PRETRIAL CONFERENCE STATEMENT

21 East Carrillo Street Santa Barbara, CA 93101-2706

I. SCOPE OF PHASE FOUR TRIAL

At the Mandatory Settlement Conference and Pretrial Conference held on May 17, 2013, the Court ordered that the scope of issues to be determined during the Phase 4 Trial would be narrowed to the determining of groundwater pumped during 2011 and 2012. It is AGWA's understanding, that based on this order, the following issues, previously proposed to be considered during the Phase 4 Trial, will no longer be determined at that time: proof of claimed reasonable and beneficial use of water for each parcel to be adjudicated for at a minimum the years of 2011-2012 and possibly for the period of 2000-2012, claimed return flows from imported water, and federal reserved rights. (See First Amendment to Case Management Order for Phase 4 Trial, dated January 17, 2013 at § 2.)

As a result of the Court's May 17, 2013 bench order and in the absence of a signed order, there remains uncertainty among some of the parties as to the scope of the determination that will be made regarding groundwater pumped during 2011 and 2012. In order to be able to come to stipulations in lieu of putting on evidence at Phase 4 Trial, the parties would benefit from further clarity as to two additional subissues:

- the extent to which the Court wishes to make any determination regarding the correlation between the property from which water is pumped and the property on which that water is put to use; and,
- the precision with which the Court desires to make its determination on the amount of groundwater pumped during 2011 and 2012.

Based on the discussion at the May 17, 2013 conference, AGWA believes the Court does not wish to hear evidence regarding the first of these issues. The second issue is described in further detail below.

II. STATUS OF STIPULATIONS REGARDING AGWA MEMBER PUMPING

At the May 17, 2013 conference, the Court inquired as to the status of stipulations among the parties regarding those issues within the narrowed scope of the Phase 4 Trial. The Court

¹ The Court requested that counsel for Los Angeles County Waterworks District No. 40 prepare and circulate a proposed order effecting this change in scope, and this was done on Monday, May 20, 2013. At the time of this filing, the Court has yet to sign the proposed order.

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additionally posted to the website a summary, prepared by the Public Water Suppliers, of the status of stipulations among the parties. The Court further asked that the parties keep the Court informed as to their progress in reaching agreement as to further stipulations.

At the time of the May 17, 2013 conference, counsel for AGWA indicated that they had been unable to reach stipulations with the Public Water Suppliers for any of AGWA's 27 parties. Since that time, counsel for AGWA have been able to reach stipulations with counsel for the Public Water Suppliers as to more than half of its members and, based on discussions, believe that, with resolution of the first subissue described above and given a few more days for discussions among counsel, they may be able to reach stipulations as to the 2011 and 2012 groundwater pumping of nearly all of its members. While the parties composing AGWA posted to the Court's website their responses to the Court's Phase 4 Discovery Order in December 2012, and posted to the Court's website completed versions' of the Public Water Suppliers' Declaration in lieu of Deposition Testimony for Phase 4 Trial in late January 2013, given the scope of discovery in this Phase and the number of depositions the Public Water Suppliers believed necessary, their counsel have not until the past couple weeks been able to evaluate the AGWA parties' claims for the purposes of potential stipulation.

As counsel for AGWA and the Public Water Suppliers have initiated discussions toward stipulation, it is becoming apparent that the one issue on which they may not be able to reach agreement is in the case that a party relies on a crop water duty to determine the amount of water pumped for the acreages of the crops the party farmed. As the Court is likely well aware, there is disagreement among certain of the parties who are members of AGWA and the Public Water Suppliers as to the proper crop duties for some of the primary crops grown within the Basin. However, as further described herein, AGWA questions whether it is necessary that a determination on this issue be made in Phase 4.

The relevance of a crop water duty to the issues set for inclusion of the Phase 4 Trial may be best understood by way of example. In estimating water pumped based on a crop water duty, the crop water duty (in acre-feet per acre per year) is multiplied by the number of acres grown, and the resultant product is the number of acre feet estimated to have been pumped. In the case 037966\0001\10353006.4

of alfalfa farmed in the Antelope Valley, the Public Water Suppliers believe the proper crop water duty is 6.5 acre feet per acre, arising from the Summary Expert Report. Many AGWA parties believe the proper crop water duty is 7.6 acre-feet per acre, based on analysis conducted by the University of California Cooperative Extension for agriculture and the figures utilized by the State Water Resources Control Board in its Notices of Groundwater Extraction ("UC Extension Crop Water Duties"). If a farmer within the Basin farmed 10 acres of alfalfa, the amount of water pumped would be estimated at 65 acre-feet using the Public Water Suppliers' crop water duty and at 76 acre-feet using the crop water duty that the AGWA parties believe is more accurate. The difference in total pumping for the cultivation of the 10 acres of alfalfa in question would be 11 acre-feet.

However, because the majority of the AGWA parties do not rely on crop water duties for the estimation of their 2011 and 2012 groundwater pumping, counsel for AGWA believes that the vast majority of the members of AGWA that pumped the vast majority of groundwater among the AGWA parties will be able to stipulate with the Public Water Suppliers as to their claimed 2011 and 2012 pumping. As a result, the remaining amount of 2011 and 2012 groundwater pumping by AGWA parties that remains in dispute – like the 11 acre-feet described above, the difference between the product of the non-stipulating AGWA parties' crop acreages² as multiplied by the UC Extension Crop Water Duties and the same crop acreages as multiplied by the crop water duties in the Summary Expert Report – ranges between 250-300 acre-feet for each of 2011 and 2012.

After the Phase 3 Trial in this matter, the Court found the Safe Yield of the Antelope Valley Groundwater Basin to be 110,000 acre-feet per year. The 250-300 acre-feet of pumping in

² By way of its Third Amendment to Case Management Order for Phase Four Trial, the Court required that for notices of deposition of non-expert parties who filed declarations in lieu of deposition testimony by January 31, 2013, that the deposition notices specify by declaration item number which topics within the party's declaration required further testimony by the declarant and the nature of such inquiry. The Fourth Amendment to Case Management Order for Phase Four Trial required parties to indicate whether they disputed information provided by other parties in response to the Court's prior Phase 4 orders or to state the reason they were unable to do so. At no time during the Phase 4 discovery process has any party identified any with specificity disputes as to the number of acreages claimed to have been irrigated by the AGWA parties relying on crop water duties for estimation of their 2011 and 2012 pumping.

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2011 and 2012, which is in dispute, equates to less than one quarter of one percent, or 0.0025 of the 110,000 acre-feet per year safe yield the Court determined after Phase 3 Trial.

As a means of conserving judicial resources and the resources of the parties through the avoidance the presentation of unnecessary evidence during Phase 4 Trial, AGWA desires clarification as to whether the Court is seeking to determine a single number as the pumping in each year, or might consider making a determination that the 2011 and 2012 pumping fell within a range, such that a stipulation could be entered that the pumping of certain parties falls within a range estimated by applying both of the UC Extension Crop Water Duties and the crop water duties in the Summary Expert Report to a party's farmed acreage. Based on the minimal effect on the total Basin groundwater pumping of using one crop duty versus the other (the Court's stated inquiry), AGWA requests clarification as to the degree of precision the Court desires.

TIT. **CONCLUSION**

As described above, in the short time that counsel for AGWA have been able to discuss with counsel for the Public Water Suppliers the potential barriers to stipulation regarding the sole remaining topic at issue for the Phase 4 Trial, they have been able to reach stipulations regarding the claimed pumping of a number of the AGWA parties and believe stipulation is possible regarding the majority of the AGWA parties. With the Court's clarification of the issues described above, including an indication of the level of precision as to which it wishes to make a finding at the conclusion of the Phase 4 Trial, all of the AGWA parties may be able to reach stipulations obviating the need for their Phase 4 Trial testimony.

Dated: May 22, 2013 22

BROWNSTEIN HYATT FARBER SCHRECK, LLP

DLEY J. HERREMA

Attorneys for Cross-Complainants

ANTELOPE VALLEY GROUNDWATER

AGREEMENT ASSOCIATION

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SANTA BARBARA

I am employed in the County of Santa Barbara, State of California. I am over the age of 18 and not a party to the within action; my business address is: 21 E. Carrillo Street, Santa Barbara, California 93101.

On May 22, 2013, I served the foregoing document described as:

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on the interested parties in this action.

By posting it on the website by 5:00 p.m. on May 22, 2013.

This posting was reported as complete and without error.

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

Executed in Santa Barbara, California, on May 22, 2013.

LINDA MINKY TYPE OR PRINT NAME

SIGNATURE

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