

ANNOUNCEMENT



ATTORNIES FILE MOTION TO STAY IN ANTELOPE VALLEY GROUNDWATER LAWSUIT

Parties Move for Order Staying All Proceedings for Six Months

Palmdale, CA, June 29, 2009 – In an effort to reach a deal in the lawsuit over water rights in the Antelope Valley, the Board of Directors for the Palmdale Water District will move for an Order staying all proceedings for six months, or in the alternative, continuing the currently scheduled trial now set for August 17, 2009 to February, 2010. The Motion is being made on the grounds that a significant number of the “principals” (i.e., non-attorney stakeholders) of each party have made recent and significant progress in agreeing on the basic settlement deal points which will form the framework of a proposed stipulated judgment/physical solution. The principals are requesting that the court Stay what is becoming an increasingly costly legal proceeding so as to afford the principals an opportunity to negotiate an agreement to be implemented by the Court.

“With the growing size, complexity and, most importantly, enormous legal fees associated with this lawsuit, it is important for us to take some time to meet with all parties in order to create a solution that we may present to the Court,” stated Randy Hill, General Manager, Palmdale Water District.

Beginning in November 2008, many of the Principals began meeting on a regular basis to discuss possible avenues of settlement. Points under discussion include, but are not limited to, (1) the total sustainable yield of the Basin, (2) the nature and extent of a monitoring plan, (3) the nature and extent of a ramp down of free water production, (4) whether water rights

should be quantified, (5) replacement water and other assessments, (6) calculation and ownership of return flows, (7) the manner in which to address claimed rights of dormant overlyers, (8) who/what should be the Watermaster, (9) the powers and duties of the Watermaster, (10) whether water “rights” may be transferred and, if so, where, (11) creation of management zones, (12) the manner in which to address the federal reserve rights associated with Edwards Air Force Base, and (13) groundwater banking provisions.

As a result of the ongoing settlement meetings it appears that an agreement in concept can be reached on many of the outstanding core deal points, so a six month stay of all litigation should be requested so as to afford the Principals an opportunity to craft a settlement. Many other principals share this view and our customers and members of the community have also been calling for a halt in attorney expenses including those representing the local farming community.

“The requested stay is not suggested for the purpose of delay or to advance the agenda of any group or party. Rather, the parties are cautiously optimistic that a deal may soon be reached, which would be the best news for all concerned,” added Mr. Hill.

About Palmdale Water District

The Palmdale Water District has grown from an agency providing irrigation water for 60 customers, to an agency providing domestic water to the thriving community we know today. Founded as an Irrigation District, supplying water mainly to farms for agricultural use, the District’s boundaries have expanded with Palmdale’s rapid population growth and the District has shifted to providing predominantly municipal and industrial water. The Palmdale Water District is currently divided into five divisions covering areas in East and South Palmdale. The Palmdale Water District remains dedicated to providing clean, pure water; state of the art facilities to meet current and future needs; attentive staff committed to customer satisfaction; treatment and testing to ensure high quality water; education on water conservation and safety; and reliable supply and resourceful planning insuring customer

satisfaction and continued reasonable rates. The Palmdale Water District can be reached by calling (661) 947-4111. The Palmdale Water District is located at 2029 E Avenue Q in Palmdale, California.

Palmdale Water District Board Members:

- Division 1 Jeff Storm - President
- Division 2 Dick Wells - Treasurer
- Division 3 Linda Godin - Secretary
- Division 4 Raul Figueroa - Director
- Division 5 David Gomez - Vice President

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