1	SUPERIOR COURT OF THE STATE OF CALIFORNIA
2	FOR THE COUNTY OF SAN BERNARDINO
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4	CHINO BASIN MUNICIPAL WATER) DISTRICT,)
ð	Plaintiff,)
6	-vs-) No. 164327
7	CITY OF CHINO, et al.,
8	Defendants.)
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11	REPORTER'S TRANSCRIPT OF ORAL PROCEEDINGS
12	BEFORE HONORABLE HOWARD B. WIENER, JUDGE DEPARTMENT 1 (ONT)
13	Ontario, California
14	June 23, 1977 1:30 p.m.
15	APPEARANCES:
16	For Plaintiff: DONALD D. STARK
17	Attorney at Law Airport Plaza, Suite 201
18	2061 Business Center Drive Irvine, California 92715
19	For the State of EDWIN DUBIEL
20	California Deputy Attorney General State of California
21	For Bains and Martins: C. LLOYD MASON
22	Attorney at Law
23	For Southern California JOHN R. BURRIE Edison Attorney at Law
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2.,	Reported by: NORETA VAN BUSKIRK
26	Official Reporter C.S.R. No. 2116
	ORIGINAL

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ONTARIO, CALIFORNIA, THURSDAY, JUNE 23, 1977, 1:30 P.M.

THE COURT: In the matter of Chino Basin Municipal Water District, Plaintiff, versus Chino, et al.

The motion for order authorizing temporary mining of Chino Basin has been calendared for this date and time. The record should indicate that Donald D. Stark and Frederick H. Kranz, Jr. are appearing on behalf of plaintiff herein and could each counsel who is appearing here for any defendant announce his appearance, please.

MR. DUBIEL: Edwin Dubiel, Deputy Attorney General for the State of California.

MR. BURRIE: John R. Burrie, counsel for defendant Southern California Edison Company.

THE COURT: Any other counsel?

MR. MASON: C. L. Mason for two miner owners, Warren

A. Bain and Cheryl L. Bain and Ruth C. Martin and Frank E.

Martin.

MR. DOUGHERTY: Robert Dougherty, Assistant City Attorney for the City of Ontario.

THE COURT: I have read the motion and without trying to suggest any lack of expertise in this matter, if you would care to educate me further, I would not be offended, Mr. Stark.

MR. STARK: Your Honor, this is, I might say, one of a series of comparable orders that are being entered or

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sought in all of these Southern California ground water basins within the Metropolitan Water District where there is court involvement. Basically, with the drought conditions, the Metropolitan Water District terminated on March 1 its deliveries of water from the state project just short of a half million acre feet. At that time it was believed that their Colorado River supplies were sufficient to meet the supplemental requirements in Southern California in this drought year. Unfortunately, the timing was such that the Third District Court of Appeal in Sacramento entered an order restraining ground water pumping by the City of Los Angeles in the Owens Valley at the same time. The City of Los Angeles, about 80 per cent of its water comes from the Owens Valley and they have -- although they have paid half of the bill to Metropolitan over the years or thereabouts, they have taken very little Colorado River water. With the injunction in the Owens Valley, Los Angeles had to put its demand on the Colorado supplies at the same time that the impact of drought in Southern California was developing. The end result was that by mid-April when the storage in Lake Matthews should have been going up in preparation for the summer, the water in storage was going down and it became apparent that we could have a very substantial crisis later in the summer in terms of Metropolitan Water District's ability to deliver supplemental water; so, the District -- and most of this is

reflected in the Kennedy Declaration which is attached -the district undertook to do one thing which was to provide
an economic incentive, that is, a hundred per cent penalty
on water in excess of 90 per cent of water taken last year
and a bonus for people who took less than 90 per cent of
last year.

In addition, the District sought to get voluntary compliance from those member agencies who could get off their system, that is, the import system and go to the ground water system. That meant in Central Basin and in West Basin in the Los Angeles County area and in the San Fernando Basin, all of which are under injunctive orders to restrict them to save yield, that there had to be requests made to the court for a special order relieving those parties of the injunction so that they could over pump, each time recognizing that what they were doing was mining water, not taking save yield water, but mining water in storage and then with an order to replace that water. Those orders have been entered in the West Basin case and the Central Basin case and last week in the San Fernando case.

THE COURT: What order is there existing now enjoining you from doing what it is you seek to do?

MR. STARK: There is no order in this basin. And in fact to a limited extent, what we are seeking here may be being accomplished by some of the producers who have supplemental water here.

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For instance, a city such as the City of Chino or the City of Ontario who take Metropolitan water are in a position this year to increase their production since there is no injunction restraining them. One of the major producers -- I mean one of the major users of supplemental water in this basin always has been Southern California Edison Company for its steam plant and it has traditionally maintained a fairly constant low percentage of demand on the local ground water basin. This was apparently a matter of policy and has a long background. Their maximum prior year of production was approximately 1,900 acre feet. Chino Basin Municipal Water District transmitted Metropolitan's request to all of its water users and the request that went to the Edison Company sought to have them go to the ground water. They had a serious concern that they did not have or assert a claim to produce more than 1,900 acre feet and because I would assume in part because of their utility character and because of the pendancy of this action and the fact that they knew roughly what their rights would be they indicated that they had capacity to pump substantial amounts more water, but that they did not plan as a matter of policy to exceed their historic production because they had no claim of right to do so, but indicated that they would have no objection to pumping for Chino Basin and buying the water at M.W.D. prices. And so in part, because of their voluntary determination not to exceed their

historic production, we were able to focus on doing what's been done in the regulated basin. Chino Basin does not claim or assert any right to produce water.

The water that would be produced under this order would really be a physical solution water. It would be telling Chino Basin you can pump it, using Edison as your agent, sell it to Edison and we now have the executed agreement with Edison whereby -- and for the Court's information I might lodge a Xerox copy of the executed copy of the agreement with Edison. Basically, it provides that when Edison has reached the amount that it is prepared to pump in its own right, then it will continue to pump for its use, but will buy that water from Chino Basin at its imminent prices. Chino Basin will then put that money in a special fund to be used to purchase replenishment water when that is available. It's estimated that replenishment water may not be available until after 1980.

The only other impact that we could find is that on the best engineering advice we can get there may be some measurable reduction in water tables to two wells immediately adjacent to the Edison plant and as to those we provide for compensation for the increased energy costs.

The affidavit of Mr. Carroll indicates that the impact on water tables will not be sufficient to go below the wells or to deprive those producers of water although they could have a measurable difference in their pumping

cost. It would be a matter of cents per acre foot, but we have provided in the order for that compensation in order not to disturb any equity.

This entire program was first reviewed with the advisory committee of producers who have been negotiating on the judgment and then by the Chino Basin board, the contract negotiated with Edison and it was executed yesterday. We have had two refinements in the order which are reflected in the new paragraphs five and six. The first one is comparable to a provision which was appended to the orders in the other basins and that reads,

"In any further or other legal proceedings, whether in this or another action, this order shall not be res judicata or constitute a collateral estoppel as to any matter of fact or law expressly or impliedly found or decided herein." This is only to say that everyone here and others in the other basins as well as where I have been involved in the orders, everyone recognizes the current emergency and is willing to adopt this procedure and that nobody wants it to apply to next year without another full and careful look at it. And so the boiler plate is designed so that the failure to oppose or any implications to come from this order for future purposes, nobody is bound by them.

Then finally, there is a sixth paragraph:

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"No continuing right to produce
water from Chino Basin shall be derived from
or based upon production by Chino Basin Municipal or any agent thereof pursuant to this
order," and in the Edison contract it is provided
that Edison will file a recordation with the State Water
Resources Control Board, but that they will endorse on
that filing that the agency water was produced as an agent
and that the principal, Chino Basin Municipal, does not
claim any right predicated on that production; so, the
matter is designed strictly as an emergency to handle this
short term problem.

If we have another year of drought it will be something of this character that people may have to come back to, but it will after I expect considerable more deliberation, but your Honor's inquiry is correct, the order would not be required in the current state of this case but for the fact that Edison was reluctant to over pump what they figured to be their maximum claim and I think that is to be commended in that they did not desire — they could have had a windfall essentially by over pumping. They could do that in any year, but now that we are in the lawsuit and they know the magnitude of the right, they are going to have — they said we will stick with what we are pumping and, as I say, other producers may be able to increase their production a little bit. Edison will be

able to add upwards of another 5,000 acre feet of production from the basin compared to a normal production of 1,900.

THE COURT: If I see this correctly then and I gather from what you say that other judges have signed a comparable order where in fact there has been conjuctive relief when an order was essential. I confess that I get a little uncomfortable when I don't fully appreciate the niceties of all legal issues and I think it's probably fair to say that I haven't achieved the status of expertise of most of the lawyers, I am sure all of the lawyers in this case, so when I am doing something in a pro forma way, I want to admit it or understand it, but one of the things that —with that as an explanation that I think I recognize what it is that I am doing. Let us assume for the purpose of discussion that no order was made herein. As a legal matter other than the discomfort of the Edison Company there is no legal effect by my refusing to make an order?

MR. STARK: I believe that's true, your Honor. The District, for instance, under its agreement -- at this time there is a hold harmless provision in the agreement and the District could simply announce that it's going to have Edison pump as its agent, sell the water to Edison and in this sense I suppose it is a matter of credibility. We are in the middle of an adjudication where a district not claiming rights in the basin is trying to get them determined and if the District begins to pump on its own

initiative, there is a question of credibility as to what they are doing, therefore, these boiler plate provisions about no rights being acquired are helpful in the relations with other parties.

I should mention that the Central Basin and
West Basin cases are under injunction and so those orders
do release people of the injunction. The San Fernando
Basin, there was an injunction, an appeal, and the Supreme
Court reversed the case. It is down on remand and is in
a state of limbo. There is no valid injunction pending and
we are still negotiating over that so that order is perhaps
more comparable to this situation. The court entered an
order authorizing the mining without prejudice to the parties'
rights in the case because they had some disputes otherwise.

THE COURT: If one of the issues and perhaps the major issue was one of credibility, is there any significance to the fact that the notice of the motion did not disclose that it wasn't merely to mine the water but it was also to enter into an agreement with the Edison Company whereby it would be the primary beneficiary of the mining and it was going to be the agent of the Chino Water. Why isn't all that set out in the motion?

MR. STARK: The reason is the order would authorize the same arrangement with others other than Edison if there was any way to do it. First of all, Edison is not a beneficiary of the transaction. See, if Edison pumped, it

1 would be paying, say, \$25 an acre foot for the water. 2 Under that arrangement they will pay \$65 an acre foot. 3 will use their facilities to buy water at the M.W.D., M and I price. They will pay \$65 less their actual cost of production which allows the Listrict to buy replenishment ā water and the whole transaction washes out. The difference 6 between the replenishment price and the M and I price is just about the cost of production; so what the District is doing is preselling Metropolitan Water, taking it out of 9 the ground and preselling it to be replaced. In the normal 10 so-called conjunctive operations that have been talked 11 about a great deal and hasn't been implemented, but will 12 be in the next five years, Chino Basin or Metropolitan 13 would normally have water in the Basin and then when they 14 got to this situation they would order Edison or anybody 15 else taking water from them to get off the pipeline and 16 take it off the ground. It would be Metropolitan water 17 in the ground if they had put it in storage. We are not 18 at that stage so we are borrowing it and the court order 19 has the advantage -- under the jurisdiction of the court, assuring that the water will be replaced. In other words, 21 if Chino Basin said I am going to pump it and replace it, 22 it's their credibility. With this order Chino Basin is 22 going to pump it but the court has an enforcible direction 24 to them to replace it and that's the credibility factor

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that I refer to.

THE COURT: But for that aspect of it, and I am looking at this from a jurisprudence standpoint, we have a matter which does not require court action which is not going to be used either as res judicata or collateral estoppel so it has no binding effect vis-a-vis rights accruing under it. It's only to end up with an enforcible right as to enforcement so that is justification for it?

MR. STARK: It's really the other way. It could have come up if Chino Basin announcing we are going to mine, the State of California suing to enjoin Chino Basin from mining because they don't claim a right and Chino Basin saying we offer a physical solution to wit we will replace the water but we need it for emergencies. In fact, we discussed whether the niceties of the esthetics of the form would be better if somebody -- if Chino Basin made the announcement, somebody moved to enjoin them, Chino Basin offered to do the physical solution but because it had been exposed to all of the people and they were in agreement and what we were seeking was to be sure that Chino Basin by the pumping was not acquiring rights and the water would be replaced. We went to this form of order authorizing subject to the obligation to replace.

MR. DUBIEL: That is what I was going to mention.

There is no interim order here and if this would not transpire, then it would be necessary for the State of California to come in and offer an interim order to stop all pumpers

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either to 90 per cent or 80 per cent and it would be a tremendous litigative effort and since everybody is in agreement that would be the reason for it.

MR. BURRIE: One brief point, the reason we support proceeding in this manner was that if we do not and proceed to initiate this practice of mining, any party is free to come in and seek to enjoin that operation. While this type of solution might be worked out eventually, it's quite important that we know now and have some certainty so that we can plan our operations for the balance of the year. For a practical reason we need to know what sources of water we are going to rely on for the balance of the year, how much from the surface deliveries and how much from ground water, so we support the order.

MR. STARK: In terms of understanding the real benefits from the program, the real benefits derive to all parties buying Metropolitan water because our projections were, that is Chino Basin projections were rather than living within the 90 per cent they would be up into a substantial amount of overproduction with, as I recall, about \$150,000 in penalties to be paid to Metropolitan Water District. By using this technique we will be able to comply with Metropolitan's regulations and -- it's one of these roundabout things. Probably the largest single beneficiary will be the Pomona Valley Water Company which is a water company that in good faith has developed its

system in the hills outside of Chino based up water and with their expansion there was no to meet the 90 per cent requirement and we else who is taking Metropolitan Water absoluted burden falls to the basin and it falls unequal think the equity has been quite good and reviewed by al.

THE COURT: Knowing your intellectual talents, Mr.

Stark, if you were called upon to make any argument as to why I shouldn't sign the order, is there any such argument?

MR. STARK: I don't know of any argument. I should say that Mr. Kranz and I in our office went through the argument that you just indicated, the question of is this order really necessary.

THE COURT: I will pass that.

the major producers.

MR. STARK: I know of no reason not and in fact I think as a ground water adjudication you are dealing with the save yield to the basin and the water in storage and the order is an interlocutory order protecting and preserving the integrity of that water supply. I think both statute and under the Constitutional provisions it is consistent and authorized.

THE COURT: So that I am not going to face 1,160 people some day who say there are 1,160 arguments why I was wrong?

MR. STARK: I trust not. I should state perhaps the

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Court having been assigned to this case for all purposes and heard very little, if any, of its purposes, we do anticipate that within a matter of two to three months we should have a clearer statement for the Court. We have been quite active in negotiations. We have as many as three major parties still concerned with some aspects of the judgment, but at the same time we have an agreement on the form from substantially -- well, some place 80 to 90 per cent of the parties and so we anticipate one way or another a clearer explanation to the Court, but I think the result of the negotiations is that you won't have 1,200 parties here for any given matter.

MR. DUBIEL: Your Honor, I think it should be brought to the Court's attention the State of California had a lot of questions concerning mining and the way it sort of unfolded, the Central Basin happens to be progressing further and they are starting meetings Tuesday with us and that may be the test basin as far as mining is concerned, but it just is a happenstance and whatever occurs there probably will be reflected over here in six months or a year or so as these basins sort of maneuver into this position which has been brought to everybody's attention. That is why one of those paragraphs on that res judicata.

THE COURT: Anyone else wish to add to the clarity of the situation?

MR. MASON: If your Honor please, I am C. Lloyd

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Mason representing four of the miner parties in this action and you can hear our objections now so you don't have to face it sometime in the future. I didn't have time to prepare any written objection to the motion but what appears to me as soon as I looked at it is that the action was filed with Chino Water Basin or Municipal Water Basin claiming that they are not a producer in the Chino Basin and do not use the Chino Basin water. As soon as the action is filed they come in and ask the court of equity to sign an order giving them the right to start being a producer. Now, after the water is taken out of the basin the money may not be able to compensate the people that are losing the right to pump that water during any period and especially during a period of extreme drought as they have now. don't think that the plaintiff should be able to come in and ask the court of equity to sign an order that is questionable giving them a right to produce water. call it mining, but it's probably to stay away from the San Fernando case and take it out of the basin where it's obviously needed. We may not be able to get the water back. If they can do that under the laws that exist now, let them go ahead and do it and take their chance, but it puts them in a different position immediately when they filed the action of a nonuser of water in the area. The plaintiff neither owns nor claims any right to produce ground water from the Chino Basin. They are asking you to sign an order

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giving them permission to do that.

MR. STARK: Your Honor, both the order and the petition recognizes that the District neither has nor seeks the right to produce the native waters for their beneficial use, that is, take them and consume them. This request is not an isolated request. It is made in connection with everything from the Marin County rationing to the farmers in the San Joaquin getting only 50 per cent of their water. The total water resource of the State of California is being required this year to meet the demands of the state. Chino Basin Municipal Water District operating as an agency within the supplemental supplier and they are the only source of supplemental water for this area, that is, to the area affected by this motion, is simply seeking to borrow out of storage not to exceed 7,000 acre feet. The affidavit of Mr. Carroll indicates there are some 8,000,000 acre feet in storage in the basin. The 7,000 acre feet will have no measurable impact on any place beyond a matter or a few hundred yards from these wells because of the magnitude and characteristics of the basin. We are providing an obligation for the District to compensate in dollars any party who has an increased pump lift. increased pump lift would be in a magnitude, as I say, of something 25 to 30 cents an acre foot for the two wells in close. None of the agricultural wells of the individual parties are within an area where any appreciable or

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measurable difference in water table would result.

If the mining went on in an open end basin we have a different problem and that is the reason that this is a one year, one time order. But it is a matter of some considerable urgency and will not have any impact on any third parties. The water resources of the state are available to anybody in the state to meet its reasonable beneficial needs.

THE COURT: Does this order terminate as you understand it on 12-31-77?

MR. STARK: This is strictly for this calendar year.

THE COURT: Let's assume that at a convenient time counsel for another owner were to come in and let's just assume that allegations to the effect they didn't understand fully the impact of the order and wish to be heard. Would the court have the power to terminate the rights under this order?

MR. STARK: I would assume the court had inherent power to terminate the order at any time, yes. There is not vested year long right as there are mechanical problems within the Edison operation if that is the particular thing that we are dealing with that would require some notice.

But I see no reason that the court is doing other than entering an interlocutory order which is an equitable order.

THE COURT: That to some extent is at odds with your comments, Mr. Burrie. There is no evidentiary matter to

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the contrary, no declaration, no other engineering facts for me to consider other than the declarations that have been filed by the moving party? I don't want to terminate someone's rights because of a failure to file some declaration. On the other hand, I don't want to hold up matters which have been looked at I gather closely by the plaintiff and other vitally interested persons; so, I am inclined to sign the order and the record will contain all of these remarks and I trust, sir, that if you are or others feel that the order is inappropriate that you would have status to bring the matter to my attention and proper documentation to allow me to consider it and I would do so at that time.

MR. MASON: I would agree with the last statement that this could be brought before your Honor again and is not res judicata against anybody.

THE COURT: Any other matters at this time?

MR. STARK: That's all.

THE COURT: Any other counsel that should have their appearance noted for this case?

The Court does find that the facts as set out in the declarations are true and based upon the statements of counsel herein will sign the order in the form submitted.

I will specifically indicate for the record that I think that the nature of the issues are such that for all practical purposes this is the type of matter that wants the court's involvement. I don't view this as a

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collusive effort to grant the court jurisdiction to make an order that is not otherwise necessary. In light of the comment made by the Deputy Attorney General and by Mr. Stark I am satisfied as to the approach of bringing the matter in this fashion. Otherwise, the costs in time and expense and inconvenience would be so great that would not warrant it and it's on that basis that I feel that the court does have the power to act and I will sign the order in the form submitted.

You will give notice then to some 1,200 people?

MR. STARK: I am afraid we have no choice.

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CERTIFICATE OF REPORTER

STATE OF CALIFORNIA)

COUNTY OF SAN BERNARDINO)

I, NORETA VAN BUSKIRK, C.S.R., a reporter of the Superior Court of the State of California, in and for the County of San Bernardino, do hereby certify:

That the foregoing 19 pages comprise a true and correct transcript of the proceedings had and the testimony taken in the matter.

> Official Reporter Certificate No. C-2116