</b>		<b>6,541,074</b>	<b>7,350,343</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>6,856,554</b>	<b>7,034,863</b>	<b>31,030,557</b>	<b>0.000</b>	<b>38,065,420</b>

**FOOTNOTES:**

- (1) Calmat Properties, formerly Conrock, became Vulcan Materials in 99-00.
- (2) Southern Service Company became Angelica Rental Service in FY 94-95.
- (3) Union Carbide Corp. became Praxair Inc. in FY 94-95. Fontana Water Company entered into two agency agreements with Praxair & CSI in calendar year 1996.  
Praxair assigned 205,076 af. CSI had not assigned water to FWC for service it provided to them in FY 99-00 as of this printing.
- (4) Reliant Energy leased 2,500,000 af from City of Pomona to offset FY 99-00 production.
- (5) GE pumped and recharged after treatment. 558,850 af, pursuant to the Judgment, they are assessed 3% losses due to spreading.
- (6) Kaiser/CSI received court approval on settlement Dec 20, 1995. CSI was assigned 1300,000 af permanent right as of July 1, 1995. Kaiser 1000 af & 630,274 af of Joint Water Rights per Water Rights Agreement and Water Rights Acknowledgement dated in October 1995. The agreement allows for removal of water from storage to satisfy the assignment.
- (7) Sunkist and Ontario entered into an Agency Agreement for the assignment of water provided by Ontario to Sunkist, which was 1,448,973 af in FY 99-00.
- (8) San Bernardino County Department of Airports assigned 129,400 af of production to the City of Chino under an Agency agreement approved by Watermaster. It is included in their production and not included in Chino's production.
- (9) Kaiser/SDC entered into a Water Rights agreement similar to Kaiser/CSI's on November 21, 1995. The agreement provides for 475 af to be held as "tenants in common", with SDC having the first priority for use of the rights, but no carryover or storage rights for unused water.
- (10) Kaiser Ventures sold its last property holdings & all water rights to CCG Ontario LLP on August 16, 2000.

**FY 2000-01 OVERLYING (NON-AGRICULTURAL) POOL**

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS  
NET REPLENISHMENT

PRODUCER	NOTES*	GROSS ADMINISTRATIVE ASSESSMENTS					ASSESSMENTS		
		2000-01	Administration	OBMP	Acre-Feet	Exceeding	Per Acre-Foot	Assessment	Adjustments
		Production	#DIV/0!	#DIV/0!	Safe Yield	#DIV/0!	#DIV/0!		
Ameron Steel		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	\$0.23	
Vulcan Materials Co.(Calma)(1)		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	0.45	
CCG Ontario LLC	6.9	0.000	0.00	#DIV/0!	0.000	#DIV/0!	#DIV/0!	0.00	
S. B. County, Chino Airport	8	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	6.83	
Southern Calif Edison Company		0.000	0.00	#DIV/0!	0.000	#DIV/0!	#DIV/0!	0.00	
Reliant Energy, Elivanda	4	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	191.86	
Angelica Rental Service	2	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	0.00	1.67	
Space Center-Mira Loma		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	(287.32)	
Californin Speedway	9	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	0.00	47.42	
Sunkist	7	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	97.68	
Swan Lake		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	18.19	
Praxair Inc.	3	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	10.81	
California Steel Industries (CSI)	3.6	0.000	0.00	#DIV/0!	0.000	#DIV/0!	#DIV/0!	0.00	
West Venture Development		0.000	0.00	#DIV/0!	0.000	#DIV/0!	#DIV/0!	0.00	
General Electric - Geomatrix	5	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	0.00	29.46	
TOTALS		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	#DIV/0!	\$117.28	

\* Non-Agricultural Pool Notes are on Page 11

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS

2000-2001 OVERLYING (NON-AGRICULTURAL) POOL PRODUCTION

PRODUCER	NOTES	Carry-Over From 99-00	Share of Operating Safe Yield	Transfers	2000-01 Production & Exchange	Net Over Production	Carry-Over To 2001-02	Eligible for Local Storage	Amount In Storage From 1999-00	Storage Transfer	Local Storage At Yr End 2000-01
Ameron Steel		97,858	97,858	0.000	0.000	0.000	97,858	97,858	1,365,091	0.000	1,462,949
Vulcan Materials Co.(Calma)(1)	1	317,844	317,844	0.000	0.000	0.000	317,844	317,844	6,944,178	0.000	7,262,022
CCG Ontario LLC	6, 9, 10	1,155,274	1,155,274	0.000	0.000	0.000	1,155,274	1,155,274	4,547,044	0.000	5,702,318
S. B. County, Chino Airport	8	4,470	133,870	0.000	0.000	0.000	133,870	4,470	0.000	0.000	4,470
Southern Calif Edison Company		27,959	27,959	0.000	0.000	0.000	27,959	27,959	27,959	0.000	55,918
Reliant Energy, Etiwanda	4	768,460	954,540	0.000	0.000	0.000	954,540	768,460	6,287,041	0.000	7,055,501
Angelica Rental Service	2	0.000	18,789	0.000	0.000	0.000	0.000	18,789	0.000	0.000	18,789
Space Center-Mira Loma		104,121	104,121	0.000	0.000	0.000	104,121	104,121	467,240	0.000	571,361
California Speedway	9	0.000	475,000	0.000	0.000	0.000	0.000	475,000	0.000	0.000	475,000
Sunkist	7	1,873,402	1,873,402	0.000	0.000	0.000	1,873,402	1,873,402	6,825,715	0.000	8,699,117
Swan Lake		464,240	464,240	0.000	0.000	0.000	464,240	464,240	1,789,723	0.000	2,253,963
Praxair Inc.	3	427,446	427,446	0.000	0.000	0.000	427,446	427,446	2,776,566	0.000	3,204,012
California Steel Industries (CSI)	3, 6	1,300,000	1,300,000	0.000	0.000	0.000	1,300,000	1,300,000	0.000	0.000	1,300,000
West Venture Development		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Electric - Geomatrix	5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTALS		6,541,074	7,350,343	0.000	0.000	0.000	6,856,554	7,034,863	31,030,557	0.000	38,065,420

FOOTNOTES:

- (1) Calmat Properties, formerly Conrock, became Vulcan Materials in 99-00.
- (2) Southern Service Company became Angelica Rental Service in FY 94-95.
- (3) Union Carbide Corp. became Praxair Inc. in FY 94-95. Fontana Water Company entered into two agency agreements with Praxair & CSI in calendar year 1996.  
Praxair assigned 205,076 af. CSI had not assigned water to FWC for service it provided to them in FY 99-00 as of this printing.
- (4) Reliant Energy leased 2,500,000 af from City of Pomona to offset FY 99-00 production.
- (5) GE pumped and recharged after treatment, 558,850 af, pursuant to the Judgment, they are assessed 3% losses due to spreading.
- (6) Kaiser/CSI received court approval on settlement Dec 20, 1995. CSI was assigned 1300,000 af permanent right as of July 1, 1995, Kaiser 1000 af & 630,274 af of Joint Water Rights per Water Rights Agreement and Water Rights Acknowledgement dated in October 1995. The agreement allows for removal of water from storage to satisfy the assignment.
- (7) Sunkist and Ontario entered into an Agency Agreement for the assignment of water provided by Ontario to Sunkist, which was 1,448,973 af in FY 99-00.
- (8) San Bernardino County Department of Airports assigned 129,400 af of production to the City of Chino under an Agency agreement approved by Watermaster. It is included in their production and not included in Chino's production.
- (9) Kaiser/SDC entered into a Water Rights agreement similar to Kaiser/CSI's on November 21, 1995. The agreement provides for 475 af to be held as "tenants in common", with SDC having the first priority for use of the rights, but no carryover or storage rights for unused water.
- (10) Kaiser Ventures sold its last property holdings & all water rights to CCG Ontario LLP on August 16, 2000.

FY 2000-01 OVERLYING (NON-AGRICULTURAL) POOL

CHINO BASIN WATERMASTER  
2000/2001 ASSESSMENTS  
NET REPLENISHMENT

PRODUCER	NOTES*	GROSS ADMINISTRATIVE ASSESSMENTS				ASSESSMENTS			
		2000-01 Production	Assessed per Acre-Foot		OBMP	Acre-Foot Exceeding Safe Yield	Assessment Per Acre-Foot #DIV/0!	Assessment Adjustments	
			#DIV/0!	#DIV/0!					
Ameron Steel		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	\$0.23		
Vulcan Materials Co.(Calmat)(1)		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	0.45		
CCG Ontario LLC	6.9	0.000	0.00	#DIV/0!	0.000	#DIV/0!	0.00		
S. B. County, Chino Airport	8	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	6.83		
Southern Calif Edison Company		0.000	0.00	#DIV/0!	0.000	#DIV/0!	0.00		
Reliant Energy, Etiwanda	4	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	191.86		
Angelica Rental Service	2	0.000	#DIV/0!	#DIV/0!	0.000	0.00	1.67		
Space Center-Mira Loma		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	(287.32)		
California Speedway	9	0.000	#DIV/0!	#DIV/0!	0.000	0.00	47.42		
Sunkist	7	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	97.68		
Swan Lake		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	18.19		
Praxair Inc.	3	0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	10.81		
California Steel Industries (CSI)	3.6	0.000	0.00	#DIV/0!	0.000	#DIV/0!	0.00		
West Venture Development		0.000	0.00	#DIV/0!	0.000	#DIV/0!	0.00		
General Electric - Geomatrix	5	0.000	#DIV/0!	#DIV/0!	0.000	0.00	29.46		
TOTALS		0.000	#DIV/0!	#DIV/0!	0.000	#DIV/0!	\$117.28		

\* Non-Agricultural Pool Notes are on Page 11

APPENDIX B <sup>(1)</sup>

GROUNDWATER PRODUCTION BY POOL  
(ACRE-FEET)

Fiscal Year	Appropriative Pool	Overlying (Agricultural) Pool	Overlying (Non-Agricultural) Pool	Total
74-75	70,312	96,567	8,878	175,757
75-76	79,312	95,349	6,356	181,017
76-77	72,707	91,450	9,198	173,355
77-78	60,659	83,934	10,082 <sup>(2)</sup>	154,675
78-79	60,597	73,688	7,127	141,412
79-80	63,834	69,369	7,363	140,566
80-81	70,726	68,040	5,650	144,416
81-82	66,731	65,117	5,684	137,532
82-83	63,481	56,759	2,395	122,635
83-84	70,558	59,033	3,208	132,799
84-85	76,912	55,543	2,415	134,870
85-86	80,859	52,061	3,193	136,113
86-87	84,662	59,847	2,559	147,068
87-88	91,579 <sup>(3)</sup>	57,865	2,958	152,042
88-89	93,617 <sup>(4)</sup>	46,762	3,619	143,998
89-90	101,344 <sup>(5)</sup>	48,420	4,856	154,620
90-91	86,658 <sup>(6)</sup>	48,085	5,407	140,150
91-92	91,982 <sup>(7)</sup>	44,682	5,240	141,904
92-93	86,367 <sup>(8)</sup>	44,092	5,464	135,923
93-94	80,798 <sup>(9)</sup>	44,298	4,586	129,682
94-95	93,419 <sup>(10)</sup>	55,022	4,327	152,768
95-96	101,606 <sup>(11)</sup>	43,639	5,424	150,669
96-97	110,163 <sup>(12)</sup>	44,809	6,309	161,281
97-98	97,435 <sup>(13)</sup>	43,345	4,955 <sup>(14)</sup>	145,735
98-99	107,723	47,538	7,006	162,267
99-00	126,645	44,401	7,774	178,820



APPENDIX B  
GROUNDWATER PRODUCTION BY POOL  
NOTES

- (1) Assessed production or production reported in Annual Reports
- (2) Includes 3,945 AF of mined water pumped by Edison as agent for IEUA
- (3) Does not include 7,674.3 AF exchanged with MWDSC.
- (4) Does not include 6,423.6 AF exchanged with MWDSC.
- (5) Does not include 16,377.1 AF exchanged with MWDSC.
- (6) Does not include 14,929.1 AF exchanged with MWDSC.
- (7) Does not include 12,202.4 AF exchanged with MWDSC.
- (8) Does not include 13,657.3 AF exchanged with MWDSC.
- (9) Does not include 20,194.7 AF exchanged with MWDSC.
- (10) Does not include 4,221.9 AF exchanged with MWDSC.
- (11) Does not include 6,167.2 AF exchanged with MWDSC and reflects corrected production after reporting errors accounted for.
- (12) There were no MWDSC exchanges in FY 96-97 and reflects corrected production after reporting errors were accounted for.
- (13) Does not include 4,275.4 AF exchanged with MWDSC.
- (14) Does not include 216.5 AF exchanged with MWDSC.

Historical Groundwater Production Total  
APPENDIX B - Figure 1

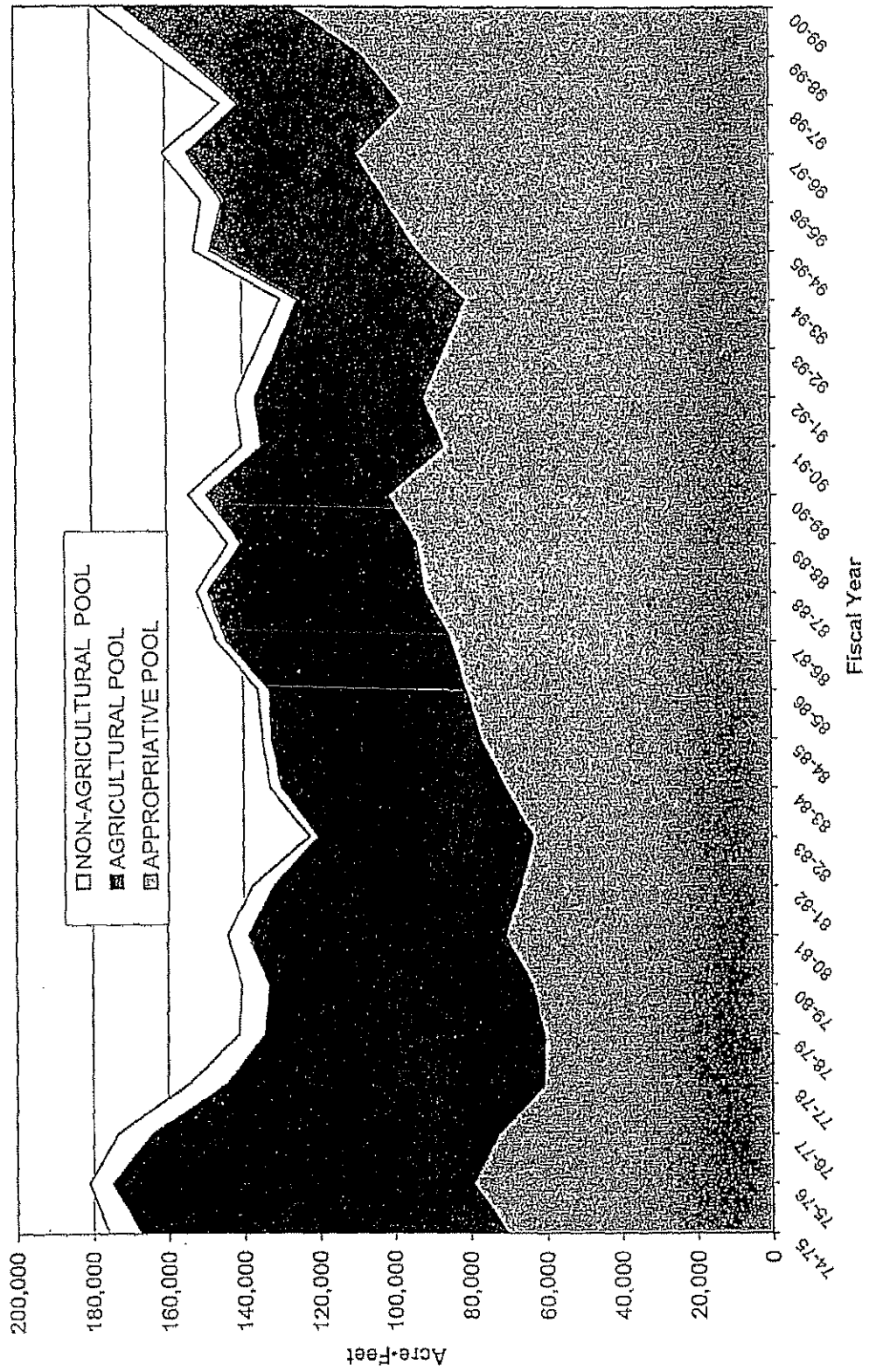


Figure 1

# Historical Groundwater Production By Pool APPENDIX B - Figure 2

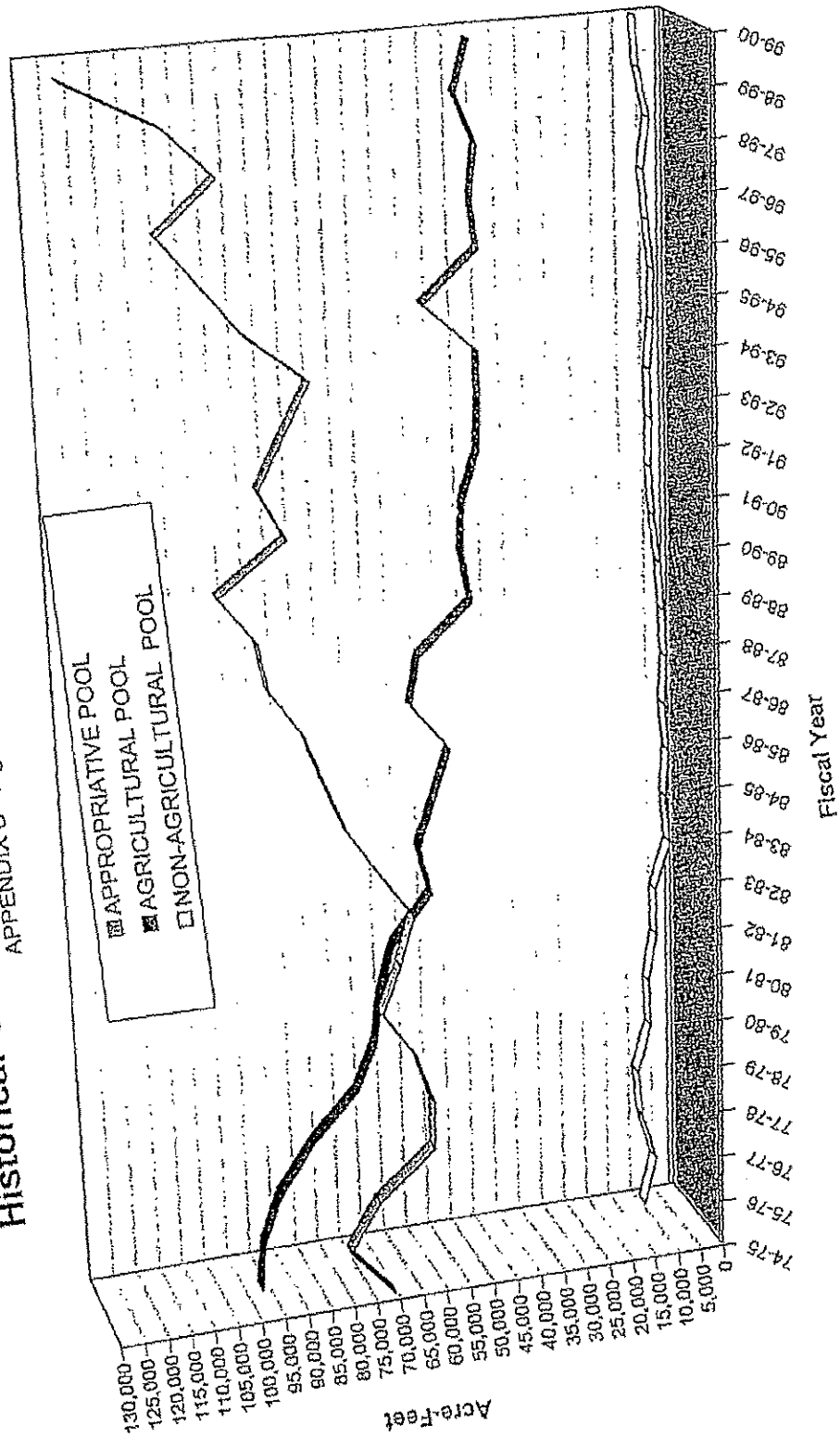


Figure 2

# APPENDIX E-1

## SUMMARY OF MWDSC DELIVERIES<sup>(1)</sup> FISCAL YEAR 1999-00 (ACRE-FEET)

Month	Water Facilities Authority						SCE CB-01	CCWD CB7&16	Pomona PM-15	Total
	UPLAND	MVWD	ONTARIO	CHINO	CHINO HILLS	(CB-12) TOTAL				
JUL	649.8	1642.6	1284.3	532.9	538.5	4648.1	60.9	2596.3	376.2	7305.3
AUG	694.2	2057.8	1367.6	556.1	257.7	4933.4	58.3	2803.9	489.9	7795.6
SEP	348.3	1776.0	950.6	533.9	126.0	3734.8	22.6	2272.5	405.1	6029.9
OCT	407.1	1712.7	1086.2	530.0	0.0	3736.0	47.2	2131.8	377.9	5915.0
NOV	63.8	964.5	393.0	412.5	0.0	1833.8	0	1651.8	97.6	3485.6
DEC	9.7	796.7	346.9	390.5	0.0	1543.8	0	2191.1	96.2	3734.9
JAN	1.4	561.9	312.0	376.0	0.0	1251.3	0.0	2348.0	37.5	3599.3
FEB	12.3	320.2	142.5	332.6	0.0	807.6	0.0	1581.3	0.1	2388.9
MAR	69.9	519.8	107.1	270.9	0.0	967.7	0.0	1687.3	56.7	2655.0
APR	184.1	1123.5	513.1	346.1	0.0	2166.8	0.0	2289.2	120.9	4456.0
MAY	399.1	1636.1	958.2	402.4	2.9	3398.7	48.7	2542.3	275.9	5989.7
JUN	807.8	1825.5	1362.2	510.8	87.3	4593.6	75.1	2824.0	433.9	7492.7
Total	3647.6	14937.3	8823.6	5194.7	1012.5	33615.7	312.8	26919.5	2767.9	60848.0

Total Metropolitan Water District of Southern California (MWDSC) direct deliveries used in Chino Basin including Pomona equals 60,848.0 + 2,767.9 = 63,615.9 AF.

- (1) A breakdown of categories of water is available upon request. Watermaster replenishment is not included. Includes water exchanged with MWDSC (none in FY 99-00).
- (2) Figures reflect 37.8% of the total MWDSC water delivered that was used over the Chino Basin (based on estimated land use area physically located within the Chino Basin adjudicated boundary).
- (3) During FY 1999-00, Ontario did not take any deliveries through the CB-2 connection.

NOTE: Rounding may have an insignificant impact.

# APPENDIX E-2

## SUMMARY OF COOPERATIVE, REPLENISHMENT, AND CYCLIC ACTIVITIES FISCAL YEAR 1999-00 (ACRE-FEET)

Cooperative Activity <sup>(1)</sup>		Groundwater Replenishment Purchased from Cyclic <sup>(3)</sup>			Groundwater <sup>(2)</sup> Replenishment Activity		Total
Month	Produced from Cooperative	CB-12	CB-14T Etiwanda	CB-OC-59 Montclair		CB-OC-59 Montclair	
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							
Jan		200.9	242.6	214.0			657.5
Feb							
Mar							
Apr						358.3	358.3
May						642.5	642.5
Jun							
Total	*1,100.0	200.9	242.6	214.0		1,000.8	2758.3

- (1) During FY 1999-2000 Monte Vista Water District sold 1,100.0 AF of Cooperative Storage Account water to the City of Ontario. There were no additional deliveries into cooperative storage during FY 99-00. There was a balance of 10.0 AF remaining which was transferred to MVWD's storage account. \*The delivery of 1,110.0 AF was not invoiced by MWD until August 2000 (FY00-01) but is shown in the totals above.
- (2) Monte Vista Water District pre-purchased 1,000.8 AF to offset overproduction in FY99/00.
- (3) As of June 30, 2000, the balance of MWDSC's Cyclic Storage Account is 36,122.9 AF.

APPENDIX F  
SUMMARY OF IMPORTED SUPPLIES  
FISCAL YEAR 1999-00  
(ACRE-FEET)

Member Agency	Other Basins	Surface Diversions	MWDSC Imported Surface Deliveries	Recycled Water	Total <sup>(11)</sup>
Cucamonga County Water District <sup>(2)</sup>	12,800.1	4,861.6	0		17,661.7
Inland Empire Utilities Agency <sup>(1)</sup>	0	0	0	5,778.6	0
Fontana Water Company <sup>(3)</sup>	17,401.2	3,832.8	0		21,234.0
Marygold Mutual Water Company <sup>(4)</sup>	1,519.6	0	0		1,519.6
MWDSC <sup>(5)</sup>	0	0	60,848.0		60,848.0
Pomona, City of <sup>(6)</sup>	3,334.7	1,597.8	2,767.9		7,700.4
San Antonio Water Company <sup>(7)</sup>	9,428.1	535.6	0	0	9,963.7
State of California, CIM <sup>(8)</sup>	0	0	0	820.8	0
West End Consolidated Water Co <sup>(9)</sup>	3,715.0	0	0		3,715.0
West San Bernardino CWD <sup>(10)</sup>	6,565.8	0	0		6,565.8
Total	54,764.5	10,827.8	63,615.9	6,599.4	129,208.2

- (1) IEUA provided 5778.6 AF of recycled water in FY99-00. A breakdown of individual deliveries follows: San Bernardino County/Prado Lake/Golf Course (2,015.5 AF), Whispering Lakes Golf Course in Ontario (1,047.8 AF), Westwind Park in Ontario (26.1 AF) Chino (368.4 AF), Chino Hills (128.9 AF), CCWRF/RP2 (1,685.4 AF) and 506.6 AF from the Ely Basin Recharge Project.
- (2) Imported water includes groundwater produced from Cucamonga Basin and surface water runoff captured from Day Creek and Deer Canyon.
- (3) The imported water includes water produced from other groundwater basins and Lytle Creek surface water production diverted for use in Chino Basin.
- (4) Imported groundwater produced from wells owned by the City of Rialto, located in the Rialto Basin.
- (5) Amount of MWDSC deliveries to the IEUA service area, excluding that delivered and used in the City of Pomona (also listed in Appendix E-1).
- (6) Imported groundwater includes 1,165.8 AF from Pomona Basin, 1,705.8 AF from Claremont Basin, and 463.0 AF from Spadra Basin. The MWDSC delivered 2,767.9 AF to Pomona through Three Valleys MWD and used in Chino Basin (also listed in Appendix E-1).
- (7) An amount of 535.6 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 636.6 AF from San Antonio Tunnel, 7,979.8 AF from Cucamonga Basin, and 811.7 AF from Six Basins.
- (8) Recycled wastewater that was applied to fields, including water held in storage ponds.
- (9) Figure includes 2,996 AF from Claremont Heights Basin and 719 AF from Cucamonga Basin.
- (10) Listed amount was delivered to "meter book" service area.
- (11) Recycled water is not included in the total.

# APPENDIX G

## TOTAL WATER CONSUMPTION WITHIN CHINO BASIN <sup>(1)</sup> (ACRE-FEET)

Fiscal Year	Chino Basin Extractions <sup>(2)</sup>	Other Imported Supplies <sup>(3)</sup>	Total
1974-75	175,757	49,383	225,140
1975-76	181,017	57,686	238,703
1976-77	173,355	55,765	229,120
1977-78	154,675	61,567	216,242
1978-79	142,412	75,864	217,276
1979-80	140,566	70,727	211,293
1980-81	144,416	77,765	222,181
1981-82	137,532	67,491	205,023
1982-83	122,635	76,000	198,635
1983-84	132,799	99,257	232,056
1984-85	134,870	92,952	227,822
1985-86	136,113	114,624	250,737
1986-87	147,068	126,493	273,561
1987-88	152,402	116,175	268,577
1988-89	143,998	128,167	272,165
1989-90	154,620	139,004	293,624
1990-91	140,151	116,493	256,644
1991-92	141,904	104,480	246,384
1992-93	135,923	117,205	253,128
1993-94	129,682	136,038	265,720
1994-95	152,768	116,797	269,565
1995-96	150,669	130,494	281,163
1996-97	161,281 <sup>(4)</sup>	115,031	276,312
1997-98	145,735	106,360	252,095
1998-99	162,267	113,040	275,307
1999-00	178,820	129,208	308,028

(1) Total includes water used over Cucamonga Basin.

(2) Source: Watermaster Assessment Packages. Total production in Appropriative Pool of 126,645 AF (excludes exchanges) plus Non-Ag production of 7,774 AF and Ag Pool production in the amount of 44,401 AF.

(3) Total does not include recycled water, cyclic deliveries, water delivered by exchange, or water from direct spreading that was used for replenishment (see Appendices E-1, E-2, and F).

(4) Reflects corrected production after reporting errors were accounted for.

Total Water Consumption Within Chino Basin  
FY 1999-2000

APPENDIX G - Figure 3

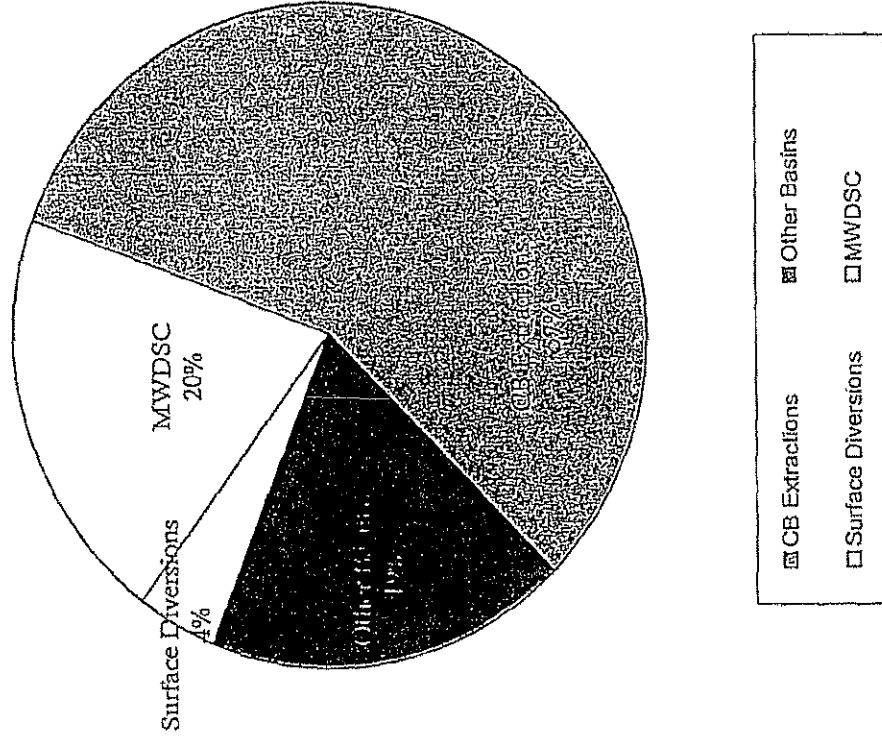


Figure 3



# APPENDIX H

## LOCAL GROUNDWATER STORAGE ACCOUNT STATUS FISCAL YEAR 1999-00 (ACRE-FEET)

### Appropriative Pool

Entity	No.	Date of Agreement(s)	Amount of Agreement(s)	Amount in Storage	Total
Chino, City of	12	01/23/85	15,000.000	1,306.513	1,306.513
Chino Hills, City of	18.1	04/06/88	15,000.000	9,414.078	9,414.078
Cucamonga CWD	10.3	06/07/89	50,000.000	23,295.503	23,295.503
Jurupa CSD	30	07/06/94	20,000.000	6,951.125	6,951.125
Marygold Mutual WC	16.3	07/07/93	2,000.000	1,896.521	1,896.521
Monte Vista Irrigation Co	17	05/07/89	500.000	500.000	7,015.313
	17.1	06/06/90	2,500.000	6,515.313	
Monte Vista WD	27.1	08/14/97	34,023.843	4,194.367	4,194.367
Norco, City of	31.0	11/02/94	2,000.000	366.198	366.198
Ontario, City of	11.1	07/06/94	20,000.000	10,000.000	10,000.000
Pomona, City of	15.2	06/06/90	10,000.000	10,000.000	23,669.235
	15.3	08/05/92	10,000.000	10,000.000	
	15.4	07/07/93	10,000.000	3,669.235	
San Antonio Water Co	3	08/15/80	2,500.000	2,500.000	17,422.509
	3.1	11/05/86	2,500.000	2,500.000	
	3.2	04/06/88	10,000.000	12,422.509	
Santa Ana River WC	20	05/06/87	1,500.000	538.389	538.389
Southern California WC	23	12/07/88	500.000	2,098.825	2,098.825
Upland, City of	24	04/05/89	1,000.000	1,000.000	10,971.788
	24.1	06/06/90	8,000.000	9,971.788	
West End Consolidated WC	13.2	08/05/92	6,000.000	10,487.135	10,487.135
West San Bernardino CWD	25	01/10/91	3,000.000	4,092.028	4,092.028
Watermaster	29	08/05/92	10,000.000	36,622.746	36,622.746
Total			236,023.843	170,342.273	170,342.273

APPENDIX H - Continued

LOCAL GROUNDWATER STORAGE ACCOUNT STATUS  
FISCAL YEAR 1999-00  
(ACRE-FEET)

Overlying (Non-Agricultural) Pool

Entity	No.	Date of Agreement(s)	Amount of Agreement(s)	Amount in Storage	Total
Ameron Steel	6	03/30/83	100.000	100.000	1,365.091
	6.1	04/06/88	500.000	500.000	
	6.2	08/05/92	500.000	765.091	
Vulcan Materials Co (Calmat Division)	1	06/30/79	1,589.220	1,589.220	6,944.178
	1.1	05/30/84	1,589.220	1,589.220	
	1.2	02/07/90	1,589.220	3,765.738	
Kaiser Ventures, Inc.	9.1	10/07/87	15,000.000	4,547.044	4,547.044
Praxair, Inc.	8.2	04/06/88	3,000.000	2,776.566	2,776.566
Reliant Energy, Etiwanda	14.1	04/06/88	5,000.000	6,287.041	6,287.041
Southern Cal Edison Co	***		0	27.959	27.959
Space Center Mira Loma	4	03/31/82	100.000	100.000	467.240
	4.1	11/05/86	200.000	367.240	
Sunkist Growers Inc.	7	03/31/83	2,500.000	2,500.000	6,825.715
	7.1	11/05/86	5,000.000	4,325.715	
Swan Lake	21	05/06/87	300.000	300.000	1,789.723
	21.1	05/06/91	500.000	1,489.723	
Total			37,467.66	31,030.557	31,030.557

\* Total Agreements now reflects the actual amount of storage agreements entered into where storage occurred. The agreements that expired during the last 5-years or that were never utilized have been removed from the list

\*\* On October 9, 1992, West Venture Development notified Watermaster of its intent to abandon its overlying annual water right of 15.657 acre-feet. In FY2000-01 it is anticipated that the water in storage will be abandoned and the safe yield will be reallocated by some mutually agreed upon method, to the remaining members of the pool.

# APPENDIX I-1

## RECAPTURES, SALES, AND LEASES FISCAL YEAR 1999-00 (ACRE-FEET)

From	To	Use*	Lease	Sale	Recapture
Chino, City of	Ontario, City of	4		602.870	
Chino Hills, City of	Ontario, City of	4		1,368.340	
Chino Hills, City of	Monte Vista Water District	2		500.000	
Cucamonga CWD	Fontana Water Company	2		19,746.752	
Cucamonga CWD	Jurupa CSD	2		5,000.000	
Fontana Union Water Co	Cucamonga CWD	2	13,768.506		
Marygold Mutual Water Co	Fontana Water Company	2		1,200.000	
Monte Vista Irrigation Co	Monte Vista Water District	2		200.000	
Monte Vista Water District	Ontario, City of	4		152.110	
Monte Vista Water District	Ontario, City of	2		1000.000	
Pomona, City of	Ontario, City of	2	7,900.000		
Pomona, City of	Pomona, City of	2			4,946.810
Pomona, City of	Reliant Energy, Etiwanda	1	2,500.000		
San Antonio Water Co	Ontario, City of	2			
San Antonio Water Co	Chino, City of	2		2,000.000	
San Antonio Water Co	Jurupa CSD	2		650.000	
Santa Ana River Water Co	Jurupa CSD	2	1,500.000		
Upland, City of	Ontario, City of	4		289.680	
Upland, City of	Ontario, City of	2		5,000.000	
Total			25,668.506	37,709.752	4,946.810

### Use\*

- (1) Placed in storage.
- (2) Offset production.
- (3) Satisfy replenishment.
- (4) Part of a WFA settlement ,used to offset 99/00 Production .

Note: Ontario also purchased 1,100 AF from MVWD's Cooperative Storage Account. It is not reflected in the totals above.

APPENDIX I-2

ASSIGNMENTS  
FISCAL YEAR 1999-00  
(ACRE-FEET)

To	From	Amount	Total Amount
Chino, City of	County of San Bernardino Department of Airports	129.400	129.400
Fontana Water Company	Praxair Incorporated	205.076	205.076
Jurupa CSD	Norco, City of	146.722	1,225.457
	Santa Ana River Water Company	692.815	
	Space Center Mira Loma	96.900	
	Swan Lake Mobile Home Park	289.020	1,225.457
Ontario, City of	Sunkist Growers, Inc.	1,448.973	1,448.973
Total		3,008.906	3,008.906

**Chino Basin Watermaster  
Agricultural Area Monitoring Program  
Notification Procedure for Distribution of Groundwater Quality Data**

1. Watermaster shall maintain a database that contains the names and addresses of well owners of record.
2. Every well owner of record shall be sent a copy of the laboratory report for his or her well within 30 days of receipt of laboratory report by Watermaster.
3. Each owner of record shall receive a copy of the laboratory data for his or her well only.
4. The laboratory reports shall be for individual wells and shall not have any information about any other well in the sampling program. The analytical laboratory under contract to Watermaster shall provide these laboratory reports to Watermaster in one of two formats:
  - o signed, hard copy; or
  - o electronic format. These electronic reports shall be a facsimile of the hard copy report, *i.e.*, the report shall be formatted in the same style as the hard copy. These electronic data shall be in a format that is not amenable to unauthorized modification (*e.g.*, Acrobat .pdf files). The laboratory reports shall contain an electronic signature of the laboratory's project manager. These files will be e-mailed to Watermaster at the same time as the electronic data deliverable (for upload in the database).
5. If the laboratory reports are delivered electronically, Watermaster staff shall print hard copies.
6. An owner of record may add an additional person of authority to Watermaster's database. Such person of authority will also receive a copy of the laboratory report. Additions to the database shall be made only by written request of the owner of record.
7. If the laboratory report reveals an exceedance of a drinking water standard, then Watermaster shall include with the report a copy of a letter notifying the owner of record and/or person of authority of such exceedance. The letter shall substantially conform to the sample attached to this policy as Exhibit "A."
8. Watermaster shall use a mail merge program to create address labels for mailing laboratory reports. Watermaster shall quality control check the recordation number on the laboratory sheet with the recordation number/owner of record and/or person of authority from the database to ensure that the correct laboratory report is in each envelope.
9. The laboratory report shall be sent via the US Postal Service.
10. If a letter is also sent with the laboratory report indicating a drinking water quality standard exceedance, then the report shall be sent via the US Postal Service with a return receipt requested.
11. Laboratory reports returned as undeliverable will trigger the following actions by Watermaster staff:
  - o address on letter will be checked against Watermaster database;
  - o the laboratory report will be hand-delivered by Watermaster staff to owners of record and/or person of authority who reside within the Basin;
  - o updated contact information will be requested from the Owner of Record and/or Person of Authority.
12. Copies of the laboratory reports and any USPS return receipts will be kept on file at Watermaster's offices.

EXHIBIT "A"

[Well Owner or Person of Authority Address]

Dear \_\_\_\_\_

The Chino Basin Watermaster is a Court appointed entity established to manage the groundwater resources of the Chino Basin. As part of the Optimum Basin Management Program ("OBMP") for the Chino Basin, the Watermaster conducts a monitoring program to gather data regarding groundwater conditions in the Basin.

Water quality data gathered from well [identify well] indicates an exceedance of a drinking water standard for the following contaminants:

[Identify contaminants in chart form, which lists the contaminant, the standard, and the level reported by the laboratory].

Consumption of water that exceeds such standards could be hazardous to a person's health. However, the Watermaster makes no representation as to the legal consequences to you, if any, of such exceedances. Watermaster collects this information as part of a basin-wide water quality management program and not for the purpose of safeguarding the water quality at any particular well site. The results of this monitoring effort are provided solely as a convenience to you. If you have any questions about the water quality from your wells, you should contact the appropriate regulatory entity.

Sincerely,

Chino Basin Watermaster

RESOLUTION 01-03  
A RESOLUTION OF THE CHINO BASIN WATERMASTER  
ADOPTING PROCEDURES, GUIDELINES AND FEE SCHEDULE  
FOR  
RELEASE OF INFORMATION AND DOCUMENTS

WHEREAS, Chino Basin Watermaster is appointed by the Court to administer the terms of the Judgment; and

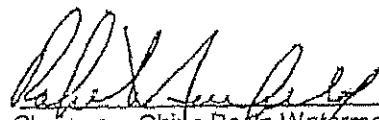
WHEREAS, It is appropriate for Watermaster to make Watermaster records available for public review, consistent with proper and efficient functioning of the Watermaster office and with protection of sensitive, personnel and privileged information; and

WHEREAS, it is necessary and proper for Watermaster to adopt standardized procedures for the release of information and documents and establish a fee schedule.


NOW THEREFORE, BE IT RESOLVED BY THE CHINO BASIN WATERMASTER as follows:

Resolution 01-03 and the attached Procedures, Guidelines and Fee Schedule of the Chino Basin Watermaster for the Release of Information and Documents shall become effective upon adoption by the Chino Basin Watermaster Board and Resolution No. 99-01 will be rescinded in its entirety.

THE FOREGOING RESOLUTION was adopted this 15<sup>th</sup> day of February 2001.

  
Chairman, Chino Basin Watermaster

ATTEST:

  
Secretary, Chino Basin Watermaster

APPROVED:

  
Chairman, Watermaster Advisory Committee

CHINO BASIN WATERMASTER  
PROCEDURE, GUIDELINES AND FEE SCHEDULE  
FOR  
RELEASE OF INFORMATION AND DOCUMENTS .

I. PURPOSE

The purpose of this procedure is to delineate the procedure to be used, the guidelines to follow and the fees to be charged for costs associated with the release of information and documents. This procedure is effective upon adoption of Resolution 01-01.

II. PROCEDURE

A. GENERAL

Watermaster staff will attempt to respond to written requests for copies of documents within 10 working days following receipt of the request.

B. FORMS

A Request for Information Form will be completed and appropriately approved prior to responding to a request for information. Certain information and documents described in III.C below will require the Requestor to provide a "signed release" from an individual, company or agency.

III. GUIDELINES

Watermaster staff will consider requests for information and documents on a case-by-case basis, subject to the following guidelines:

A. The Requestor must provide Watermaster staff with the reason or purpose for their request for information.

B. The following records will be generally made available:  
These records reflect actions taken by Watermaster. Reproduction of these records will be subject to the limitations set forth in the following paragraph.

1. Agendas
2. Minutes
3. Resolutions
4. Published Committee Reports
5. Annual Reports

C. The following records will generally not be available:

1. Discussions of or references to pending, threatened or on-going matters of litigation;
2. Discussions of or references to pending contract negotiations (including internal drafts of contracts);
3. Attorney or engineer records concerning the topics identified in subparagraphs B.1 or B.2;
4. Attorney work papers;
5. Recommendations of attorney or engineer prior to public Watermaster discussion or action;
6. Personnel, or personal information regarding Watermaster members, staff and/or employees; and



7. Unpublished drafts and working copies of committee reports; and
8. Materials received by Watermaster stamped "Confidential" by the sender.

D. Signed Release

If a request is made specifically relating to a particular individual, company or agency that would require a release for information which has not previously been made public or which contains the status or operations of a particular individual, company or agency, the Requestor must provide a "signed release" form from the individual, the company or the agency allowing Watermaster to release the information being requested. Any such release shall be subject to the limitations stated in these guidelines.

E. Confidential Pool Information

In the event information is given to Watermaster and must be returned or has been authorized by the Agricultural Pool representatives to be released to consultants or other public agencies, such information shall be provided with a stamped endorsement on each page that such information is confidential and shall be maintained confidential by the recipient.

F. Inspection of Watermaster Records

Due to limited space and limited staff, inspection of Watermaster records may be allowed only through prior arrangement and will be subject to the guidelines outlined above.

G. Waiver of Required Fees

Fees will be waived for parties of the Watermaster and public agencies who reciprocate with a similar waiver of fees.

#### IV FEE SCHEDULE

- A. Copies will be made available subject to the procedures and guidelines outlined and upon payment of reasonable fees to cover the costs associated with copying and handling.

An additional fee will be charged, as necessary, for actual costs associated with any request for information requiring special research or input.

B. Watermaster shall charge the following reasonable fees:

- |   |                                    |
|---|------------------------------------|
| 1. Photocopies (8 1/2" x 11" or 8 1/2" x 14)          | \$ 0.15 per page, \$5.00 minimum   |
| 2. Facsimiles   | \$ 0.30 per page                   |
| 3. Board or Committee agendas only                    | \$ 40.00 annually                  |
| 4. Board or Committee full agenda packages            | \$500.00 annually                  |
| 5. Electronic data/text equal to one (1) printed page | \$ 0.15 per page                   |
| 6. Computer diskette                                  | \$ 0.60 each                       |
| 7. CD Rom   | \$ 2.00 each                       |
| 8. Mailing  | Applicable First-class Postal Rate |
| 9. Information requiring special research or input    | Direct Costs                       |

STATE OF CALIFORNIA                    )  
  ) ss  
COUNTY OF SAN BERNARDINO        )

I, Josephine Johnson, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 01-03, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

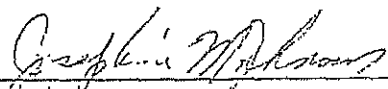
AYES:           Members Arbelbide, Catlin, De Jesus, Hofer, Johnson, McGraw, Neufeld, and  
                  Vanden Heuvel

NOES:           None

ABSENT:        Member Schroeder

ABSTAIN:       None

CHINO BASIN WATERMASTER

  
Secretary

CHINO BASIN WATERMASTER

Case No. RCV 51010

Chino Basin Municipal Water District v. The City of Chino

**PROOF OF SERVICE**

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On June 1<sup>5</sup>/<sub>4</sub>, 2001, I served the document identified below

- 1) **TRANSMITTAL OF REVISED RULES AND REGULATIONS; EXPLANATION OF REVISIONS**  
for Hearing July 19, 2001 @ 2:00 p.m.

by placing a true copy of same in sealed envelopes for delivery by United States Postal Service mail at Rancho Cucamonga, California, to each of the addresses shown on the attached service lists:

- Attorney Service List
- Mailing List A

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Rancho Cucamonga, California, on June 1<sup>5</sup>/<sub>4</sub>, 2001.

  
\_\_\_\_\_  
Mary L. Staula

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Updated 6/14/01

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7 SPECIAL REFEREE

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **COUNTY OF SAN BERNARDINO, RANCHO CUCAMONGA DIVISION**

10  
11 CHINO BASIN MUNICIPAL WATER  
12 DISTRICT,

13 Plaintiff,

14 v.

15 THE CITY OF CHINO, et al.

16 Defendants.

CASE NO. RCV 51010

Judge: Honorable J. Michael Gunn

SPECIAL REFEREE'S FINAL  
REPORT AND RECOMMENDA-  
TIONS ON MOTION FOR  
APPROVAL OF PEACE II  
DOCUMENTS

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## I. PROCEDURAL CONTEXT

On October 25, 2007, Watermaster filed its *Motion for Approval of Peace II Documents* ("Motion") with the court, and requested that a hearing on the Motion be set for November 29, 2007. Watermaster filed with its Motion a draft of its Technical report and the Peace II documents. On November 15, 2007, the court issued an *Order to Show Cause Why Court Should Not Continue the Hearing on Motion for Approval of Peace II Documents* ("OSC"). The OSC stated that the court intended to continue the hearing on Watermaster's Motion "... absent sufficient cause being shown by, among other things, testimony of Mark Wildermuth elicited on November 29, 2007."<sup>1</sup> (OSC p. 4, Ins. 24-25) The Chino Basin Water Conservation District filed a *Response* to the OSC on November 19, 2006, and Watermaster filed a *Response to Order to Show Cause and Conservation District* on November 26, 2007.

The Special Referee's *Preliminary Comments and Recommendations on Motion for Approval of Peace II Documents* ("Preliminary Report") was filed on November 27, 2007. On November 29, 2007, Watermaster and the Chino Basin Water Conservation District entered into and filed a stipulation stating the Conservation District's support for the Court's approval of the Peace II Measures in consideration for certain clarifications.<sup>2</sup> On December 13, 2007,

<sup>1</sup> The Order stated in full:

The Court anticipates that a significant investment of time will be necessary to carefully review the documents. The Court also is most interested in receiving the Special Referee's Report. Finally, the Court has not yet received Wildermuth Environmental's final technical analysis and report. For these reasons and because of the importance of the decision, the Court *motu proprio* intends to continue the hearing on Watermaster's motion, absent sufficient cause being shown by, among other things, testimony of Mark Wildermuth elicited on November 29, 2007. To aid the Court in its preparation for the November 29, 2007 hearing, a declaration by Mark Wildermuth, showing all of the changes made in the final Technical Report or a red-lined version of the report, would be helpful.

(OSC p. 4, Ins. 19-28)

<sup>2</sup> These included that:

Watermaster will not request the Court's final approval of the Peace II Documents until the Court has received a report from the Special Referee regarding Watermaster's Motion. . . Watermaster's Motion shall not be construed as a present request for Court approval of the right to produce more than 400,000 acre-feet of additional controlled overdraft. . . [T]he availability of the 400,000 acre-feet of controlled overdraft is expressly conditioned upon Watermaster's continuing obligation to develop and update the Recharge Master Plan. . . Watermaster will address any issues concerning the reliability of imported water through the Recharge Master Plan effort. . . Watermaster will address any issues concerning reduction in Safe Yield in accordance with the Judgment and prorate the shortages among the members of the Appropriative Pool in accordance with their respective shares of Operating Safe Yield.

1 Watermaster filed its Second Transmittal of Supplemental Documents, which included the  
2 stipulation as Exhibit "A".<sup>3</sup> The Referee's report was filed as a preliminary report due to the  
3 exceedingly compressed time available between receipt of Watermaster's Motion on October 27,  
4 2007, and the November 29, 2007 hearing. As noted in the Preliminary Report, it was  
5 anticipated that testimony at the hearing could resolve or explain many of the issues and  
6 questions raised in the Preliminary Report and that legal questions could be addressed through  
7 Watermaster filing a Memorandum of Points and Authorities.

8 The court held a hearing on November 29, 2007, with testimony from Mr. Manning and  
9 Mr. Wildermuth. The Reporter's Transcript was available December 11, 2007, and Watermaster  
10 filed its *Response to Special Referee's Preliminary Comments and Recommendations on Motion*  
11 *for Approval of Peace II Documents* ("Response") on December 14, 2007. The Watermaster  
12 Response noted that: "The technical issues raised by the Referee are addressed in a separate  
13 document that is being prepared by Mark Wildermuth, which will be filed at a later date."  
14 (Watermaster Response p. 2, fn. 2) Mr. Wildermuth's Letter Report to Watermaster on the  
15 subject "Evaluation of Alternative 1C and Declining Safe Yield" (December 18, 2007)  
16 ("Wildermuth Letter Report") was filed with the court December 19, 2007.

## 17 **II. REQUEST FOR COURT GUIDANCE AS TO SPECIAL REFEREE'S ROLE**

### 18 **A. Special Referee and Watermaster Relationship and Roles**

19 Research has been conducted in the past on the appropriate time that should be allowed  
20 for parties and Watermaster to respond to a Special Referee Report, and it was concluded that a  
21 Special Referee report should be filed 30 days in advance of the court's hearing, with responses  
22 in 20 days and an opportunity for any Special Referee response 5 days before a hearing on the  
23 matter at hand. In this case, that has not been possible. Because of Watermaster's and the  
24 parties' urgent desire to have the court rule by the end of 2007, every effort has been made to  
25 provide the Preliminary Report before the November 29 hearing, and to provide this Final Report  
26 and Recommendations as soon as humanly possible.

27 <sup>3</sup> Exhibit "B" was a Declaration from Ronald Craig on behalf of the City of Chino Hills, and Exhibit "C" was a  
28 Declaration from Eldon Horst for Jurupa Community Services District, both in support of approval of the Peace II  
Measures.

1 But this is not the issue raised by Watermaster's Response. Watermaster asks the court  
2 for guidance as to how it, as an arm or extension of the court, and the Special Referee, as an  
3 extension of the court, are to work together, and what the respective roles of Watermaster and the  
4 Special Referee are. The role of the Special Referee is to (1) provide the court with as full and  
5 complete explanations as possible of what the Watermaster requests or of issues that have been  
6 brought to the court; and (2) to make recommendations to the court as appropriate.  
7 Watermaster's role under the Judgment is to operate as an extension of the court and "to meet the  
8 needs of the court in carrying out its obligations under the Judgment and Article X, Section 2 of  
9 the California Constitution." (Response p. 3, lns. 2-3)

10 Watermaster suggests that the respective roles of the Watermaster and Special Referee  
11 are particularly difficult or markedly different where there is an unopposed motion supported by  
12 all the parties. Whether a motion is unopposed or opposed, Watermaster and the Special Referee  
13 each has a role to be carried out. The Special Referee may be less constrained than Watermaster  
14 in raising questions and voicing concerns with the goal of clarifying and completing the record  
15 for the court, because Watermaster has facilitated the years of intense negotiations that have  
16 culminated in the unopposed Motion.<sup>4</sup>

17 A calm reading of the Preliminary Report will reveal that the Special Referee is not a  
18 "quasi-adversary" or an adversary of any kind. The report does four things: (1) it raises  
19 questions that have not been addressed by Watermaster's Motion; (2) it raises questions  
20 concerning the Technical Report<sup>5</sup> and the Technical Report's support for the Peace II measures;  
21 (3) it lists the fundamental questions to be addressed in order for the court to be reassured that  
22 Watermaster has fully evaluated the risks and consequences of Basin reoperation; and (4) it sets  
23 out issues for Watermaster to respond to, with the goal of obtaining as complete a record as  
24 possible for the court before the court rules on Watermaster's Motion. With the testimony

25 <sup>4</sup> Watermaster expresses the concern that, where the parties have reached unanimous agreement, "... The Referee's  
26 criticism or suggestion, however well-intended, can serve to instigate new rounds of negotiations and undermine the  
27 ability of the Watermaster and the parties to move forward now and in the future." (Response p. 4, ln. 26 to p. 5, ln.  
28 2)

<sup>5</sup> 2007 CBWM Groundwater Model Documentation and Evaluation of the Peace II Project Description, Final  
Report, dated November 2007 ("Technical Report"), transmitted to the court on November 15, 2007, as Exhibit "A"  
of Watermaster's Transmittal of Supplemental Documents.



1 offered at the hearing, and with Watermaster's Response, the record is far more substantive and  
2 complete, and now provides a foundation for recommendations to the court, and for the court to  
3 rule on Watermaster's Motion. This process, although almost impossibly compressed, has been  
4 productive.<sup>6</sup>

5 **B. Burdens of Producing Evidence and Burden of Proof and Standard of Review**

6 Watermaster asks for court guidance regarding the respective roles of the Watermaster  
7 and Special Referee with regard to Watermaster's burden of providing evidence and the burden  
8 of proof "where consensus and non-opposition is put to the test by the Referee's Preliminary  
9 Report."<sup>7</sup> (Response p. 5, ln. 12) Watermaster asks the court to set:

10 procedural ground rules for those instances where a report by the Referee will be  
11 required and to provide appropriate notice where the Referee acts as an extension  
12 of the court and as a quasi-adversary to Watermaster, also as extension of the  
13 court.

13 (*Id.* lns. 13-16)

14 Where Watermaster moves the court for approval of Judgment amendments and other  
15 Peace II documents, Watermaster's view is that it should be able to make "a *prima facie* showing  
16 on a stipulation", and that:

17 . . . consent of the parties represents compelling, un rebutted evidence that the

18 <sup>6</sup> Watermaster was in a similar position in 2000, with regard to the court's approval of the Peace Agreement. In that  
19 proceeding, Watermaster also had obtained the unanimous consent of the parties, and proposed Judgment  
amendments were unopposed. Watermaster noted the Special Referee's recommendation that:

20 . . . Watermaster provide clarification and invited the Parties to submit a post-order memorandum  
21 to the court. This memorandum would then serve to create a historical record concerning the  
22 rationale and justification for the changes to assist in future interpretation and construction of the  
Judgment and the OBMP. Watermaster agreed to provide such a memorandum and the court so  
ordered.

23 (Watermaster Post-Order Memorandum (10/26/2000) p. 2, lns. 15-18) Watermaster acknowledged that: "The  
Special Referee's reports raise several subject areas that would benefit from the development of further clarification  
and an appropriate record to aid in future judicial construction." (*Id.* p. 3, lns. 6-7)

24 <sup>7</sup> Watermaster complains to the court:

25 Parties will be discouraged from making compromises in favor of taking their chances in an  
26 adversarial process if announcing a previously unformulated and undisclosed position of the  
Referee converts hearings for approval from a *prima facie* showing on a stipulation to an  
27 adversarial hearing in which a portion of negotiated benefits are denied a stakeholder group. In a  
world of water chaos and water conflict, Watermaster's view is that consent of the parties  
represents compelling, un rebutted evidence that the Peace II Measures are both consistent with the  
Judgment and in the public interest.

28 (p. 5, lns. 4-10)

1 Peace II Measures are both consistent with the Judgment and in the public  
2 interest.

3 (Watermaster Response p. 5, lns. 6-9) Watermaster does not indicate whether this argument is  
4 intended to apply both to the approvals it is seeking under Judgment Paragraph 15 and those it is  
5 seeking under Judgment Paragraph 31.

6 The Preliminary Report discussed Watermaster's argument that the "compelling  
7 evidence" standard of Judgment Paragraph 15(d) should apply to the Watermaster's proposed  
8 Judgment amendments, and explained that application of the Paragraph 15(d) standard is limited  
9 to issues not raised in Watermaster's Motion. (Preliminary Report pp. 28-29) For Paragraph 15  
10 motions, the court's inquiry is whether a proposed amendment is in the public interest, protects  
11 the rights of the parties under the Judgment, is consistent with and promotes the Judgment's  
12 Physical Solution, and is consistent with California Constitution Article X, section 2.

13 For elements of Watermaster's Motion brought under Judgment Paragraph 31, that  
14 paragraph itself sets out the standard of review. As noted in the Preliminary Report, the court  
15 must weigh the evidence<sup>8</sup> and must analyze whether the action or decision is consistent with and  
16 promotes the Physical Solution, is in the public interest, and is not contrary to California  
17 Constitution Article X, section 2.<sup>9</sup> (*Id.* p. 29, lns. 16-25)

18 Watermaster "concedes" that these factors should be considered by the Court."  
19 (Response p. 16, ln. 12) Its Response addresses all of these standard of review issues.

20 ///

21 ///

22 <sup>8</sup> Watermaster complains that:

23 Unfortunately . . . the Referee Report treats the unanimous support for the Peace II measures as  
24 largely irrelevant and generally gives little or no weight to the recommendations of Watermaster –  
25 the entity appointed by the Court to administer the Judgment. For purposes of evaluating  
26 Watermaster's Motion to approve the Peace II Measures, we ask that due consideration be given to  
the Court's prior decision to appoint Watermaster as the entity responsible for administration of  
the Judgment and that great weight be given to unopposed Watermaster proposals. Surely the  
history of the past seven years suggests this deference is warranted and it is not inconsistent with  
the Court's desire to have further information and the need to make a record for posterity.

(Response p. 6, lns. 16-24) It should be noted that it is the court who is charged with weighing the evidence.

27 <sup>9</sup> Judgment Paragraph 31 only allows Watermaster to bring a Paragraph 31 motion "in the case of a mandated  
28 action." This is why the Preliminary Report pointed out that Watermaster's Motion had not established that the  
Paragraph 31 aspects of its Motion were "mandated actions". (Preliminary Report pp. 26-27)

### III. LEGAL QUESTIONS RELATED TO PEACE II DOCUMENTS

#### A. Proposed Amendment to Judgment Exhibit "I"

##### 1. Issues Raised in Preliminary Report

An initial issue raised in the Preliminary Report concerned Watermaster's Technical Report and whether it supported the proposed amendment to allow a maximum of 400,000 acre-feet of unreplenished desalter production. This issue is discussed in Section IV.A, below. Watermaster presented evidence at the November 29, 2007 hearing that Watermaster would further analyze a project with only 400,000 acre-feet of unreplenished desalter production. Watermaster filed the Wildermuth Letter Report on December 19, 2007, to further address what it refers to as "Alternative 1C".<sup>10</sup>

The Preliminary Report discussed Watermaster's concern that Basin reoperation must proceed hand-in-hand with recharge planning and implementation. It will be necessary to "... continually update and implement the Recharge Master Plan in order to ensure that sufficient recharge capacity exists in the future. . ." (Watermaster Motion p. 15, lns. 24-25) Well before the end of the "period of Basin Re-operation",<sup>11</sup> a replenishment obligation for the desalters will have to be satisfied.<sup>12</sup> Demands on the Basin will continue to grow:

... and at the end of the Re-operation period Watermaster's recharge capabilities may not be sufficient to meet the desalter replenishment obligation unless this recharge capacity continues to develop throughout the Re-operation period. (*Id.* p. 15, lns. 19-22) Recharge capabilities will have to meet all Watermaster recharge obligations, not just recharge needs for desalter replenishment.<sup>13</sup>

The proposed Judgment Exhibit "I" amendment requires Watermaster to update and obtain court approval of its Recharge Master Plan with the purpose of addressing ... how the Basin will be contemporaneously managed to secure and maintain

<sup>10</sup> As noted in Section IV.A, it is recommended that further technical analysis and a new full report focused on 400,000 acre-feet be prepared and submitted to the court for approval.

<sup>11</sup> The "period of Basin Re-operation" is defined as the period until December 31, 2030. (Proposed Judgment Exhibit "I", ¶ 2(b)(3))

<sup>12</sup> This is shown clearly on all versions of the Exhibit "E" tables as the "Residual Replenishment Obligation".

<sup>13</sup> Watermaster agrees that "recharge water planning must take into account all necessary future recharge needs, not just recharge for desalter pumping . . . , and that the amendment to Exhibit "I", Paragraph 2(b)(5) "... requires that the cumulative pumping be considered when calculating all recharge needs." (Response p. 32, lns. 15-18)

1 Hydraulic Control and [be] operated at a new equilibrium at the conclusion of the  
2 period of Re-Operation.

3 (Motion Exh. A, Attachment "J" ¶ 2(b)(5))

4 The amendment also requires Watermaster to prepare, adopt, and obtain court approval of  
5 a "contingency plan" and to be in "substantial compliance" with a court-approved Recharge  
6 Master Plan. (*Id.* ¶ 2(b)(6)) The Preliminary Report asked questions about these provisions,  
7 including the meaning of "new equilibrium", "contingency plan", and "substantial compliance".  
8 The concept of "new equilibrium" was particularly troublesome and the Preliminary Report  
9 recommended that a technical and legal evaluation of the issue should be made available to the  
10 court.<sup>14</sup>

11 Finally, the Preliminary Report urged that Watermaster's proposed amendment to  
12 Judgment Exhibit "I" must be consistent with the Judgment and its Physical Solution, must  
13 promote the general public interest and not interfere with the rights of the parties, and must be  
14 consistent with Article X, section 2 of the California Constitution.

## 15 2. Watermaster Response

16 Watermaster makes it clear that it is seeking only 400,000 acre-feet of "controlled  
17 overdraft" notwithstanding its Technical Report's analysis of 600,000 acre-feet of unreplenished  
18 desalter production based on substantially overstated New Yield projections.<sup>15</sup> (*See, e.g.,*  
19 Response pp. 27-28)

20 Watermaster addresses the specific questions raised in the Preliminary Report. At the  
21 November 29, 2007 hearing, Mr. Manning described a "contingency plan" as "including  
22 strategies that would be used if there was a problem getting water", as opposed to the Recharge  
23 Master Plan, which "encompasses all strategies necessary to get water in the ground."<sup>16</sup>  
24 (Response p. 31, lns. 4-6) The specific examples given by Mr. Manning were "conservation  
25

26 <sup>14</sup> Preliminary Report pp. 61-63. "New equilibrium" is again discussed in Section VIII, below.

27 <sup>15</sup> *See* discussion in Section IV, below, of the 400,000 acre-foot technical analysis and issues related to the Exhibit  
28 "E" Initial Schedule.

<sup>16</sup> Mr. Slater added the explanation that a contingency plan would "cover the future eventuality of a Whoops . . ."  
(Reporter's Transcript p. 47, lns. 22-24)

measures” and recharge or pumping strategies to “shift demand from one location where there may be additional sources of water to other places where there may not be.” (Reporter’s Transcript p. 67, lns. 23-25) Watermaster has not described the “contingency plan” as a “mitigation plan”.<sup>17</sup> Watermaster has not indicated when it will prepare a “contingency plan”.

Updating the Recharge Master Plan is a key Watermaster obligation, and Watermaster must be in “substantial compliance” with the updated plan.<sup>18</sup> Watermaster clarifies that Watermaster will decide whether it is in “substantial compliance in moving toward its court approved Recharge Master Plan goals. . .” (Response p. 32; lns. 6-7) If a party contests the Watermaster’s finding, appeal under Judgment Paragraph 31 is available: “In this way, the Court maintains control over the development of the Plan itself and Watermaster’s ongoing process.”<sup>19</sup> (*Id.* p. 32, lns. 8-9)

After the “period of reoperation”, the Peace II documents state that there will be a “new equilibrium”. Watermaster has not defined the term, but states that its plain meaning is “state of balance”, “an end to the preceding phase of overdraft and a return to balance, or safe-yield management”. (Response p. 32, lns. 12-13)

On the overarching questions of whether the proposed amendment to Judgment Exhibit “T” should be approved, Watermaster provided detailed argument that the amendment would be consistent with the Judgment’s Physical Solution, would promote the public interest and protect the rights of the parties, and would be consistent with California Constitution Article X, section 2. (Response pp. 16-23) Key points include:

<sup>17</sup> Proposed Exhibit “T” Paragraph 2(b)(6) provides that a “contingency plan” will establish “conditions and protective measures that will avoid unreasonable and unmitigated material physical harm to a party or to the Basin and that equitably distributes the cost of any mitigation attributable to the identified contingencies. . .” It is still not clear what this language means.

<sup>18</sup> Peace II Agreement Section 8.3 sets out this obligation clearly:

Continuing Covenant. To ameliorate any long-term risks attributable to reliance upon un-replenished groundwater production by the Desalters, the annual availability of any portion of the 400,000 acre-feet set aside as controlled overdraft as a component of the Physical Solution, is expressly subject to Watermaster making an annual finding about whether it is in substantial compliance with the revised Watermaster Recharge Master Plan pursuant to Paragraphs 7.3 and 8.1 above.

<sup>19</sup> Under Judgment Paragraph 31, the court on its own motion can review all Watermaster actions, decisions, or rules.

- 1 • No party "has claimed that the Peace II Measures will cause them unmitigated harm".  
2 (Id. p. 18, lns. 12-13) There can be no better evidence that there is no harm to the private  
rights in the Basin than the unanimous consent of the Basin parties. (Id. p. 20, lns. 26-27)
- 3 • "The unanimity of . . . public entities is the best evidence there is that the measures  
4 proposed for approval are in the public interest." (Id. p. 20, lns. 9-11)
- 5 • "The Peace II measures will promote the construction of the final increment of desalter  
6 capability. . . (Id. p. 19, lns. 10-11)
- 7 • "Basin Reoperation will halt the outflow of water from the Basin which will preserve  
8 yield. . ." <sup>20</sup> (Id. lns. 12-13)
- 9 • "Basin Reoperation will also have the effect of inducing water into the Basin which will  
10 help to mitigate for the anticipated reduction in Safe Yield." (Id. lns. 18-19)
- 11 • "[T]he central purpose to pursuing the Basin Reoperation strategy is to achieve Hydraulic  
12 Control, which is a requirement in order to gain access to the Maximum Benefit  
13 Standards under the Basin Plan for the Santa Ana Region." (Id. p. 21, lns. 3-5)
- 14 • Maximum Benefit Standards are in accordance with the Constitutional mandate of Article  
15 X, section 2. (Id. lns. 9-12)
- 16 • "... [A]chieving Hydraulic Control facilitates the use of recycled water in the Chino  
17 Basin. . . With the regulatory approval from the RWQCB [Regional Water Quality  
18 Control Board], based upon the promise of the Basin to achieve Hydraulic Control, this  
19 source of supply is now available to the Basin." (Id. lns. 18-19, 23-25)
- 20 • Consistency with and promotion of the Physical Solution "... follows from the fact that  
21 the change in the management strategy from the replenishment of all production to one  
22 that temporarily authorizes controlled overdraft for a defined period is consistent with the  
23 party objectives to reduce reliance on the purchase of imported water for replenishment  
24 through the substantial increase in the use of recycled water." (Id. p. 18, lns. 16-19)
- 25 • "[W]hile there may be economic benefits, the primary reasons for pursuing the strategy  
26 all relate to enhancing opportunities for beneficial use. The economic benefits are  
27 actually earmarked for the desalting of groundwater and thus operate as a partial subsidy  
28 to off-set a portion of the significant capital and operating costs." (Id. p. 8, lns. 12-15)
- "In the end, the Basin will remain subject to Safe Yield Operation. The temporary  
excursion while the Watermaster will pursue Hydraulic Control will last no more than 22  
years and substantially less if the rate of depletion is as projected by the Final [Technical]  
Report, given the substantial controls that Watermaster and the Court retain." <sup>21</sup> (Id. p.  
19, ln. 22 to p. 20, ln. 2)

<sup>20</sup> This is overstated, as explained in Mr. Wildermuth's testimony. (Reporter's Transcript pp. 118-120)

<sup>21</sup> It is not clear whether Watermaster is also arguing that mining the Basin is good public policy because it  
"discourages locking up supplies in 'cold storage' for future speculative uses." (See, e.g., Response p. 8, ln. 9.)  
This is a slippery slope; California Constitution Article X, section 2 certainly cannot be held up as promoting the  
mining of groundwater basins. Further, it is not clear how the "temporary surplus" allowed by the court in *City of  
Los Angeles v. City of San Fernando* (1975) 14 Cal.3d 199, is analogous to the instant case, where the intention is to  
achieve and maintain hydraulic control, which would be frustrated by recharging the storage space that will be  
vacated through Basin reoperation.

1           **3.     November 29, 2007 Hearing**

2           Mr. Wildermuth

3           In his testimony, Mr. Wildermuth discussed the benefits of reoperating the Basin for  
4 hydraulic control in terms of what would occur if Watermaster did not maintain hydraulic  
5 control:

6           [W]e would have to demineralize the waste water. . . That's just a cost. We'd  
7           have periods where we would have difficulty replenishing state project water. . .  
8           [W]e would have to start demineralizing our waste water and dumping it into the  
9           river to mitigate the [water quality] of the outflow from the Basin. . .<sup>22</sup>

10          (Reporter's Transcript p. 90, lns. 4-7, 11-13)

11          Mr. Wildermuth provided an explanation of "new equilibrium":

12          . . . I think when we use the word equilibrium, what we are referring to is we are  
13          operating in balance. No places are crashing. The levels aren't crashing  
14          anywhere. And they aren't rising anywhere. And when we stop the Re-operating  
15          scheme at end of 2030 we're going back to replenishment, we may have some  
16          issues locally in balance because we can't get exactly you know, recharge in the  
17          areas where levels might be going down. But over enough time, we would be.  
18          Volumetrically, in the broad sense, we are in balance. There may be, from time  
19          to time, some local places where we are out of balance a little bit. But  
20          equilibrium in my mind is we are operating pursuant to the Judgment. We  
21          recognize what the yield is. There is no overdraft, over some period of time. By  
22          period of time, it's just we have periods of time where we don't have enough  
23          replenishment water. We use the storage in the basin storage a while, and then  
24          we backfill it when it's available, and we catch up.

25          (Reporter's Transcript p. 120, ln. 21 to p. 121, ln. 15; emphasis added)

26           **4.     Recommendations**

27          The proposed amendments to Judgment Exhibit "T" would allow 400,000 acre-feet of  
28          unreplenished desalter pumping. The risks of developing a reliance on mining of the Basin are  
29          substantial. Watermaster recognizes the risks, and commits to recharge master planning and  
30          implementation over time which is intended to assure that Watermaster will be able to enjoy a  
31          "new equilibrium" when the period of Basin reoperation ends in 2030, or sooner, when it again  
32          will be "operating pursuant to the Judgment".

33          Watermaster and the parties to the Judgment are all urging the court to approve the Peace  
34          II Measures, including the Judgment Exhibit "T" amendment. Watermaster has presented a

35          <sup>22</sup> RWQCB requirements related to hydraulic control are discussed in Section V.A, below.

1 weighty list of factors that support Watermaster being allowed to proceed with Basin  
2 reoperation. Because of the significant risks and outstanding questions, the court should only  
3 approve the Peace II Measures subject to Watermaster submitting for court approval the  
4 technical reports, recharge master plan updates and assurances, contingency plan, hydraulic  
5 control evaluation standard, safe yield analysis, and new equilibrium assurances, as set forth in  
6 the recommendations contained in this Special Referee Final Report and Recommendations .

7 **B. Proposed Amendments to Judgment Paragraph 8 and Exhibit "G"**

8 **1. Issues Raised in the Preliminary Report**

9 The Preliminary Report raised three basic sets of issues regarding Watermaster's  
10 proposed amendments. First, no explanation was offered as to why these amendments are  
11 needed, given the fact that these Judgment provisions were just amended in 2001. Second, as  
12 drafted, the proposed amendments raised legal questions for which Watermaster should provide  
13 explanation and clarification. Third, the proposed amendments would remove the appurtenancy  
14 requirement, which is a fundamental aspect of overlying groundwater rights for the Peace  
15 Agreement period, and it should be made clear to the court that these amendments will  
16 essentially complete a transformation of the Overlying (Non-Agricultural) Pool rights from  
17 overlying to transferable rights.

18 **2. Watermaster Response**

19 Watermaster argues that these Judgment amendments address the problem that "... under  
20 current rules, water continues to accumulate in the storage account for the Non-Agricultural Pool  
21 with no apparent way to free this stranded resource." (Response p. 33, lns. 17-19) This  
22 accumulation is "potentially in violation of Article X, section 2 of the California Constitution.  
23 Water should not be held indefinitely in cold storage."<sup>23</sup> (*Id.* lns. 22-24) Watermaster declares  
24 that the Judgment provides "... no administrative way for the water to be used ..." (*Id.* ln. 22)

25 These points do not address the issue raised in the Preliminary Report. The question was  
26 why the 2001 amendments to these Judgment provisions, which did provide an "administrative

27  
28 <sup>23</sup> This Constitutional argument makes sense in the context of the accumulated Overlying (Non-Agricultural) Pool storage account, where it does not in the context of mining to achieve and maintain hydraulic control.



1 way for the water to be used", are insufficient. The 2001 amendments allowed the Overlying  
2 (Non-Agricultural) Pool to transfer or lease their quantified production rights, and carryover  
3 water held in storage accounts, within the pool or to Watermaster for storage and recovery  
4 programs or to offset desalter production. The question was why those amendments have not  
5 been sufficient. Watermaster's answer appears to be that Watermaster does not need the storage  
6 account water for desalter replenishment at this time:

7       The Referee suggests that Watermaster should not give up discretion to purchase  
8       the one time transfer for Desalter replenishment. However, Watermaster prefers  
9       the holistic management approach presented by the suite of actions contemplated  
      in the Peace II Measures. Watermaster has adequate tools to address Desalter  
      replenishment in the near future.

10 (Response p. 43, ln. 26 to p. 44, ln. 2)

11       Watermaster addresses most of the specific questions related to the proposed Judgment  
12 amendments. The volume of water in storage is approximately 52,000 acre-feet as of July 2007.  
13 (Reporter's Transcript p. 70, lns. 6-7) Water available in the future will range from 3,000 to  
14 4,000 acre-feet annually. (*Id.* lns. 11-12) This information provides a sense of magnitude for the  
15 court.

16       As to the mechanics of the proposed amendments, Watermaster explains that: (1) the  
17 annual transfer is "intended primarily to distribute the water to the members of the Appropriative  
18 Pool" (*id.* p. 39, lns. 6-7); and (2) the one-time transfer is still intended to be a transfer to  
19 Watermaster for storage and recovery programs or for desalter replenishment; and "... it is only  
20 in the situation where Watermaster is unable to use the one-time transfer water for [those  
21 purposes] ... that the water will be distributed to the members of the Appropriative Pool." (*Id.*  
22 lns. 9-11) It is clear, however, that the one-time transfer of the 52,000 acre-feet will be to the  
23 Appropriative Pool, given Watermaster's statement, quoted above, that Watermaster "... has  
24 adequate tools to address Desalter replenishment in the near future."

25       Watermaster discusses in detail the issue of appurtenancy and the consequences of  
26 completely removing that requirement from overlying rights. (Response pp. 34-38) The fact  
27 that the appurtenancy requirement will be further relaxed is a fact that the court should be made  
28 aware of. Although the 2001 amendments already largely removed the appurtenancy

1 requirement for Overlying (Non-Agricultural) Pool rights, Watermaster argues that it "seeks to  
2 relax the inflexible appurtenancy requirement to further the beneficial use of water within the  
3 Basin." (*Id.* p. 38, Ins. 8-9) The change is that Watermaster will be able to transfer the water to  
4 the Appropriators, which is a further (and arguably complete) removal of the appurtenancy  
5 requirement.<sup>24</sup>

### 6       **3.     November 29, 2007 Hearing**

#### 7       Mr. Manning

8       In response to the question of whether there is a problem with Overlying (Non-  
9 Agricultural) Pool water accumulating in storage, Mr. Manning testified that:

10       ... it is a very serious problem. I think water that is stranded in the Basin  
11       presents a real problem to the future generation of this valley. Water just sitting  
12       and not being used for beneficial use in this basin, it should not occur.

13       (Reporter's Transcript p. 69, Ins. 2-6) As noted, above, Mr. Manning testified that 52,000 acre-  
14       feet was in pool storage as of June 2007, and 3,000 to 4,000 acre-feet of water would be  
15       available for transfer from the pool each year. (*Id.* Ins. 6-13)

### 16       **4.     Recommendations**

17       The proposed amendments to Judgment Paragraph 8 and Exhibit "G" primarily allow the  
18       transfer of 52,000 acre-feet of stored water and 3,000 to 4,000 acre-feet annually of water from  
19       the Overlying (Non-Agricultural) Pool to Appropriators. Watermaster has drafted the proposed  
20       amendments together with the "Purchase and Sale Agreement for the Purchase of Water by  
21       Watermaster from Overlying (Non-Agricultural) Pool" dated June 30, 2007.<sup>25</sup> (Motion Exhibit  
22       "A", Attachment "G") The proposed Judgment Exhibit "G" amendment references Paragraph I  
23       of the Purchase and Sale Agreement, which provides for a one-time transfer of 8,530 acre-feet to

24       <sup>24</sup> Watermaster consistently refers to the Overlying (Non-Agricultural) Pool as the "Non-Agricultural Pool". Given  
25       the 2001 and proposed amendments, that appears to be appropriate.

26       <sup>25</sup> Watermaster notes:

27       There are two different transfers [of water from the Overlying (Non-Agricultural) Pool] at issue -  
28       the one time transfer of the water held in storage, and the ongoing transfer to the Appropriative  
29       Pool. The former requires a Judgment Amendment, and the latter is done under the Peace  
30       Agreement [Resolution 07-05 Attachment "G" Purchase and Sale Agreement], though the latter  
31       also requires a Judgment Amendment in this instance because it is contemplated that the  
32       transferred water may be distributed to the Appropriative Pool members.

(Motion p. 16, Ins. 20-25)

1 Santa Ana Water Company and Vulcan Materials, which is labeled "Special Transfer Quantity".  
2 The court is being asked to approve the "Special Transfer Quantity" without any explanation of  
3 that transfer. It appears that the 52,000 acre-feet one-time transfer is decreased by the 8,530  
4 acre-feet.

5 Given that more than 52,000 acre-feet of water is being held in storage by the members  
6 of the Non-Agricultural Pool, it is clear that previous efforts to encourage and facilitate transfers  
7 to Watermaster from the Overlying (Non-Agricultural) Pool have not worked to alleviate the  
8 build-up in storage. However, if a dispute were to arise as to the meaning of these proposed  
9 Judgment amendments, the record does not contain sufficient explanation for the court to resolve  
10 questions of interpretation. Watermaster should, by February 1, 2008, prepare and submit to the  
11 court a post-hearing brief to explain fully these proposed Judgment amendments.

#### 12 IV. TECHNICAL ISSUES RELATED TO BASIN REOPERATION

##### 13 A. Technical Analysis of 400,000 Acre-Feet of Additional Overdraft

##### 14 1. Issues Raised in Preliminary Report

15 The Preliminary Report raised the concern that:

16 There is no technical or modeling analysis . . . that shows that mining 400,000  
17 acre-feet without reducing groundwater in storage by 198,000 to 212,000  
18 additional acre-feet would achieve the "robust" Hydraulic Control which Mr.  
Wildermuth has declared to be necessary.

19 (Preliminary Report p. 13, Ins. 16-19) The Preliminary Report suggested that Watermaster  
20 should provide technical analysis of its proposed project, which is limited to 400,000 acre-feet of  
21 unreplenished desalter production.<sup>26</sup> (*Id.* p. 60, Ins. 21-22) It also suggested that Watermaster

22 <sup>26</sup> This was not the first time this issue was raised. Mr. Scalmanini's Report (Review of Chino Basin Numerical  
23 Groundwater Flow Model (Updated 2003 Model) (March 2007)) ("Scalmanini Model Review Report") pointed out  
this concern with respect to earlier analyses:

24 Interestingly, there has not yet been a model application to simulate a basin reoperation alternative  
25 comprised of forgiveness of 400,000 acre-feet of the replenishment obligation associated with  
desalter pumping over the Peace Agreement term. There are thus no model simulation results that  
26 show expected hydraulic control resulting from such a potential basin reoperation alternative. . .  
Thus, as regards model application and interpretation to date, there has been an analysis to show  
27 the formation of hydraulic control with forgiveness of half the total West Desalter pumping  
(535,000 af), but there has been no analysis to show whether hydraulic control might be achieved  
with forgiveness of 400,000 af of replenishment obligation (37 percent of the total West Desalter  
28 pumping).

(Scalmanini Model Review Report pp. 30-31)

1 could revise the initial Attachment "E" schedules (to reflect corrected New Yield numbers) (*id.*  
2 p. 12, lns. 8-9), but that technical analysis of a revised schedule would be necessary to determine  
3 whether mining only 400,000 acre-feet of groundwater would be enough to achieve hydraulic  
4 control.

## 5           2.       Watermaster's Response

6           Watermaster acknowledges that the Technical Report "... analyzed the withdrawal of up  
7 to 600,000 acre-feet" (Watermaster Response p. 17, ln. 27 to p. 28, ln. 1), but that Mr.  
8 Wildermuth, in his testimony at the November 29, 2007 hearing, provided an initial analysis of  
9 only 400,000 acre-feet. Watermaster summarizes Mr. Wildermuth's testimony, stating that:

10                   ... it is possible to achieve Hydraulic Control at the 400,000 acre-foot level, and  
11                   if withdrawing 600,000 acre-feet does not cause Material Physical Injury, then  
12                   neither will withdrawal of 400,000 acre-feet.<sup>27</sup>

12           (*Id.* p. 28, lns. 6-8)

13           Watermaster categorically rejects any suggestion that the

14                   mere filing of the Initial Schedule combined with the Wildermuth Final Model  
15                   modified the Project Description or impliedly authorized the taking of more than  
16                   400,000 acre-feet for the purpose of Hydraulic Control.

16           (*Id.* p. 27, lns. 8-10)

## 17           3.       November 29, 2007 Hearing

### 18           Mr. Slater

19           Mr. Slater explained that Watermaster does not at this time intend to ask the court to  
20 approve more than 400,000 acre-feet of "controlled overdraft":

21                   So the fact that the initial schedule or subsequent iterations do not ultimately  
22                   match what [New Yield] shows up, the [400,000 acre-feet] bank account is called,  
23                   until there's nothing left in the bank; and at which point if there's nothing left in  
24                   the bank, we either have to come back to Your Honor, or your son or daughter,  
25                   and make the argument that we should be able to go further. But we have no  
26                   basis or evidence to suggest that we are going to be required to do that. And more  
27                   importantly, there is no public policy. Sorry. There is no will on the part of our  
28                   stakeholders to do that. They want, with all due respect to the model, they want  
29                   facts. They want real operation, and then we'll come back and look.

26           (Reporter's Transcript p. 38, lns. 6-18)

27           <sup>27</sup> Watermaster concludes that the Special Referee's "... apparent confusion likely follows from the failure to  
28 appreciate that the Initial Schedule was only provisional ...", and that "[a]ll changes in the schedule would require  
updated technical data and court approval." (Watermaster Response p. 27, lns. 15-16 and 23-24)

1        Mr. Wildermuth

2        Mr. Wildermuth testified that his technical analysis focused on expansion of the desalter  
3 program, evaluation of "material physical impacts" of the Watermaster's proposed project, and  
4 determination of whether 400,000 acre-feet "was the appropriate value". (Reporter's Transcript  
5 p. 94, lns. 2-13) Much of his testimony reflected the analysis in the Technical Report of the  
6 rapid depletion schedule with overstated New Yield that resulted in 600,000 acre-feet -- rather  
7 than 400,000 acre-feet -- of unreplenished desalter production. (Reporter's Transcript p. 100, lns.  
8 23-24; p. 112, ln. 23 to p. 111, lns. 4-5) However, Mr. Wildermuth stated that:

9                . . . my basic conjecture is if there's no material physical injury at 600,000, there's  
10                no material physical injury at 400,000.

11 (Reporter's Transcript p. 115, lns. 5-8)

12        As to the effect of Basin reoperation on water levels and storage, Mr. Wildermuth  
13 testified that the projected changes are all "survivable":

14                These water level changes are survivable. You know, there's a slight energy  
15                increase some people will face with these. You know part of the Peace II  
16                Agreement and the economic benefit is such that the increase in energy is spent  
                 from pumping at a slightly lower level are more than offset by the economic  
                 benefits.

17                The definition of material physical injury as it has been used in the OBMP says  
18                that change in water levels is a material physical injury. Well, I think that can't  
                 be a bright line.<sup>28</sup>

19 (Reporter's Transcript p. 104, lns. 13-22)

20        Mr. Wildermuth testified that safe yield may approach 120,000 acre-feet in the future, but  
21 that the safe yield decline ". . . is big in terms of yield perhaps, but in terms of the overall water  
22 management picture, it's not that big." (Reporter's Transcript p. 107, lns. 18-20) Safe yield  
23 declines both because of Basin hydrology and because of development "booms" since the  
24 1970's, which have changed recharge; ". . . depending on where you were in the basin, that could

25        <sup>28</sup> The effect of Basin reoperation on water levels seems not to be clear. The Technical Report reported pumping  
26        depressions as large as 110 to 120 feet by fall 2053 (see, e.g., Technical Report p. 7-16), but Mr. Wildermuth's  
27        testimony was that between 20 and 50 feet of groundwater level changes will occur, and he appeared to be referring  
28        to the same timeframe and rapid depletion alternative. (Reporter's Transcript p. 102, lns. 1-5) In response to the  
                 court's question, Mr. Wildermuth offered that ". . . the change in water level maps between the baseline or/and the  
                 alternatives as separate maps would probably be useful. Because I think the other maps are misinterpreted. . ."  
                 (Reporter's Transcript p. 117, lns. 20-23)

1 be a ten to thirty-year lag when the recharge changes and you see the change at the water table.”

2 (Reporter’s Transcript p. 108, lns. 1-10) In Mr. Wildermuth’s opinion, it is “. . . sort of  
3 laughable to talk about a material physical injury. We are actually making it better.”<sup>29</sup>

4 (Reporter’s Transcript p. 108, ln. 25 to p. 109, ln. 1)

5 Regarding subsidence impacts, Mr. Wildermuth concluded that MZ-1 water levels will be  
6 “well above what we call the subsidence threshold.” (Reporter’s Transcript p. 111, ln. 2) In  
7 other parts of the Basin, there will be “some large scale, broad scale but very small subsidence”  
8 which will not create a problem for infrastructure or above-ground structures, and that is “just the  
9 way it is.” (Reporter’s Transcript p. 111, lns. 14-20)

10 A key question was whether just 400,000 acre-feet of unreplenished groundwater  
11 production would be sufficient to achieve and maintain hydraulic control. Although Mr.  
12 Wildermuth said he had not “fully exhausted or mined the information, . . . we did mine the  
13 information out of the model to get [the] hydraulic control answer. . .” (Reporter’s Transcript p.  
14 113, lns. 16-18) Mr. Wildermuth did not actually say that “robust” hydraulic control will be  
15 achieved and maintained with 400,000 acre-feet of unreplenished desalter production, but his  
16 testimony implies that is the case, and that conclusion appears to be supported by the final two  
17 groundwater contour maps in Watermaster Exhibit “T”.<sup>30</sup>

#### 18 4. Recommendations

19 Mr. Scalmanini prepared recommendations regarding formal documentation of the  
20 400,000 acre-feet only project discussed by Mr. Wildermuth at the November 29, 2007 hearing.  
21 His recommendations largely stem from the fact that Mr. Wildermuth’s testimony and  
22 Watermaster Hearing Exhibit 1 reflect the only simulation of what is actually proposed for Basin  
23 reoperation – unreplenished desalter production limited to a total of 400,000 acre-feet. That

24  
25 <sup>29</sup> The Wildermuth Letter Report expands on this discussion slightly.

26 <sup>30</sup> Mr. Wildermuth responded affirmatively when asked if model results, the Technical Report, and the “. . .  
27 testimony here today reconfirm your earlier opinion that 400,000 acre feet needs to be withdrawn from the basin in  
28 order to secure hydraulic control?” (Reporter’s Transcript p. 115, lns. 10-15) This is not the same as affirmatively  
stating that 400,000 acre-feet of unreplenished desalter production will achieve and maintain hydraulic control. The  
Wildermuth Letter Report states that: “The model predictions for Alternative 1C demonstrate a more robust state of  
hydraulic control [as compared to the Baseline], although not quite as robust as Alternatives 1A and 1B.”  
(Wildermuth Letter Report p. 6)

1 project requires complete, separate documentation.

2       The previous Technical Report provides documentation of the development and  
3 calibration of the 2007 Watermaster Model. A new complete report should include a full  
4 analysis of projected Basin yield and hydraulic control in support of the Judgment Exhibit "I"  
5 amendment. The new report should essentially be a stand-alone version of Technical Report  
6 Section 7, plus appropriate appendices, to completely document what Watermaster has analyzed  
7 as the expected Basin response to its proposed reoperation strategy, including whether hydraulic  
8 control is projected to occur, when it is projected to be achieved, whether hydraulic control will  
9 be "robust" (and what that means in quantitative terms), and what the projected Basin yield  
10 resulting from Basin reoperation will be over time. Tables equivalent to Table 4-4 of the April  
11 2006 Watermaster Model Report and Table 3-3 of the December 2006 Watermaster Model  
12 Report should be included.<sup>31</sup>

13       Mr. Scalmanini also recommends that the new report discuss and tabulate how  
14 replenishment determinations will be made on a year-to-year basis. For example, the new report  
15 should illustrate how replenishment obligations will be calculated given a declining safe yield,  
16 and how credit for new yield will be based on model projections. The report should describe in  
17 detail how Watermaster will be monitoring and interpreting actual Basin response to reoperation.  
18 In addition to noting the measurement of water levels as part of the Hydraulic Control  
19 Management Program plus any other monitoring, the new report should describe fully how to  
20 quantify the two key factors: actual change in groundwater storage, and actual new yield.<sup>32</sup>

21       The new report should discuss, in the context of the 400,000 acre-foot reoperation  
22 project, constraints related to the availability of recharge capacity and water for recharge. The  
23 report should include, for example, discussion of what quantity of recharge capacity and water  
24 availability would be needed to overcome the potential imposition of pumping limits ("caps" on  
25 production) discussed at length in Technical Report Section 7. Overall, the purpose of the new

26 <sup>31</sup> Those tables plot storage versus time through 2030; they should be extended through 2060. Change in  
27 groundwater storage is a measure which can provide significant information, as well as historical context, for  
Watermaster decision-making.

28 <sup>32</sup> This raises a question, discussed below in Section V, that a standard is needed against which Watermaster will be  
able to demonstrate that it has achieved and is maintaining hydraulic control.

1 report would be to add to the record technical documentation in support of the actual proposed  
2 Basin Reoperation Strategy (unreplenished desalter production limited to 400,000 acre-feet) at a  
3 level of detail equivalent to Technical Report Section 7.

4 In addition to Mr. Scalmanini's suggestions, the new technical report should fully  
5 evaluate whatever actions or strategies might increase the likelihood that hydraulic control will  
6 be achieved and maintained with only 400,000 acre-feet of unreplenished desalter production.  
7 There may be measures that Watermaster can adopt proactively to optimize the success of its  
8 proposed project. One measure is the Peace II Agreement provision that future desalters will be  
9 entitled to first priority to the new controlled overdraft only "[t]o the extent the groundwater  
10 wells for the future Desalters pump at least fifty (50) percent groundwater from the southern end  
11 of the Basin . . ."<sup>33</sup> (Peace II Agreement ¶ 7.2(a); *see also* ¶ 5.8(a))

12 Watermaster should prepare and submit to the court for approval a new technical report  
13 which includes all of these issues by March 1, 2008. The Wildermuth Letter Report filed  
14 December 19, 2007, referring to Mr. Scalmanini's recommendation, described above, notes:

15 We have also received an email from Joe Scalmanini, assistant to the Special  
16 Referee, suggesting that a more detail report regarding Alternative 1C and other  
17 related issues be prepared. Per your direction we will prepare the report requested  
by Mr. Scalmanini in the first two months of 2008.

## 18 **B. Initial Schedule and Changes to the Schedule**

### 19 **1. Issues Raised in the Preliminary Report**

20 Watermaster's Motion provided no discussion of the two tables filed with its Motion as  
21 Attachment "E" to Resolution No. 07-05. (Preliminary Report p. 35, ln. 21 to p. 36, ln. 12) The  
22 Preliminary Report noted that the New Yield quantities shown on the tables were substantially  
23 overstated, based on Watermaster's Technical Report.<sup>34</sup> (*Id.* p. 11, ln. 10 to p. 13, ln. 6) It was  
24 suggested that Watermaster could revise the Attachment "E" tables to reduce New Yield  
25 quantities to be consistent with the Technical Report.<sup>35</sup> (*Id.* p. 13, lns. 15-16) Either the

26 <sup>33</sup> Watermaster has not explained why only 50 percent of new desalter wells will be required to be in the southern  
end of the Basin, or provided supporting technical analysis.

27 <sup>34</sup> The Attachment "E" tables are identical to Technical Report Tables 7-6(a) and 7-6(b).

28 <sup>35</sup> As discussed, above, the recommendation was also made that Watermaster provide technical analysis of only  
400,000 acre-feet of unreplenished desalter production (which would be based on New Yield quantities consistent



1 Attachment "E" tables would have to be revised to reflect corrected New Yield numbers, or  
2 Watermaster would have to revise its proposed amendment to Judgment Exhibit "T".

3 The Preliminary Report also pointed out that Watermaster should account for credit  
4 which it has taken during 2000/01 through 2006/07 for New Yield (and stormwater) which the  
5 Technical Report indicates is overstated. (*Id.* p. 12, fn. 10; p. 36, fn. 43)

## 6 2. Watermaster's Response

7 Watermaster clarified that its Initial Schedule is the rapid depletion schedule  
8 (Watermaster Response p. 42, lns. 14-15), which is the first Attachment "E" table, and Technical  
9 Report Table 7-6(a).

10 Watermaster states:

11 . . . it is a legal impossibility for the Initial Schedule to be followed because the  
12 parties are expressly and unequivocally limited to the withdrawal of 400,000 acre-  
feet.

13 (*Id.* p. 28, lns. 14-15) The Initial Schedule ". . . was only provisional and a basis to allow Mr.  
14 Wildermuth to run an analysis regarding whether there would be material physical injury."<sup>36</sup> (*Id.*  
15 p. 27, lns. 15-17) Watermaster further explains that the Initial Schedule will be revised:

16 . . . The Peace II Measures contemplate that the Initial Schedule will be replaced  
17 within one year of the approval following a negotiation between WMWD  
18 [Western Municipal Water District] and the members of the Appropriative  
19 Pool. . . Watermaster has retained discretion to then adopt the recommended  
resolution or present its own to the Court. . . All changes in the schedule would  
require updated technical data and Court approval.<sup>37</sup>

20 (*Id.* p. 27, lns. 19-24) Watermaster's Response does not discuss the corrected table presented by  
21 Mr. Wildermuth at the November 29, 2007 hearing.<sup>38</sup>

22  
23 with the Technical Report) to show that Hydraulic Control would be achieved without the additional 200,000 acre-  
feet of unreplenished production that was the result of overstating New Yield numbers in the tables.

24 <sup>36</sup> No explanation is given for why Mr. Wildermuth was directed to use New Yield numbers that were inconsistent  
with his own modeling results and analysis.

25 <sup>37</sup> Even though referred to in Peace II Section 7.2(e)(i) as an "initial schedule", the Peace II Agreement does not  
26 mention replacement of the initial schedule in one year. It states only that Watermaster ". . . may approve and  
27 request court approval of revisions to the initial schedule if Watermaster's approval and request are supported by a  
technical report demonstrating the continued need for access to controlled overdraft. . ." (Peace Agreement §  
7.2(e)(ii))

28 <sup>38</sup> The corrected table, discussed below, was included in Watermaster Hearing Exhibit 1. A further revised  
Alternative 1C table is included in the Wildermuth Letter Report, and is attached to this Report as Attachment 2.

1 As to the need to account for credit already taken by Watermaster for New Yield that the  
2 Technical Report shows does not exist, Watermaster's view is as follows:

3 The Referee says that Watermaster accounting should be corrected back to 2000  
4 to account for shortfalls in storm water new yield and induced inflow. Notably,  
5 there is no recommendation to correct for Mr. Wildermuth's opinion that Safe  
6 Yield has historically been greater than 140,000 acre-feet. Watermaster  
appreciates the suggestion that corrections should be made where material – but  
not only if they penalize the parties.<sup>39</sup>

7 (*Id.* p. 42, lns. 18-22)

8 **3. November 29, 2007 Hearing**

9 Mr. Slater

10 Mr. Slater explained at the November 29, 2007 hearing that the Initial Schedule reflects  
11 the initial allocation of "controlled overdraft" as between existing and future desalter operations:

12 ... There were rules that were established that would allow a first priority, if you  
13 will, for that controlled overdraft to be dedicated to the party who was strong  
14 enough to step up and assume the capital burden and responsibility for  
constructing the desalters. And that party thus far is the Western Municipal  
Water District. . . So that 400, how it's used is subject to further negotiation . . .  
15 the parties recognized that there would need to be a negotiation over the use of  
that 400. And the agreement calls for the preparation today so the Court could  
16 see what was called an initial schedule, and that it would be filed with the  
Resolution.

17 (Reporter's Transcript p. 32, ln. 16 to p. 33, ln. 22) The negotiations Mr. Slater refers to will  
18 affect the allocation of the 400,000 acre-feet between existing and future desalter operations:

19 As to the overstatement of New Yield in the Initial Schedule, Mr. Slater explained:

20 There's only 400. There is no more. So it is whatever we get out of new yield,  
21 we get. But if we don't achieve new yield, what's the next thing in line? Our  
bank account, our 400. So whatever we don't achieve in the form of enough  
22 yield, it doesn't go missing. It's not a shortfall. These people suffer. If the new  
yield doesn't show up, they have to hit the bank account. Or if there is no water  
23 in the bank account, what do they have to do? Replenish.

24 (Reporter's Transcript p. 37, ln. 22 to p. 38, ln. 5) The Peace II Documents uniformly limit  
25 unreplenished desalter production to 400,000 acre-feet. As a result:

26 <sup>39</sup> Watermaster and the parties have decided not to recalculate Safe Yield until 2011. It is not clear how recalculated  
27 Safe Yield would be accounted for retroactively. At least with respect to stormwater and New Yield credits since  
2000, corrections can be made; the Peace Agreement defines New Yield as "proven increases in yield in quantities  
28 greater than historical amounts. . ." (Peace Agreement ¶ 1.1(aa); emphasis added) How Watermaster will address  
recalculated Safe Yield is an issue for 2011.

1 ... the initial schedule cannot violate that provision. [¶] So when the agreements  
2 were executed, no one had any idea that the initial schedule would bump up to the  
3 cap. But now that it has, under the runs, the initial schedule obviously cannot be  
4 followed.

(Reporter's Transcript p. 36, Ins. 3-8)

5 Mr. Manning

6 When asked if Watermaster will be revising the table to reflect Mr. Wildermuth's New  
7 Yield estimates, Mr. Manning replied that Watermaster will do so. (Reporter's Transcript p. 71,  
8 Ins. 1-6)

9 Mr. Wildermuth

10 Mr. Wildermuth testified that, because new yield did not "materialize" as assumed in  
11 Watermaster's project description, "... an unintentional extra pull down of storage of about  
12 200,000 ..." was created and "so we redesigned that schedule." (Reporter's Transcript p. 113,  
13 Ins. 1-3). Mr. Wildermuth described a revised Initial Schedule table ("Alternative 1A\* Desalter  
14 Replenishment with Most Rapid Depletion of the Re-Operation Account") which was included  
15 in Watermaster's Hearing Exhibit 1 (attached as Attachment 1 to this report).

16 Watermaster counsel agreed to file a supplemental technical analysis by Mr. Wildermuth.  
17 Watermaster filed the Wildermuth Letter Report with the court on December 19, 2007.<sup>40</sup>

#### 18 **4. Recommendation**

19 The initial schedule has been described as a "legal impossibility" that "obviously cannot  
20 be followed". Watermaster should submit a corrected schedule to the court for approval which is  
21 consistent with the revised table presented by Mr. Wildermuth at the hearing, or in his Letter  
22 Report (Attachments 1 and 2 to this Report). This should be done by February 1, 2008. The  
23 corrected schedule would not have to address the allocation of the 400,000 acre-feet between  
24 existing and new desalter operations; the parties have committed to finalizing that allocation in a  
25 revised schedule to be filed by the end of 2008. Watermaster should file a revised schedule with

26 <sup>40</sup> Mr. Wildermuth indicated that his preliminary review of the 400,000 acre-feet only project with Alternative 1A\*  
27 assumptions had not taken into account that Watermaster may decide to deduct from the 400,000 acre-feet the  
28 quantity of overstated new yield (and storm water) credited during the period 2000/01 through 2006/07. In response  
to the question of whether hydraulic control would be retained if the 400,000 acre-feet were reduced by the amount  
of the previous overstatement of new yield, Mr. Wildermuth replied: "No, it's really small."

1 the court by the end of 2008 for court approval.

2 Watermaster should be required to include with its revised schedule a reconciliation of its  
3 overestimate of New Yield (including stormwater) and any other proposed revisions the  
4 Watermaster may have arising from the comparison of earlier estimates of physical conditions  
5 and actual experience. As noted in the Preliminary Report, it appears from Table 7-3 and Figure  
6 7-7 of the Technical Report that, for the period 2000/01 through 2006/07, New Yield induced  
7 from the Santa Ana River has been overstated by 37,043 acre-feet and stormwater by 24,000  
8 acre-feet, for a total of 61,043 acre-feet. Watermaster should be directed to reconcile the New  
9 Yield and stormwater estimates it used during the period 2000/01 through 2006/07, with actual  
10 conditions as reflected in the Technical Report, or demonstrate good cause why this should not  
11 be done.<sup>41</sup> Watermaster's reconciliation should be based on a thorough analysis of actual  
12 production and replenishment during the period in question. Watermaster should provide a  
13 report to the court and obtain court approval by December 31, 2008, as to whether it will account  
14 for this unreplenished overproduction as part of the 400,000 acre-feet of "controlled overdraft"  
15 or actually replenish for that overproduction. If the former, the revised schedule should reflect  
16 that approach; if the latter, Watermaster's report should include a schedule for replenishment or  
17 indicate what water will be used to offset the overproduction.<sup>42</sup> In summary, the reconciliation  
18 should be holistic and "true-up" earlier estimates with data obtained from actual experience and  
19 observed conditions.

20 Finally, because New Yield quantities will vary from year to year, Watermaster should be  
21 required to update the schedule by December 31 of each year, and provide the court with  
22 supporting technical analysis.<sup>43</sup> An annual updated schedule will provide Watermaster with

23  
24 <sup>41</sup> This reconciliation will be complicated, given the September 2, 2004 First Amendment to Peace Agreement  
which amended Peace Agreement Section 7.5(b). Before that amendment, stormwater was included in New Yield  
and dedicated to desalter replenishment. Thereafter:

25 The 12,000 acre-feet of storm flow Recharge determined by Watermaster to be part of New Yield  
26 shall be allocated to the Appropriators according to their percentage of Safe Yield under the  
Judgment. . .

27 There may be other complications that will factor into Watermaster's reconciliation.

28 <sup>42</sup> If Watermaster decides to use part of the 400,000 acre-feet to offset overestimated New Yield since 2000/01, that  
would have to be taken into account in technical analysis of "Alternative 1C".

<sup>43</sup> As noted in Section IV.A, above, with regard to additional technical work to be done to support the 400,000 acre-

1 information that is essential for its operations.

## 2 V. STANDARD FOR EVALUATION OF HYDRAULIC CONTROL

### 3 A. Technical Assessment of Hydraulic Control

4 The Technical Report, the Wildermuth Letter Report, and Mr. Wildermuth's declarations  
5 and testimony evaluate whether the various alternatives analyzed will achieve and maintain  
6 hydraulic control. In order to obtain the benefits of the RWQCB's Basin Plan Amendment, and  
7 to comply with the permit issued by the RWQCB, hydraulic control has to be demonstrated. Mr.  
8 Wildermuth has evaluated whether various Basin reoperation alternatives achieve "robust" or  
9 only "weak" hydraulic control. He testified that:

10 ... We want to have ... a robust hole. You don't want a shallow hole. You want  
11 a deep hole. Reason is things change. ... You've got to have some strength to  
12 this well field, to this depression. You also have to be able to monitor and  
13 measure it. Difficult to monitor if it is shallow. But a more pronounced  
14 depression is easier to measure.

15 (Reporter's Transcript p. 114, ln. 16 to p. 115, ln. 2)

16 The RWQCB 2004 Basin Plan amendment recognized that Watermaster and IEUA:

17 ... have made clear commitments to the implementation of projects and  
18 management strategies to achieve the "maximum benefit" objectives. ...  
19 Watermaster and IEUA have indicated that the supervision of the Watermaster  
20 program by the San Bernardino County Superior Court will insure that the  
21 Watermaster and IEUA commitments are met.<sup>44</sup>

22 (Attachment to RWQCB Resolution No. R8-2004-001, p. 61) One of the clear commitments as  
23 of 2004 was to maintain and achieve hydraulic control.<sup>45</sup> Watermaster must obtain the court's  
24 approval of the Peace II measures in order to meet the commitments it made in 2004, and to meet

25 feet-only project, Watermaster's new technical report should address how it will quantify actual new yield in the  
26 future.

27 <sup>44</sup> The Attachment to Resolution No. R8-2004-001 also states at p. 53 that the OBMP: "includes the implementation  
28 of management activities that would result in the hydraulic isolation of Chino Basin groundwater from the Orange  
County Management Zone. ..." The OBMP, adopted well before 2004, addressed the pre-amendment Basin Plan.  
(See Peace Agreement Exhibit "B" OBMP Implementation Plan, p. 25)

<sup>45</sup> The Attachment to Resolution No. R8-2004-001 defines "Hydraulic Control" as "... eliminating groundwater  
discharge from the Chino Basin to the Santa Ana River, or controlling discharge to *de minimus* levels." (P. 52) Mr.  
Wildermuth testified that this definition

... was negotiated very carefully with the Regional Board. And what we have to do is make sure  
that everything that we call Chino North does not make it into the Santa Ana River. Chino North  
is, butts up against the 566 elevation line of Prado Reservoir. So we have to stop. That's the line  
of demarcation. We stop there.

(Reporter's Transcript p. 119, lns. 4-10)

1 permit requirements imposed six months ago.

2 On June 29, 2007, the RWQCB adopted an order requiring Watermaster and IEUA to  
3 implement "Chino Basin Maximum Benefit Commitments", one of which is to "... implement  
4 measures necessary to maintain hydraulic control, i.e., eliminating, or controlling to *de minimus*  
5 levels, the discharge of groundwater from the Chino Basin to the Santa Ana River." (Water  
6 Recycling Requirements, RWQCB Order No. R8-2007-0039, p. 26) Watermaster and IEUA  
7 must have plans to mitigate water quality effects "... from temporary failure to achieve or  
8 maintain hydraulic control" and to "... correct loss of hydraulic control." (*Id.*) The RWQCB  
9 determines whether hydraulic control is achieved or maintained. There appear to be no standards  
10 or criteria that apply to that determination.

#### 11 **B. Recommendations**

12 Mr. Wildermuth's "robust" criterion should be formalized and the concurrence of the  
13 RWQCB should be obtained. This may require that the RWQCB's definition of "Hydraulic  
14 Control" be restated with greater specificity. Watermaster should report to the court by July 1,  
15 2008, on the development of standards or criteria which will be applied in the future to  
16 demonstrate the achievement and maintenance of Hydraulic Control. That report should inform  
17 the court of Watermaster's plans for mitigation of temporary failure to achieve or maintain  
18 hydraulic control and to correct the loss of hydraulic control.

### 19 **VI. ASSURANCES REGARDING RECHARGE**

#### 20 **A. Peace II Measures**

21 A key element of the proposed Peace II Measures is that Watermaster must develop  
22 recharge capability throughout the Basin Reoperation period, to ensure that sufficient recharge  
23 capability exists at the end of that period. There will have to be sufficient recharge capability to  
24 meet desalter replenishment obligations and all other future recharge needs.

25 Watermaster and the parties have committed to prepare an updated Recharge Master Plan  
26 by July 1, 2010. Mr. Slater firmly stated to the court:

27 "... We have a mandatory commitment to do the recharge master plan. Then that  
28 is buttressed by a penalty of depriving us of the 400 if we don't stay in your good

graces.<sup>46</sup>

(Reporter's Transcript p. 52, lns. 1-4) This is a clear and enforceable obligation, and "mandatory duty":

If Watermaster and the parties are not in compliance with this requirement, then the controlled overdraft of the Basin must cease. Mr. Wildermuth testified that it is possible for there to be an immediate course correction if Material Physical Injury were to develop. . . The method to stop the controlled overdraft of the Basin would be through the resumption of replenishment. The Court will be able to determine that the controlled overdraft has been stopped simply through the reporting of the resumption of replenishment in an amount sufficient to account for desalter production.

(Response p. 31, lns. 20-27)

## **B. Recommendations**

Watermaster has committed to submitting an updated Recharge Master Plan to the court for approval by July 1, 2010. A first recommendation is that Watermaster should submit a detailed outline of the scope and content of its first Recharge Master Plan update to the court for approval by July 1, 2008, and report its progress to the court again by January 1, 2009, and July 1, 2009.

The updated Recharge Master Plan and every subsequent update should be required to include at least the following elements:

1. Baseline conditions must be clearly defined and supported by technical analysis. As demonstrated by the Technical Report, the baseline definition encompasses such factors as pumping demand, recharge capacity, total Basin water demand, and availability of replenishment water.
2. Safe yield, although not to be formally recalculated until 2011, should be estimated annually. Watermaster should develop a technically defensible approach to estimating safe yield annually, since replenishment obligations increase with declining safe yield.
3. Watermaster should evaluate measures that can be taken to lessen or stop the projected Safe Yield decline. All practicable measures should be evaluated in terms of their potential benefits and feasibility.

<sup>46</sup> Mr. Manning testified, in response to the question of what measures Watermaster will be implementing to ensure that various interests in the Basin are protected as Basin reoperation proceeds, that: (1) Monitoring is key. (2) "In the short term, we can look at pumping patterns. We can look at conservation. We can look at recharge strategies in terms of where we recharge water. . ." (3) "In the long run, if we had to, worst case scenario, you could just do additional replenishment." (Reporter's Transcript p. 59, ln. 4 to p. 60, ln. 4) Watermaster should explain the last point in Mr. Manning's testimony.

4. Basin Reoperation will affect groundwater storage and water levels. The Recharge Master Plan should provide for annual evaluations and reporting of these variables.
5. Total demand for groundwater should be forecast for 2015, 2020, 2025, and 2030. Availability of imported water for supply and replenishment, and availability of recycled water should be forecast on the same schedule. The schedules should be refined in each update. Projections should be supported by thorough technical analysis.
6. Watermaster's Technical Report raised the issue that the Basin is a finite water supply source. Because parties are enjoined from pumping more than their shares of Safe Yield or Operating Safe Yield, unless Watermaster is able to replenish for overproduction, Watermaster's success in planning and implementing a recharge and replenishment program dictates how much groundwater will be allowed to be pumped in the future. The Recharge Master Plan must include a detailed technical comparison of current and projected groundwater recharge capability and current and projected demand for groundwater. If, at any time, Watermaster's recharge capacity either cannot meet or is projected not to be able to meet replenishment needs, Watermaster should alert all parties of that fact. The Recharge Master Plan should at that point guide Watermaster's efforts to either provide sufficient recharge capability or undertake alternative measures. The end result is that Watermaster must be able to resume Basin operation in accordance with the Judgment and its Physical Solution at any time.

## VII. DECLINING SAFE YIELD ISSUES

### A. Technical Analysis Indicates Safe Yield is Declining

Watermaster's Technical Report indicated – for the first time – that safe yield would decline, from 140,000 acre-feet per year to slightly less than 120,000 acre-feet per year by 2059/60. (Technical Report p. 8-2) Watermaster addressed this new information in its

#### Response:

More importantly, the Referee expressed surprise and concern over the downward trends in Safe Yield predicted by the Final Report. Watermaster shares this concern. Indeed it would be a travesty if the Safe Yield of the Basin was materially diminished over the next several decades. Watermaster and the parties have already invested heavily in measures to retard erosion of safe yield and to increase yield through physical improvements, it would be both uncharacteristic and wholly without precedent for Watermaster to ignore information suggesting that its earlier investments will be undermined.

The Court must appreciate that information is very new and further evaluation and better understanding of the causes and whether they can be reversed or mitigated by methods other than expanded recharge is warranted. That said, Watermaster must point out that the gravity of the predicted condition in the Final Report actually grows worse if the Peace II Measures are not implemented. (November 15, 2007 Declaration of Mark Wildermuth, ¶ 17.) There can be no better place to address the subject of declining yield than in the proposed Recharge Master Plan process.



1 (Response p. 32, ln. 20 to p. 33, ln. 7)

2 As discussed in Section IV.A. 3, above, Mr. Wildermuth has outlined the likely causes of  
3 the projected decline in safe yield. The Wildermuth Letter Report includes a brief discussion of  
4 the causes of declining safe yield, including why the decline was not predicted in prior  
5 investigations.

## 6 **B. Recommendations**

7 The projected reduction in Safe Yield should be included in technical analysis in the  
8 expanded Hydraulic Control report and the updated Recharge Master Plan.

## 9 **VIII. NEW EQUILIBRIUM**

### 10 **A. Technical Analysis of New Equilibrium**

11 Watermaster characterizes Basin Reoperation as a "temporary excursion" which will last  
12 no longer than 22 years or substantially less. (Response p. 19, ln. 23 to p. 20, ln. 2) Reaching a  
13 "new equilibrium" may not be as clear cut as this characterization suggests, however. Mr.  
14 Scalmanini expressed concern in his Model Review Report that reaching a "new equilibrium" at  
15 the end of Basin reoperation will not necessarily be straightforward:

16 Ultimately, it is beyond the scope of this review to comment on the technical or  
17 other viability of basin reoperation schemes. However, in light of the long-term  
18 fundamental basis for the Judgment in the Chino Basin, that groundwater not be  
19 chronically depleted, the observation of model output . . . clearly illustrates the  
20 need for model application to examine projected basin conditions through  
21 whatever is proposed for the balance of the Peace Agreement term and also,  
22 assuming that some form of purposeful storage depletion is proposed, to examine  
23 projected basin conditions beyond that term. The intent of such a simulation  
24 would be to identify a subsequent basin reoperation scheme that would assure the  
25 maintenance of hydraulic control but also assure that storage depletion is curtailed  
26 and long-term sustainability is achieved. In other words, the Updated 2003  
27 Model shows that reoperation to achieve hydraulic control will result in  
28 continuous removal of groundwater from storage through and beyond the  
achievement of hydraulic control. Logically, full replenishment of desalter  
pumping and achievement of hydraulic control could undermine hydraulic control  
by contributing to the recovery of purposely-depressed groundwater levels.  
Further logic would suggest that sustainable reoperation after achievement of  
hydraulic control might involve continued desalter pumping with more than half,  
but not full, replenishment. After resolution of the boundary and other issues  
delineated in this review, the model (presumably the 2007 Watermaster Model)  
should be used to define the anticipated rates of desalter and other pumping, and  
the associated replenishment of desalter pumping that will achieve long-term  
groundwater sustainability. The results of that analysis would inform a  
redetermination of safe yield at the end of the Peace Agreement term.

1 (Scalmanini Model Review Report pp. 35-36)

2 **B. Recommendations**

3 The return to "operating pursuant to the Judgment", with full replenishment of  
4 overproduction, must be accomplished. How that will be accomplished, and a "new  
5 equilibrium" created, should also be included in technical analysis in the expanded Hydraulic  
6 Control report and the updated Recharge Master Plan.

7 **IX. CEQA**

8 **A. Scope of CEQA Review**

9 As noted in the Preliminary Report, Watermaster does not address the scope of CEQA  
10 review; the Peace II Agreement only notes that IEUA will be lead agency. (Preliminary Report  
11 p. 30, Ins. 5-9) The concern expressed was that there is no assurance that there will be an  
12 evaluation under CEQA of alternatives to, implications and effects of, and potential mitigation  
13 for Basin reoperation without a full environmental impact report ("EIR") being prepared. The  
14 cumulative effects of pursuing Basin reoperation – and what have been referred to as "trade-offs"  
15 – will apparently not be analyzed if no new EIR is prepared.<sup>47</sup>

16 Compliance with CEQA is an important part of the Peace II Agreement. The Peace II  
17 Agreement states:

18 2.1 Project Description. The proposed project description regarding the  
19 design, permitting, construction and operation of Future Desalter, securing  
20 Hydraulic Control through Basin Re-Operation is set forth in Attachment "A" to  
Watermaster Resolution 07-05 attached hereto as Exhibit "1."

21 2.3 Commitments are Consistent with CEQA. The Parties agree and  
22 acknowledge that no commitment will be made to carry out any "project" under  
the amendments to the OBMP and within the meaning of CEQA unless and until  
the environmental review and assessment that may be required by CEQA for that

23 <sup>47</sup> The Preliminary Report suggested that:

24 If there are practical alternatives for recycled water use that do not result in basin overdraft and do  
25 not change the entire gradient of the basin, and possibly maintain safe yield and allow additional  
26 storage and recovery programs, those alternative should be identified and evaluated. The  
economics of recycled water use and recharge arguably should not be of *paramount* importance to  
Watermaster. . .

27 (Preliminary Report p. 70, Ins. 22-26) Watermaster responded: "This recommendation appears to be based on  
28 assumptions not supported by the evidence." (Response p. 49, In. 15) This was exactly the point; there is no  
evidence in the record of alternatives to Basin reoperation, or "trade-offs" that may be the result of Basin  
reoperation.

1 defined "project" have been completed.  
2 (Peace II Agreement, Article II)

3 **B. Recommendation**

4 Watermaster should report to the court by April 1, 2008, on the status of existing  
5 environmental documentation that might be used to support environmental review of desalter  
6 expansion, and to provide the court with Watermaster's views as to the sufficiency of existing  
7 environmental documentation, and the need for and scope of additional environmental  
8 documentation for Basin reoperation. Watermaster should assure the court that its review,  
9 approval, and participation in any project that is a "project" for CEQA purposes has been the  
10 subject of all appropriate CEQA review.

11 **X. CONCLUSION**

12 Watermaster is an arm or extension of the court, and must carry out the Judgment's  
13 Physical Solution, develop and provide for the implementation of the OBMP, and manage the  
14 Basin accordingly. It is most successful when it works with the parties to achieve consensus.  
15 The court has consistently urged Watermaster to proceed in this way. In carrying out its role,  
16 Watermaster owes the court the duty to fully explain and discuss the actions for which it must  
17 seek court approval, particularly as they pertain to proposed Judgment amendments. The Special  
18 Referee, also serves the court to review and comment on motions to the court, and to make  
19 recommendations for further explanation, discussion, or context where those are necessary in  
20 order for the court fully to understand what the court is being asked to approve.

21 The majority of the questions and concerns raised in the Preliminary Report have been  
22 addressed either through testimony at the November 29, 2007 court hearing or by Watermaster's  
23 Response. Legal and technical questions remain, however, and this Report recommends that  
24 Watermaster be required to submit to the court for approval the responses, Hydraulic Control  
25 technical reports, Recharge Master Plan update and assurances, hydraulic control evaluation  
26 standard, safe yield analysis, and new equilibrium assurances by specified dates, as  
27 recommended in this Report. The court should approve Watermaster's Motion for Approval of

28 ///

1 Peace II Documents subject to Watermaster's timely compliance with the recommended  
2 requirements set forth in this Report.  
3

4 Dated: December 20, 2007

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6 Anne J. Schneider, Special Referee  
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# ATTACHMENT 1

Alternative 1A\*  
Desalter Replenishment with Most Rapid Depletion of the Re-Operation Account  
(acre-ft/yr)

Fiscal Year	Desalter Pumping	New Yield	Re-Operation			Residual Replenishment Obligation
			Replenishment Allocation for Desalter II	Replenishment Allocation to CDA	Balance	
2006 / 2007	28,700	0	0	28,700	400,000	0
2007 / 2008	28,700	0	0	28,700	371,300	0
2008 / 2009	28,700	0	0	28,700	342,600	0
2009 / 2010	28,700	0	0	28,700	313,900	0
2010 / 2011	28,700	0	0	28,700	285,200	0
2011 / 2012	28,700	0	0	28,700	256,500	0
2012 / 2013	34,050	0	5,000	29,050	193,750	0
2013 / 2014	39,400	75	10,000	23,750	160,000	5,575
2014 / 2015	39,400	318	10,000		150,000	29,632
2015 / 2016	39,400	679	10,000		140,000	25,721
2016 / 2017	39,400	1,119	10,000		130,000	28,281
2017 / 2018	39,400	1,680	10,000		120,000	27,720
2018 / 2019	39,400	2,336	10,000		110,000	27,064
2019 / 2020	39,400	3,011	10,000		100,000	26,339
2020 / 2021	39,400	3,699	10,000		90,000	25,701
2021 / 2022	39,400	4,450	10,000		80,000	24,950
2022 / 2023	39,400	5,154	10,000		70,000	24,246
2023 / 2024	39,400	5,779	10,000		60,000	23,621
2024 / 2025	39,400	6,384	10,000		50,000	23,046
2025 / 2026	39,400	6,924	10,000		40,000	22,476
2026 / 2027	39,400	7,402	10,000		30,000	21,898
2027 / 2028	39,400	7,827	10,000		20,000	21,573
2028 / 2029	39,400	8,191	10,000		10,000	21,209
2029 / 2030	39,400	8,440	10,000		0	20,980
Totals	676,050	73,439	175,000	225,000		402,611

Source: Watermaster Hearing Exhibit "1" (November 29, 2007 Hearing)

## ATTACHMENT 2

**Table 1**  
**Alternative 1C - Desalter Replenishment with the**  
**Most Rapid Depletion of the Re-Operation Account**  
 (acre-ft/yr)

Fiscal Year	Desalter Pumping	New Yield	Re-Operation			Residual Replenishment Obligation
			Replenishment Allocation for Desalter III	Replenishment Allocation to CDA	Balance	
					400,000	0
2006 / 2007	26,350	0	0	26,350	373,650	0
2007 / 2008	26,350	0	0	26,350	347,300	0
2008 / 2009	26,356	0	0	26,356	320,944	0
2009 / 2010	26,356	0	0	26,356	294,588	0
2010 / 2011	28,965	0	0	28,965	265,622	0
2011 / 2012	31,574	75	0	31,500	234,123	0
2012 / 2013	34,182	442	5,000	28,740	200,383	0
2013 / 2014	36,791	962	10,000	25,829	164,554	0
2014 / 2015	39,320	1,629	10,000	4,554	150,000	23,137
2015 / 2016	39,320	2,255	10,000		140,000	27,065
2016 / 2017	39,320	2,771	10,000		130,000	26,549
2017 / 2018	39,320	3,275	10,000		120,000	26,045
2018 / 2019	39,320	3,767	10,000		110,000	25,553
2019 / 2020	39,320	4,283	10,000		100,000	25,037
2020 / 2021	39,320	4,764	10,000		90,000	24,556
2021 / 2022	39,320	5,198	10,000		80,000	24,122
2022 / 2023	39,320	5,570	10,000		70,000	23,750
2023 / 2024	39,320	5,854	10,000		60,000	23,466
2024 / 2025	39,320	5,959	10,000		50,000	23,361
2025 / 2026	39,320	5,834	10,000		40,000	23,486
2026 / 2027	39,320	5,698	10,000		30,000	23,622
2027 / 2028	39,320	5,546	10,000		20,000	23,774
2028 / 2029	39,320	5,479	10,000		10,000	23,841
2029 / 2030	39,320	5,594	10,000		0	23,726
Totals	866,045	74,953	175,000	225,000		391,091

Source: Wildermuth Letter Report (December 19, 2007)

**CHINO BASIN WATERMASTER**  
**Case No. RCV 51010**  
**Chino Basin Municipal Water District v. The City of Chino**

**FILED**  
**SUPERIOR COURT**  
**COUNTY OF SAN BERNARDINO**  
**RANCHO CUCAMONGA DISTRICT**  
**DEC 20 2007**

**PROOF OF SERVICE**

By *Price*  
Deputy

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On December 20, 2007 I served the following:

**1) SPECIAL REFEREE'S FINAL REPORT AND RECOMMENDATIONS ON MOTION FOR APPROVAL OF PEACE II DOCUMENTS**

☒ BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

***See attached service list: Mailing List 1***


☐ BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

☐ BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

☒ BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on December 20, 2007 in Rancho Cucamonga, California.

  
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**CHINO BASIN WATERMASTER**  
**Case No. RCV 51010**  
**Chino Basin Municipal Water District v. The City of Chino**

**PROOF OF SERVICE**

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On September 27, 2016, I served the following:

1. NOTICE OF LODGEMENT OF DECLARATION OF JANINE WILSON AND DOCUMENTS REFERENCED BY CHINO BASIN WATERMASTER AT HEARING ON WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
2. DECLARATION OF JANINE WILSON REGARDING DOCUMENTS REFERENCED BY CHINO BASIN WATERMASTER AT THE HEARING ON WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6

☒ BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

**See attached service list: Mailing List 1**

☐ BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

☐ BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

☒ BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on September 27, 2016 in Rancho Cucamonga, California.



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