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**CCWD SERVED WITH COMPLAINT BY UTICA POWER AUTHORITY**

ANGELS CAMP, CA – Calaveras County Water District was served today with the complaint in the lawsuit filed by the Utica Power Authority (UPA) on April 29, 2009. UPA held off serving the Complaint until now to allow negotiations between the agencies to proceed with the hope of reaching a settlement without moving to the next step in the litigation. Representatives from UPA and CCWD have been meeting since November 2008, with further meetings in March, April, and May 2009, and most recently on June 10, 2009, in an attempt to reach an overall agreement on the issues between the agencies.

“UPA has worked very diligently to negotiate a settlement with CCWD and we have made a great deal of progress in resolving the water rights and property issues raised in the lawsuit. In fact, we were very close to settling those issues. Unfortunately, CCWD continues to interject new issues many months into the settlement process and of which we are confident have no merit, and that has prevented a settlement agreement from being finalized. We are attempting to reach an agreement on those issues as well,” stated Acting UPA Chairman Ray Behrbaum who attended the June 10 meeting.

Court rules require that a case, once filed, be moved along in an expeditious manner and UPA would have been required to appear in Court on July 6 if the Complaint had not been served before that date.

According to Ray Behrbaum, CCWD's latest issue is that CCWD claims it has no obligation to provide water under its water rights in New Spicer reservoir to meet what UPA considers to be clearly guaranteed water delivery obligations under a 1995 agreement (amended in 2003 and 2008) to UPA for the people in the Murphys and Angels Camp areas. At the June 10 meeting CCWD's own hydrologic computer modeling consultant, whom CCWD's Water Resource Manager Ed Pattison praised, showed that stored water from New Spicer reservoir has not and will not be needed to supply water to UPA. In spite of CCWD's own modeling results, CCWD forcefully stated at the June 10 meeting that it would not settle any of the issues in UPA's lawsuit unless UPA agreed to pay for New Spicer reservoir water and to pay for additional stream gauging equipment and annual monitoring costs.

Regarding CCWD's argument, Jack Lynch, one of UPA's Directors and the Mayor of City of Angels and who also attended the June 10 meeting, explained, "CCWD's position is absurd. Water has been delivered into the Utica system for years, in amounts that CCWD itself agreed to. The most recent amendment to the water delivery schedule took effect on January 1, 2008, and the water delivery schedule contains no limitation of the sort that CCWD seeks to impose."

In CCWD's most recent June 25 proposal, CCWD has tabled its New Spicer water rights argument and now wants the parties to go through a very expensive and time consuming arbitration to devise a water accounting protocol to track diversions and storage of North Fork Stanislaus River water. UPA already accurately measures and accounts for the North Fork Stanislaus River water it diverts for consumptive and power uses within the Murphys-Angels Camp area. UPA already files detailed water reports with the State, which reports are also provided to CCWD. It is the UPA Board's unanimous position that CCWD's proposed arbitration is totally unnecessary.

Ray Behrbaum said that UPA is willing to continue to pursue negotiations. “Even with these difficulties, we will continue to try to reach an agreement with CCWD.”

The lawsuit against CCWD seeks court confirmation of UPA’s ownership of water rights to water of the North Fork Stanislaus River, Beaver Creek, Mill Creek, Angels Creek, and French Gulch, as well as UPA’s ownership of certain property rights and the system of reservoirs, canals, ditches and flumes that store and transport that water to the Murphys-Angels Camp area.

UPA provides the water to thousands of people, businesses, ranches and farms in and around the town of Murphys and in the City of Angels. UPA is a joint powers agency made up of the City of Angels and the Union Public Utility District (UPUD). In addition to delivering water, UPA owns and operates the Murphys and Angels powerhouses, one located on Utica Powerhouse Road in Murphys and the other on Booster Way in Angels Camp. UPA produces “green-certified” hydroelectric energy, which is in high demand across the State of California as municipalities and others strive to meet governmental mandates to reduce green-house gas emissions. UPA was granted the “green” label for its energy production because the water conveyance system was designed primarily to deliver residential and agricultural water to the extended Murphys and Angels Camp areas and electricity – another beneficial use of water – is produced along the way.

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