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ENVIRONMENT, ECOLOGY  
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**Environmental Groups file protest with the Public Utilities Commission over illegal acquisition of water company that is slated to serve the massive Newhall Ranch project.**

In a lightning swift series of short notice special meetings and ex parte court motions Castaic Water Agency and Newhall Land and Development Company, owner of the Valencia Water Company moved quickly before the holidays to seal a sweetheart deal between the Agency and the developer for the \$73.8 million dollar acquisition of the Valencia Water Company.

Valencia Water Company is the wholly owned subsidiary of the parent development company, a fact that has long raised suspicions among environmental groups and the public as to the accuracy of the water supply reports for Newhall developments.

On December 17, 2012 Castaic Lake Water Agency entered into a contract to purchase Valencia Water Agency that contained a plethora of other promises favorable to Newhall Land. Among the deal points were promises to ensure water to the massive 21,000 unit Newhall Ranch project and other Newhall developments would be provided. In one section, the Contract states:

*“Notwithstanding any contrary rule, regulation, policy, resolution, or ordinance of the Agency, the Company, the PUC or LAFCO, upon assignment or conveyance by Newhall, the Agency shall hold in trust for Newhall or its designee, all rights and water supplies described in this section 6.8 that are needed to provide water service to the Newhall Ranch Specific Plan, and all associated rights thereto, until such rights or water supplies are required to meet the actual demands for the Newhall Ranch Specific Plan”*  
(Condemnation Contract, page 25, provided upon request)

Other deal points ensured that Valencia and Newhall Land would retain control over how water supply assessments for future Newhall projects were evaluated and written.

“In other circumstances everyone would applaud the move of a private water company to public status, but in this case, the transaction appears structured to benefit the parent development company at the public’s expense,” said Lynne Plambeck, SCOPE president. “Moving nearly \$74 million into the pockets of the Newhall’s hedge fund owners while illegally committing future water supplies is not in the public’s interest, especially in light increasing water well closures in Valencia due to ground water pollution in this area.”

“The lack of transparency and secret back room deals that assures these huge Newhall developments a water supply while attempting to avoid a fair and thorough public review is a clear attempt to skirt state law”. It is not only poor planning, it is just plain illegal”, said Ron Bottorff, chairman of

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Friends of the Santa Clara River. "The Valencia Water Company customers should have been offered the opportunity to form their own public water district."

**Unusually Liberal Indemnification Clause Puts Public at Risk**

Additionally, giving the broadest form of release possible in the Contract, CLWA bought Valencia Water Company "as is", with little or no representation as to how much of the ground water near Valencia's wells is contaminated with toxic substances including ammonium perchlorate and the Volatile Organic Compounds, TCE and PCE. Under California law the release would eliminate all claims against Valencia Water Company, Newhall Land and their owners and affiliates on any and all topics where CLWA or the taxpayers might seek recourse against them. CLWA promised that, using taxpayer money, it will indemnify, defend and hold harmless Valencia Water Company, Newhall Land, their owners and affiliates for all past and future claims and lawsuits brought by anyone. See the Contract "Indemnification", beginning at page 28)

The Complaint and Contract may be accessed on line at:

<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=42159536>

For additional public opinion on this issue see:

<http://www.signalscv.com/section/33/article/85299/>

Or contact SCOPE to request copies.

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also has jurisdiction over annexations into a regulated water district's territory in order to ensure sufficient water supplies. The Complaint seeks CPUC review of the acquisition as well as the legality of various contractual agreements made to support the deal. It asks for judicial prosecution if the CPUC finds that the General Manager (a former Newhall Land employee) and others proceeded in a knowingly illegal manner to transfer monies to the parent development company.

Valencia Water Company, a California Public Utilities (CPUC) regulated, private water supplier is required to obtain CPUC approval before its stock is transferred or purchased by another entity. They did not seek or obtain such approval. The CPUC