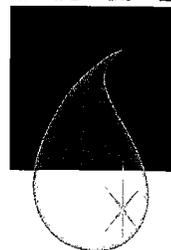


**CASTAIC  
LAKE**



**WATER  
AGENCY**

**NEWS RELEASE**

**DATE: OCTOBER 22, 2008  
FOR IMMEDIATE RELEASE**

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**SETTLEMENT REACHED UPHOLDING  
THE 2005 SANTA CLARITA VALLEY URBAN WATER MANAGEMENT PLAN**

On October 17, 2008, Castaic Lake Water Agency (CLWA) and the CLWA Santa Clarita Water Division, Newhall County Water District and the Valencia Water Company finalized a settlement with the California Water Impact Network (CWIN) and Friends of the Santa Clara River (Friends) that upholds the 2005 Urban Water Management Program (UWMP).

The plaintiffs initially challenged the sufficiency of the UWMP analysis questioning the accuracy of future water demand and supplies. On June 25, 2007, Judge Dzintra Janavs found CWIN's and Friend's claims to be without merit and ruled that (1) the conclusions in the UWMP are supported by substantial evidence, (2) the UWMP identifies adequate supplies to meet future demands and (3) the UWMP meets the requirements of the Urban Water Management Planning Act. The plaintiffs, however, appealed the judge's decision.

With this settlement agreement, the plaintiffs agreed to abandon that appeal. CLWA and the retail water purveyors committed to amend the 2005 UWMP upon the earlier of the following events: (1) within six months after the California Department of Water Resources obtains new State Water Project (SWP) take permits for endangered fish species in the Sacramento-San Joaquin River Delta and issues a revised SWP Delivery Reliability Report (if it chooses to do so) or (2) by the 2010 UWMP Update deadline.

Bill Peci, President of the CLWA Board of Directors, stated, "There is significant uncertainty associated with the timing of the SWP take permits. There is a strong likelihood we will produce the 2010 UWMP, which is required by law by December 2010, before an amendment of the 2005 UWMP would be required under the settlement agreement. Settlement of this litigation saves local ratepayers and taxpayers the expense of defending the appeal. More important, it allows the valley's water suppliers to focus on their job of meeting their customers' water needs, especially during this time of drought."

**###**

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### ***About the 2005 Urban Water Management Plan***

An Urban Water Management Plan is required for a water supplier to be eligible for State grants, loans and drought assistance administered by the California Department of Water Resources. The 2005 Santa Clarita Valley UWMP is a regional plan that provides information on water use, water resources, recycled water, water quality, reliability planning, demand management measures, best management practices, and water shortage contingency planning through the year 2030.