

# Exhibit 1

# Southern California water agencies look north for water sale

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SACRAMENTO, Calif. (AP) — The drought has water agencies in Southern California offering big prices for water belonging to Northern California rice farmers.

California's giant Metropolitan Water District and other Southern California agencies are offering to buy up to \$71 million in water from Sacramento Valley farmers, the Sacramento Bee reported Saturday (<http://bit.ly/1FYEorf>). That's for enough water to supply between 100,000 and 200,000 households for a year.

The Metropolitan agency serves 19 million people in Los Angeles and beyond.

Four years of some of the steepest droughts on record have made water increasingly scarce in California, and have led state and federal water projects to limit water deliveries to arid Southern California again this year.

The Metropolitan and Kern County water agencies and other water districts are now offering farmers around Northern California's Feather River more for their water than farmers would earn if they used the water to grow crops. At \$700 an acre foot of water, Sacramento Valley water holders are being offered about 40 percent more for their water this summer than last summer.

"That reflects the desperation and the competition from the people down there," Ted Trimble, general manager of the Western Canal Water District in Richvale, Butte County, one of the participating sellers, told the Sacramento Bee.

Many of the farmers involved are rice farmers. Jim Morris, spokesman for the California Rice Commission, said the commission wasn't familiar with the tentative sale and couldn't comment on its impact on this year's crop. "We're still looking at what the upcoming season will hold," Morris said.

California's rice farmers already cut planting by one-fourth in 2014 because of the drought. Trimble says his district won't idle more than one-sixth of its acres this year to take the water deal, because that would undercut the long-term health of California's rice industry.

California's rice fields do more than just grow rice; the Nature Conservancy says the rice fields provided more than 13,000 acres of critical wetland for migratory wildfowl this winter through a project with state rice farmers.

Sandi Matsumoto of The Nature Conservancy said Saturday that less water will mean less habitat for the birds for a fourth straight winter. Matsumoto said she hopes the impact on wildlife will be considered in the water sales.

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