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HATCH AND PARENT
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13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 14 FOR THE COUNTY OF SAN LUIS OBISPO

16 LOS OSOS COMMUNITY SERVICES)
 17 DISTRICT,)
 18 Plaintiff,)
 19 vs.)
 20 GOLDEN STATE WATER COMPANY, S&T)
 21 MUTUAL WATER COMPANY, COUNTY)
 22 OF SAN LUIS OBISPO, SEA PINES GOLF)
 COURSE, DOES 1 THROUGH 500,)
 INCLUSIVE,)
 23 Defendants.)

CASE NO. GIN 040126
 [Assigned for All Purposes to the Honorable
 Teresa Estrada-Mullaney]
 INTERLOCUTORY STIPULATED
 JUDGMENT
 [COMPLAINT FILED 02/13/04]

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1 **PRELIMINARY FINDINGS**

2 **A. Complaint**

3 On or about February 13, 2004, Los Osos Community Services District ("LOCSD") filed a
4 complaint in the San Luis Obispo County Superior Court, Case No. GIN 040126 ("Complaint"),
5 against Golden State Water Company ("GSWC"), formerly known as Cal Cities Water Company,
6 S&T Mutual Water Company ("S&T"), Sea Pines Golf Course ("Sea Pines"), the County of San
7 Luis Obispo ("County"), and others, seeking a declaration of the Parties' relative rights to use water
8 resources of the Los Osos Valley Groundwater Basin ("Basin") located in San Luis Obispo County,
9 California. The Parties entered into a Stipulation of Parties As to Standstill Agreement, which was
10 approved by the Court on May 25, 2004 and stayed all pleadings in the litigation to allow the Parties
11 to hold settlement discussions. No defendant has filed with the Court a responsive pleading pursuant
12 to California Code of Civil Procedure section 430.10. GSWC filed a Motion to Transfer Action to a
13 Neutral County or for Assignment of a Disinterested Judge from a Neutral County on March 26,
14 2004. That motion was not heard by the Court, but was subject to the stipulation described above.
15 The Court held several Case Management Conferences at which the Court extended the
16 effectiveness of the standstill period under the Stipulation of Parties As to Standstill Agreement
17 through the effective date of this Interlocutory Stipulated Judgment ("ISJ"). On or about December
18 19, 2006, Sea Pines was dismissed as a defendant to the Complaint.

19 **B. Assembly Bill 2701**

20 On September 20, 2006, the Governor of the State of California signed Assembly Bill 2701.
21 AB 2701 added, *inter alia*, section 25825.5 to the Government Code, subsection (c) of which
22 provides that:

23 The [County] may undertake any efforts necessary to construct and
24 operate a community wastewater collection and treatment system to
25 meet the wastewater collection and treatment needs within [LOCSD].
26 These efforts may include programs and projects for recharging
27 aquifers, preventing saltwater intrusion, and managing groundwater
28 resources to the extent that they are related to the construction and

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1 operation of the community wastewater collection and treatment
2 system. These efforts shall include any services that the [County]
3 deems necessary, including, but not be limited to, any planning,
4 design, engineering, financial analysis, pursuit of grants to mitigate
5 affordability issues, administrative support, project management, and
6 environmental review and compliance services. The [County] shall
7 not exercise any powers authorized by this section outside [LOCSD].

8 Pursuant to that statutory authorization, the County is proceeding with efforts necessary to construct
9 and operate a community wastewater collection and treatment system in the Los Osos area.

10 **C. Resource Management System**

11 On March 27, 2007, the County certified a Severity Level III for water resources of the Basin
12 pursuant to the County's Resource Management System. Under that County system, Level III
13 indicates an "Unavoidable Resource Deficiency," defined as follows: "This is the most critical level
14 of concern. Level III occurs when the capacity (maximum safe yield) of a resource has been met or
15 exceeded. At Level III there is a deficiency of sufficient magnitude that drastic actions may be
16 needed to protect public health and safety."

17 **D. Jurisdiction**

18 This Court has jurisdiction to enter this ISJ declaring the Plaintiff's and Defendants' ("the
19 Parties") agreement for resource preservation and management of the Basin pursuant to the
20 California Constitution, Article X, Section 2.

21 **E. Parties**

22 1. LOCSD is a public agency organized under the Community Services District
23 Law, codified at California Government Code sections 61000 *et seq.*, that provides water to its water
24 customers for municipal and industrial uses within its water service area in the unincorporated
25 community of Los Osos.

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1 2. GSWC is a California corporation regulated by the California Public Utilities
2 Commission (“CPUC”) that provides water to its customers for municipal and industrial uses within
3 its certificated service area in the unincorporated community of Los Osos.

4 3. S&T is a California corporation organized as a mutual water company that
5 provides water to its shareholders for municipal and industrial uses within the unincorporated
6 community of Los Osos.

7 4. The County is a California County that utilizes water from the Basin for
8 irrigation of a park in the unincorporated community of Los Osos. The County is the agency that
9 has land use authority within the unincorporated areas of the County, including those lands that
10 overlie the Basin or otherwise receive water from the Basin. Additionally, the County is authorized
11 pursuant to Government Code section 25825.5, as described above, to undertake efforts necessary to
12 construct and operate a community wastewater collection and treatment system within LOCSD,
13 including prevention of seawater intrusion and management of groundwater resources.

14 5. There are numerous other persons who extract groundwater from the Basin,
15 primarily for domestic or irrigation purposes. These persons have been named as Does 1 through
16 500 in the Complaint, but have not been served.

17 6. LOCSD, GSWC, and S&T (collectively “the Purveyors”) are dependent on
18 the Basin as their sole source of water. In carrying out its planning duties, and its land use and
19 development duties, the County relies on the Basin as the sole source of water for the area overlying
20 the Basin.

21 7. For purposes of implementation of the ISJ, the Basin Management Plan and
22 the Interconnection Plan, the County, LOCSD, GSWC and S&T are designated as the “Parties.”

23 **F. Importance of Groundwater**

24 Groundwater is an important water supply source for businesses, individuals and public
25 agencies that overlie or extract groundwater from the Basin. The Parties have a mutual and
26 collective interest in the resource preservation and management of the Basin.

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1 **G. Settlement Negotiations**

2 The Parties have an interest in the efficient and coordinated management of groundwater, and
3 have stipulated to the entry of this ISJ. Each of the Parties stipulates that this ISJ will establish a
4 process for developing and implementing a Basin Management Plan ("BMP") that includes the
5 components described in Section II below.

6 **JUDGMENT**

7 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

8 **I. TERM**

9 This ISJ shall become effective on the date it is approved by the Court (the "Effective Date")
10 and shall remain in effect until terminated as otherwise provided in this ISJ.

11 **II. PURPOSE AND CONTENT**

12 The purpose of this ISJ is to establish a process for developing and implementing a BMP that
13 will serve as a physical solution for the management of Basin water resources, resolving all issues
14 raised in the Complaint. Unless otherwise agreed, the BMP shall include, but shall not be limited to
15 the following components:

16 **A.** A hydrologic assessment of the Basin, its water resources and safe yield;

17 **B.** A strategy for maximizing the reasonable and beneficial use of Basin water resources
18 while ensuring: the long-term integrity and viability of the Basin as a potable water supply for the
19 Parties collectively and each Party individually, including water quantity and water quality; and the
20 sustainability of environmentally sensitive areas within or influenced by the Basin hydrology;

21 **C.** Equitable sharing of costs related to data gathering and analysis, and development
22 and implementation of the BMP;

23 **D.** Quantification of each Party's rights to rely on the Basin water resources;

24 **E.** Strategies to maximize the grant funding opportunities for ongoing BMP
25 implementation;

26 **F.** Administration of a well abandonment and well construction program;

27 **G.** Setting water conservation goals;

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1 H. Additional components as added by the mutual consent of the Parties and other
2 parties within the BMP who rely on Basin water resources; and

3 I. Consideration of Purveyor contributions toward funding of County-executed
4 programs and projects for recharging aquifers, preventing or mitigating saltwater intrusion and
5 managing groundwater resources to the extent that they are related to the County's construction and
6 operation of the community wastewater collection and treatment system pursuant to AB 2701.

7 **III. INITIAL STUDIES**

8 A. **Basin Model.** Through efforts pre-dating the Complaint, LOCSD, GSWC and S&T
9 have developed a preliminary computer groundwater flow model of the Basin (the "Model"). The
10 Parties agree that the Model requires further development, including, but not limited to, calibration
11 and peer review. Further improvement of the Model may also include the development of solute
12 transport modeling capability, refinement of the Basin boundaries, quantification of the Basin's
13 operational safe yield and confirmation of the total consumptive water demands within the Basin.

14 B. **Seawater Intrusion and Lower Aquifer Studies.** LOCSD received a \$220,000
15 grant from the State of California to fund a study assessing the threat to the Basin of seawater
16 intrusion and the origination of water that recharges the lower portions of the Basin (the "Aquifer
17 Studies"). The results of the Aquifer Studies final report shall be integrated by the Parties into their
18 overall data assessment, the Model and the BMP, to the extent appropriate. LOCSD has made the
19 data and analysis from the Aquifer Studies available for use in the development of the Model and
20 BMP.

21 C. **Additional Studies.** The Parties agree to consider developing and funding additional
22 studies that may be necessary to characterize the Basin sufficiently to support development of the
23 BMP. The decision to participate in and fund any particular additional study shall be at the sole
24 discretion of each Party. The scope of any additional studies and the consultant(s) retained to
25 complete any additional studies shall be determined by the agreement of the Parties. The Parties
26 agree to participate in any additional study in good faith.

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1 **D. Peer Review.** The Parties agree that they will collectively retain an additional
2 hydrogeologic expert to conduct a peer review of the Model. The scope of the peer review will be
3 defined by mutual agreement of the Parties.

4 **E. Access to the Model.** The Parties agree that each of them will have full and
5 complete access to the Model data and all associated computer codes, including any modifications
6 made during the term of this ISJ, and that none of the Parties may claim the Model that is developed
7 through this ISJ is protected as confidential or proprietary relative to the other Parties, whether
8 through the attorney-client privilege or otherwise. Further, if the Parties collectively retain an expert
9 consultant or consultants to assist in developing or reviewing the Model, the Parties agree that each
10 Party will have full and complete access to all collectively retained consultants performing any and
11 all work on the Model during the term of this ISJ, and no Party may claim any communication with a
12 consultant regarding the Model is protected as confidential or proprietary relative to the other
13 Parties, whether through the attorney-client privilege or otherwise. The preceding sentence shall not
14 apply to any consultants retained by one or more Parties separate from this ISJ, including any
15 consultants retained to review the work of the consultants retained by the Parties collectively.

16 **IV. BASIN PLAN DEVELOPMENT**

17 **A.** The LOCSD has approved a consultant-prepared basin management plan (“LOCSD
18 Plan”). The Parties intend to use the LOCSD Plan as the starting point in developing the BMP.
19 Each of the Parties will have full and complete access to persons performing any and all work on the
20 LOCSD Plan at the Working Group meetings referenced in Section IX below. The Parties’ goal is to
21 have a fully executed BMP within twelve (12) months of the effective date of this ISJ.

22 **B.** The objective is to develop a BMP that contains the elements described in Section II
23 above, which will (potentially in conjunction with a County groundwater management ordinance)
24 serve as a physical solution for the management of Basin water resources, resolving all issues raised
25 in the Complaint. In addition to the purposes listed in Section II above, the BMP may function as
26 the basis for a final stipulated judgment in this lawsuit, including provisions for a watermaster whose
27 responsibility is to oversee the ongoing implementation of and compliance with the BMP.

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1 **V. COUNTY GROUNDWATER MANAGEMENT**

2 **A.** The other Parties agree to work cooperatively with the County to implement its
3 Resource Management System with respect to the Basin. The County agrees to consult the other
4 Parties prior to taking any action related to its Resource Management System. For purposes of this
5 agreement, such consultation shall, at a minimum, consist of reasonable advance notice by the
6 County of any such proposed actions; reasonable consideration by the County of the viewpoints of
7 the other Parties with respect to any such proposed actions; and a reasonable opportunity for the
8 other Parties to provide comments, objections and suggested alternative courses of action to the
9 County prior to final action by the County. Except as otherwise provided in this ISJ, or as otherwise
10 provided in agreements executed pursuant to this ISJ, nothing in this ISJ shall diminish the County's
11 authority to regulate land use and development within the lands that overlie the Basin.

12 **B.** The other Parties agree that this ISJ shall not preclude the County from adopting and
13 enforcing a groundwater management ordinance with respect to the area overlying the Basin, to the
14 extent that such ordinance is consistent with the BMP. To the extent such County ordinance may be
15 inconsistent with the BMP, the other Parties retain the ability to object to the ordinance by all
16 applicable methods. Prior to adopting an ordinance, the County shall consult the other Parties, with
17 consultation to include the measures described in Section V.A. above.

18 **VI. INTERCONNECTION PLAN**

19 The Purveyors agree that they will promptly develop plans to improve existing
20 interconnections and install additional interconnections between the GSWC, LOCSD and/or S&T
21 water distribution systems so that in the event GSWC, LOCSD or S&T experience water quality
22 problems or loss of groundwater production capacity in the Basin, the other Purveyors, to the extent
23 practical, shall provide mutual assistance as necessary in responding to water quality or water
24 quantity constraints impacting any individual system ("Interconnection Plan"). The Purveyors shall
25 develop an agreement on the cost allocation associated with implementing the Interconnection Plan.
26 The Purveyors shall also establish a mutually acceptable wholesale water rate for water provided
27 through the interconnections, subject to the approvals of Section VIII below. The Purveyors shall

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1 employ their reasonable best efforts to develop the Interconnection Plan within 4 months of the
2 Effective Date.

3 **VII. COST SHARING FOR ADDITIONAL STUDIES**

4 A. For each additional study and peer review undertaken pursuant to sections III.C and
5 III.D above, each Party shall bear a portion of the associated costs that are not funded through grants.
6 As of the Effective Date, the cost allocation percentages shall be twenty (20) percent for the County,
7 thirty-nine (39) percent for LOCSD, thirty-seven (37) percent for GSWC and four (4) percent for
8 S&T. The percentage of such costs borne by LOCSD, GSWC and S&T shall total eighty (80)
9 percent, and shall be redetermined once every three years, beginning three years from the Effective
10 Date, and will be based upon the percentage of groundwater production by each of those respective
11 Parties relative to the total groundwater production by those three Parties in the prior three years.
12 The Parties acknowledge and agree that the County's twenty (20) percent share of such costs is a
13 County contribution toward programs and projects for recharging aquifers, preventing saltwater
14 intrusion, and managing groundwater resources in relation to the construction and operation of a
15 community wastewater collection and treatment system, as authorized by AB 2701.
16 Notwithstanding any other provision of this ISJ, if there is a majority protest to the upcoming
17 Proposition 218 process initiated by the County regarding wastewater assessments in the Los Osos
18 Prohibition Zone, the County shall have the option of terminating its participation in this ISJ without
19 the need for compliance with the dispute resolution process defined in this ISJ.

20 B. Prior to expenditure of any non-grant funds, the Parties contributing such funds shall
21 develop and unanimously agree upon a budget for the activities contemplated in this ISJ, including
22 the development and implementation of the BMP (a "Budget"). Only those expenditures anticipated
23 in the relevant Budget shall be incurred and allocated subject to the cost-sharing provisions in this
24 ISJ. The contributing Parties may amend the Budget from time to time based upon unanimous
25 written consent.

26 C. Prior to the establishment of the Budget, the Parties agree to fund an interim budget
27 of \$20,000.00, in accordance with the formula referenced in subparagraph A, above, to pay
28 administrative costs and for such other expenditures as the Parties deem necessary.

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1 D. One Party shall be selected as Treasurer for the Parties for each additional study.
2 Within thirty (30) days of the adoption of a Budget, all Parties shall deposit their percentage share of
3 the Budget with the Treasurer as advance payment toward the Budget expenses, unless otherwise
4 agreed upon by the Parties. All invoices for Budget expenses shall be submitted to the Treasurer
5 every thirty (30) days. The non-Treasurer Parties shall be provided full access to all documentation
6 associated with the Budget, costs incurred and the associated invoices, upon request. All
7 uncontested invoice amounts shall be paid within thirty (30) days. The Parties shall meet and confer
8 as promptly as reasonably possible to resolve any contested invoice amounts. The Treasurer may, at
9 its full discretion, suspend any further activities associated with the contested costs until the
10 reimbursement obligation is resolved.

11 E. The Parties acknowledge and agree that it may be in their best interests to seek
12 funding from non-Parties for development and implementation of the BMP. Each Party agrees that
13 it will use its best efforts to seek outside funding and cooperate in good faith to assist the other
14 Parties in seeking outside funding.

15 **VIII. REQUIRED APPROVALS**

16 A. The Parties acknowledge that GSWC may need to obtain approval from the
17 California Public Utilities Commission ("CPUC") for funding or implementation of this ISJ, the
18 BMP or portions thereof. GSWC agrees that it will use reasonable best efforts to obtain the approval
19 of the CPUC when required, and the other Parties agree to cooperate in good faith to assist GSWC in
20 seeking CPUC approval. The Parties agree that in the event GSWC is unable to obtain approval
21 from the CPUC for any funding or implementation related to this ISJ or the BMP, GSWC shall not
22 be required to fund or implement that task, and the failure of GSWC to fund or implement that task
23 shall not be deemed to constitute a breach of this ISJ.

24 B. The Parties acknowledge that there may be additional third-party approvals required
25 for funding or implementation of this ISJ or portions thereof, including LOCSD's compliance with
26 article XIIIID, section 6 of the California Constitution in approving water rate increases. The Parties
27 agree that the Party needing such an approval will use reasonable best efforts to obtain the approval
28 when required, and the other Parties agree to cooperate in good faith to assist the Party seeking

1 approval. The Parties agree that in the event the Party needing approval is unable to obtain approval
2 for any funding or implementation related to this ISJ, that Party shall not be required to fund or
3 implement that task, and the failure of that Party to fund or implement that task shall not be deemed
4 to constitute a breach of this ISJ.

5 **IX. WORKING GROUP**

6 A. The Parties shall establish a working group (“Working Group”) that shall meet as
7 often as necessary to fulfill the purposes of this ISJ. Each Party shall assign its representatives, as
8 they each deem appropriate, with the goal of maintaining continuity and committing adequate
9 resources and expertise so that the purposes of this ISJ may be achieved.

10 B. The Parties acknowledge that each of them individually has a different required
11 approval process that may be necessary to amend this ISJ, adjust a Budget or otherwise commit to
12 some type of performance. The Working Group shall have no authority to commit or adjust the
13 obligations of any individual Party.

14 C. Other parties may be added to the Working Group by mutual consent of the Parties.

15 **X. FAILURE TO REACH AGREEMENT ON THE BMP**

16 A. Prior to reaching agreement on the BMP, and except as provided herein, any Party
17 may terminate this ISJ, and reinitiate the underlying litigation as may be amended from time to time;
18 provided, however, that this ISJ may not be terminated by any Party unless and until that Party has
19 completed the dispute resolution process provided in Section XI. Any Party desiring to terminate
20 this ISJ after completion of the dispute resolution process may do so by giving thirty (30) days
21 advance written notice of termination of the ISJ to the other Parties, and filing said notice with the
22 Court. Thirty days after giving such notice, the terminating Party shall have no further duties, rights
23 or liabilities except for fulfilling those duties, rights or liabilities related to additional studies
24 commenced prior to withdrawal and those obligations, duties, rights or liabilities related to the
25 Interconnection Plan.

26 B. The effect of the filing of a notice of termination shall be as follows: (a) this ISJ shall
27 be of no further force or effect, other than those provisions within Section XI providing for
28 reinitiation of the underlying litigation; (b) responsive pleadings shall be filed on or before the thirty-

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1 first (31st) day following the date of filing with the court the notice of termination; (c) no Party shall
2 have waived any rights, claims or counter-claims provided under California Code of Civil Procedure
3 sections 430.10; (d) no Party shall be deemed to have waived any basis for objection to the
4 Complaint, including any basis for dismissal, demurrer or motion to strike, any counter-claim, any
5 defense or any affirmative defense; and (e) no Party shall be deemed to waive any rights, claims,
6 counter-claims or defenses provided under California Code of Civil Procedure section 394.

7 **XI. RETAINED JURISDICTION AND DISPUTE RESOLUTION**

8 A. Jurisdiction, power and authority are retained by and reserved to the Court solely to
9 enforce the terms of this ISJ. Nothing in the Court's reserved jurisdiction shall authorize it to modify
10 or amend the ISJ, except with the unanimous consent of all Parties.

11 B. In the event a dispute arises between the Parties regarding the implementation of this
12 ISJ or the acceptable terms of the BMP prior to its completion, the Parties agree to submit such
13 disputes to mediation before an impartial mediator selected by the mutual agreement of the parties.
14 Any Party may initiate the mediation process by providing written notice of dispute to all other
15 Parties, setting forth the nature of the dispute and a proposed resolution. Within fifteen (15) days of
16 receiving the notice of dispute, the Parties shall either mutually agree to a mediator, or else refer the
17 selection of a mediator to the Court. Mediation of disputes shall commence within thirty (30) days
18 of the selection of a mediator. If necessary, the Parties will pay for the services of the mediator in
19 accordance with the proportions described in section VII.A above. The Parties shall make a good
20 faith effort to resolve all disputes informally, or through mediation. Any Party participating in good
21 faith in the mediation shall be deemed to have satisfied the requirements of the dispute resolution
22 process, if the dispute has not been resolved within thirty (30) days after commencement of
23 mediation.

24 C. If the Parties are unable to agree on the Court which will retain reserved jurisdiction,
25 the Parties agree to have the San Luis Obispo County Superior Court make a determination on the
26 GSWC motion filed on March 26, 2004. The result of that determination shall be final and binding
27 and determine the venue for the court which shall retain jurisdiction under the BMP. The Parties
28 agree that no appeal on that issue shall be taken.

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1 D. Once a BMP is agreed to and approved by the court as determined in Section XI.C,
2 that court shall maintain jurisdiction to enforce the BMP in accordance with its terms.

3 **XII. GENERAL PROVISIONS**

4 A. **Successors and Assigns.** This ISJ shall be binding upon and inure to the benefit of
5 the Parties' respective successors and assigns.

6 B. **Authority.** Each Party to this ISJ represents and warrants to the other Parties that it
7 has the authority to enter into this ISJ and perform all acts required by this ISJ.

8 C. **Applicable Law.** This ISJ shall be governed by and interpreted in accordance with
9 the laws of the State of California. Nothing herein shall be construed to abridge the rights and
10 obligations of the CPUC to review any action by GSWC.

11 D. **Good Faith.** The Parties agree to exercise their reasonable best efforts and good faith
12 to effectuate all the terms and conditions of this ISJ and to execute such further instruments and
13 documents, as necessary or appropriate, to effectuate all of the terms and conditions of this ISJ.

14 E. **Further Documents.** The Parties agree that they shall cooperate fully in negotiating
15 and executing additional instruments as may be needed to implement this ISJ, or to define and
16 delineate the responsibilities of any Party under any other agreement among the Parties in
17 furtherance of their common interest. The Parties also agree that concurrent with the execution of
18 this ISJ, they shall execute a confidentiality agreement, consistent with the provisions of the federal
19 Bioterrorism Act of 2002.

20 F. **Opinions and Determinations.** Where the terms of this ISJ provide for action to be
21 based upon opinion, judgment, approval, review or determination of any party hereto, such terms are
22 not intended to and shall never be construed to permit such opinion, judgment, approval, review or
23 determination to be arbitrary, capricious or unreasonable.

24 G. **Parties Independent.** This ISJ does not modify the authority of the Parties under
25 their respective enabling legislation so long as the exercise of such authority does not frustrate the
26 purpose of this ISJ or contradict the terms and conditions of a Court-approved BMP.

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1 **H. Notices.** All notices, requests, demands and other communications under this ISJ
2 shall be in writing and served in accordance with Code of Civil Procedure sections 1011 or 1013.
3 Service shall be made upon the following Parties. Any Party may change its mailing address or
4 contact person for purposes of this paragraph by giving the other Parties written notice of the new
5 address in the manner set forth above.

6 **LOCSD:** General Manager
7 Los Osos Community Services District
8 P.O. Box 6064
9 Los Osos, California 93412

10 Jon Seitz, Special Counsel
11 Shipsey & Seitz, Inc.
12 1066 Palm Street
13 San Luis Obispo, California 93401

14 **GSWC:** Patrick Scanlon
15 Vice President of Operations
16 Golden State Water Company
17 1920 W. Corporate Way
18 Anaheim, California 92801

19 C. Wesley Strickland
20 Hatch & Parent
21 21 E. Carrillo Street
22 Santa Barbara, California 93101

23 **S&T:** David Tolley, President
24 Board of Directors
25 S&T Mutual Water Company
26 P.O. Box 6391
27 Los Osos, California 93412

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P. Terence Schubert
1254 Marsh Street
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County:

Director
County of San Luis Obispo Public Works Department
County Government Center
1055 Monterey Street
San Luis Obispo, California 93408

Warren Jensen, Chief Deputy County Counsel
Office of County Counsel
County Government Center
1055 Monterey Street, Room D320
San Luis Obispo, California 93408

I. **Modification.** This ISJ may be altered, amended or modified only by a writing executed by all Parties and approved by the Court. Each Party waives its right to claim or assert that this ISJ was modified, canceled, superseded or changed by any oral argument, course of conduct, waiver or estoppel.

DATED: 8-30, 2007

LOS OSOS COMMUNITY SERVICES
DISTRICT

By: *Chuck Cesena*
Chuck Cesena, President
Los Osos Community Services District
Board of Directors

DATED: 8-30, 2007

Approved as to Form:
SHIPSEY & SEITZ, INC.

By: *Jon S. Seitz*
Jon S. Seitz, Special Counsel
Attorneys for Plaintiff, Los Osos Community
Services District

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DATED: 9/5, 2007

GOLDEN STATE WATER COMPANY

By: Denise L. Kruger
Denise L. Kruger, Senior Vice President

DATED: 9/6, 2007

HATCH & PARENT

By: SW
C. Wesley Strickland
Attorneys for Defendant, Golden State
Water Company

DATED: _____, 2007

S&T MUTUAL WATER COMPANY

By: _____
David Tolley, President

DATED: _____, 2007

By: _____
P. Terence Schubert
Attorney for Defendant, S&T Mutual Water
Company

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HATCH AND PARENT
21 East Carrillo Street
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DATED: _____, 2007

GOLDEN STATE WATER COMPANY

By: _____
Denise L. Kruger, Senior Vice President

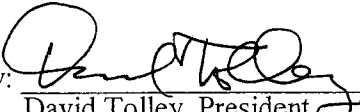
DATED: _____, 2007

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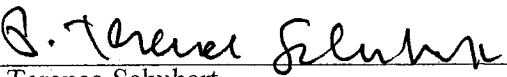
By: _____
C. Wesley Strickland
Attorneys for Defendant, Golden State
Water Company

DATED: 9-5, 2007

S&T MUTUAL WATER COMPANY

By: 
David Tolley, President

DATED: 9-5, 2007

By: 
P. Terence Schubert
Attorney for Defendant, S&T Mutual Water
Company

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DATED: _____, 2007

COUNTY OF SAN LUIS OBISPO

By: _____
Chairman of the Board of Supervisors

Authorized by Board Action on _____

DATED: Sep. 10, 2007

APPROVED AS TO FORM
AND LEGAL EFFECT:

JAMES B. LINDHOLM, JR.
County Counsel

By: Warren R. Jensen
Warren R. Jensen
Chief Deputy County Counsel
Attorneys for Defendant, County of
San Luis Obispo

The Court hereby approves and enters this Interlocutory Stipulated Judgment.

DATED: _____

Hon. Teresa Estrada-Mullaney

SB 441079 v2:006774.0151

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