JOHN S. TOOTLE, ESQ. (SBN 181822) CALIFORNIA WATER SERVICE COMPANY 2632 West 237th Street Torrance, CA 90505 Telephone: (310) 257-1488 3 Facsimile: (310) 325-5658 Attorney for Defendants/Cross-Complaints 5 ANTELOPE VALLEY WATER COMPANY SUPERIOR COURT OF THE STATE OF CALIFORNIA 6 7 IN AND FOR THE COUNTY OF LOS ANGELES 8) Judicial Council Coordination Coordinated Proceeding Special Title (Rule 1550 (b))) Proceeding No. 4408 9 ANTELOPE VALLEY GROUNDWATER CASES) Santa Clara Case No. 1-05-CV-049053 10) [Assigned to the Honorable Jack Komar] Included Actions: 11 Los Angeles County Waterworks) ANSWER OF CALIFORNIA WATER SERVICE 12 District No. 40 v. Diamond Farming Co. Los Angeles County Superior Court) COMPANY TO CROSS-COMPLAINT OF CRYSTAL) ORGANIC FARMS FOR EQUITABLE AND Case No. BC 325201; 13) MONETARY RELIEF Los Angeles County Waterworks 14 District No. 40 v. Diamond Farming Co., Kern County Superior Court, Case 15 No. S-1500-CV-234348; Wm. Crystal Farms, Inc. v. City of Lancaster Diamond Farming Co. v. City) of Lancaster v. Palmdale Water 17 District, Riverside County Superior Court, Consolidated Actions, Case 18 Nos. RIC 353840, RIC 344436, RIC 344668 19 CRYSTAL ORGANIC FARMS, LLC. 2.0 Cross-Complainant, 21 Vs. 22 ROSAMOND COMMUNITY SERVICES DISTRICT; LOS ANGELES COUNTY 23 WATERWORKS DISTRICT NO. 40; PALMDALE WATER DISTRICT; CITY OF LANCASTER; 2.4 CITY OF PALMDALE; LITTLEROCK CREEK IRRIGATION DISTRICT; PALM RANCH 25 IRRIGATION DISTRICT; CALIFORNIA WATER) SERVICE COMPANY; ANTELOPE VALLEY-EAST) KERN WATER AGENCY; COUNTY OF

CAL WATER'S ANSWER TO CRYSTAL ORGANIC FARMS CROSS COMPLAINT - 1

SANITATION DISTRICTS NOS. 14 AND 20 OF LOSA ANGELES COUNTY; and as against each and every party which subsequently files a Cross-Complaint against Crystal Properties, LLC; and MOES 1 through 10,000 Cross Defendants.

as follows:

California Water Service Company (herein "Cal Water") is the successor in interest by merger with the Antelope Valley Water Company. Cal Water responds to the Cross-Complaint of Crystal Organic Farms (herein "Crystal"),

Cal Water generally and specifically denies each and every allegation contained in Crystal's Cross-Complaint.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

1. Cal Water has a right prior and paramount to the rights of
Crystal to pump the portion of the water percolated into the Basin which has
been imported by Antelope Valley East Kern Water Agency through the State
Water Project and delivered to Cal Water or through an intermediary. This
right, sometimes referred to as the "right to recapture return flows," exists
as to percolating water which can be identified as return flow regardless of
the length of time since the percolation, regardless of the number of times
the water is pumped and regardless whether the percolating water is
commingled with the waters in the Basin.

SECOND AFFIRMATIVE DEFENSE

2. Cal Water has a prior and paramount right to the rights of Crystal

to pump the native waters in the Basin because water and water rights belonging to the State of California within Cal Water have been given, dedicated, and set apart for the use and purposes of Cal Water.

THIRD AFFIRMATIVE DEFENSE

3. Cal Water has an equal right to the rights of Crystal to use the native waters for municipal purposes.

FOURTH AFFIRMATIVE DEFENSE

4. Cal Water has an equal right to the rights of the public entity cross-defendants to the native waters in the Basin by virtue of mutual prescription.

FIFTH AFFIRMATIVE DEFENSE

5. All the groundwater extracted by Cal Water from the Basin is devoted to public use. As a result of this dedication to public use, the Cross-Complainant cannot obtain any judicial relief that will in any way restrain or prevent Cal Water from exercising their rights to extract groundwater from the Basin.

SIXTH AFFIRMATIVE DEFENSE

6. In the event of the imposition of a physical solution or some form of declaratory relief, due regard must be given to the prior and paramount nature of cross-defendants' prescriptive water rights.

SEVENTH AFFIRMATIVE DEFENSE

7. Cal Water has a right to extract groundwater from the Basin for reasonable and beneficial use on behalf of its customers who have transferred and granted to Cal Water all their overlying groundwater rights which right is prior and paramount to Public Water Suppliers' claims to extract and use

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| 1 | groundwater from the Basin for non-overlying (appropriative) use and is |
| 2 | correlative with all other overlying groundwater rights. |
| 3 | EIHGTH AFFIRMATIVE DEFENSE |
| 4 | 8. The Cross-Complaint and every purported cause of action therein |
| 5 | fail to allege facts sufficient to constitute a cause of action against Cal |
| 6 | Water. |
| 7 | NINTH AFFIRMATIVE DEFENSE |
| 8 | 9. The Cross-Complaint, and each and every cause of action therein, |
| 9 | are barred by the doctrine of waiver. |
| 10 | TENTH AFFIRMATIVE DEFENSE |
| 11 | 10. The Cross-Complaint, and each and every cause of action therein, |
| 12 | are barred by the doctrine of laches. |
| 13 | ELEVENTH AFFIRMATIVE DEFENSE |
| 14 | 11. The Cross-Complaint, and each and every cause of action therein, |
| 15 | are barred by the doctrine of estoppel. |
| 16 | TWELVETH AFFIRMATIVE DEFENSE |
| 17 | 12. The Cross-Complaint fails to state facts sufficient to constitute |
| 18 | a cause of action. |
| 19 | THIRTEENTH AFFIRMATIVE DEFENSE |
| 20 | 13. Cross-Complainant is barred from the relief it seeks by the |
| 21 | Doctrine of unjust enrichment. |
| 22 | FOURTEENTH AFFIRMATIVE DEFENSE |
| 23 | |
| 24 | 14. Cross-Complainant fails to mitigate its damages, if any, and |
| 25 | Cross-Complainant is barred from recovery against cross-defendants to the |
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CAL WATER'S ANSWER TO CRYSTAL ORGANIC FARMS CROSS COMPLAINT - 4

extent of such failure to mitigate.

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FIFTEENTH AFFIRMATIVE DEFENSE

15. Cross-Complainant has not described the property at issue with sufficient certainty as required by Code of Civil Procedure section 455.

SIXTHTEENTH AFFIRMATIVE DEFENSE

16. The Cross-Complaint, and each and every purported cause of action Contained therein, is uncertain, ambiguous and unintelligible.

SEVENTEENTH AFFIRMATIVE DEFENSE

17. Cross-Complainant's right to produce groundwater is unsufructary, and confers no right of private ownership in public waters.

EIGHTTEENTH AFFIRMATIVE DEFENSE

18. Cross-Complainant is not entitled to recover monetary damages for any groundwater pumped by cross-defendants.

NINETEENTH AFFIRMATIVE DEFENSE

19. Cross-Complainant has knowingly and intentionally waived any right to assert some or all of the claims set forth in each and every cause of action contained in the Cross-Complaint.

TWENTIETH AFFIRMATIVE DEFENSE

20. Cross-Complainant is guilty of unclean hands because it seeks to restrict the pumping of other users but not its own pumping.

TWENTY-FIRST AFFIRMATIVE DEFENSE

21. The damages alleged, if any there were, were proximately and actually caused by the voluntary actions of Cross-Complainant, and not by any acts and/or omissions of cross-defendants.

TWENTY-SECOND AFFIRMATIVE DEFENSE

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22. The relief requested in the Cross-Complaint is barred by Article X, section 2 of the California Constitution in that the requested relief would be wasteful and result in unreasonable use, unreasonable method of use, or unreasonable method of diversion of water.

TWENTY-THIRD AFFIRMATIVE DEFENSE

23. The cause of action for inverse condemnation is barred by Cross-Complainant's failure to exhaust its available administrative remedies.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

24. Cross-Complainant's injuries and damages, if any, have been aggravated as a result of its failure to exercise reasonable diligence to minimize those damages, and cross-defendants' liability, if any, is limited to the amount of damage which would have been suffered had Cross-Complainant exercised the diligence required of it.

TWENTY-FIFTH AFFIRMATIVE DEFENSE

25. Cross-defendants are informed and believe, and on that basis allege, that Cross-Complainant is guilty of waste.

TWENTY-SIXTH AFFIRMATIVE DEFENSE

26. Cross-defendants do not presently have sufficient knowledge or information on which to form a belief as to whether they may have additional, as yet unstated, affirmative defenses. Cross-defendants reserve the right to assert additional affirmative defenses in the event discovery indicates that they would be appropriate or to amend this Answer as may be appropriate.

TWENTY-SEVENTH AFFIRMATIVE DEFENSE

27. As permitted by the Court's Appearance Form, cross-defendants Incorporate by reference, as if fully set forth herein, each and every

affirmative defense to the Cross-Complaint filed by any other defendant or cross-defendant, whether their answers are filed before or after the filing of this answer.

PRAYER

WHEREFORE, California Water Service Company prays for the Court to:

- 1. Declare California Water Service Company's water rights as equal or paramount to the water rights of Crystal as set forth in California Water Service Company's affirmative defenses.
 - 2. Award California Water Service Company cost of suit.
 - 3. Award California Water Service Company reasonable attorneys' fees.
 - 4. Impose such further relief as the Court deems appropriate.

DATED: December 13, 2010

CALIFORNIA WATER SERVICE COMPANY

BY:

JOHN S. TOOTLE, ESQ.

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PROOF OF SERVICE (C.C.P. §1013a, 2015.5)

Antelope Valley Groundwater Cases

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 2632 West 237th Street, Torrance, CA 90505.

On December 14, 2010, I served the foregoing document(s) entitled:

ANSWER OF CALIFORNIA WATER SERVICE COMPANY TO CROSS-COMPLAINT OF CRYSTAL ORGANIC FARMS FOR EQUITABLE AND MONETARY RELIEF

by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list.

by placing _ the original, _ a true copy thereof, enclosed in a sealed enveloped addressed as follows:

X BY SANTA CLARA SUPERIOR COURT E-FILING IN COMPLEX LITIGATION PURSUANT TO CLARIFICATION ORDER DATED OCTOBER 27, 2005.

Executed on December 14, 2010, at Torrance, California

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

Michael Duque