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Original Filed

FEB 7 1977

V. Dennis Wardle
County Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

BIG BEAR MUNICIPAL WATER)
DISTRICT,)
)
) Plaintiff,)
)
) v.)
)
) NORTH FORK WATER COMPANY,)
) et al.,)
)
) Defendants.)

No. 165493

JUDGMENT

This action having been pending on appeal from a prior judgment of this Court, and the parties having stipulated to a form of judgment disposing of the issues raised by the complaint, and the Court of Appeal, pursuant to stipulation, having remanded the case for proceedings in accordance with said Stipulation for Judgment, and good cause appearing

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

I. DEFINITIONS AND EXHIBITS

1. Definitions. As used in this judgment, the following terms shall have the meanings herein set forth:

(a) Basin Make-up Water. Water provided by District to

1 replace water lost to San Bernardino Basin by reason of
2 operations under terms of the physical solution herein.

3 (b) Bear Creek. That certain tributary of the Santa
4 Ana River rising in Upper Bear Creek Watershed and flowing
5 past the Dam and down to the confluence of said creek and
6 river, all as shown on Exhibit "A".

7 (c) Confluence. The point at which Bear Creek joins
8 the Santa Ana River, as shown on Exhibit "A".

9 (d) Conservation District. San Bernardino Valley Water
10 Conservation District.

11 (e) Dam. The multiple-arch concrete dam constructed in
12 1911 at the location shown on Exhibit "A".

13 (f) District. Big Bear Municipal Water District.

14 (g) Division Box. The structure at the discharge from
15 Power Plant No. 3, where Mutual divides the flow from the
16 Edison Conduit between the North Fork and Redlands Canals.

17 (h) Edison. Southern California Edison Company.

18 (i) Edison Diversion. The works and facilities of
19 Edison at the Confluence used to divert water into the
20 Edison Conduit.

21 (j) Edison Conduit. The canal, pipeline and tunnels
22 extending from the Edison Diversion, through Power Plants
23 Nos. 1, 2 and 3 to the High Line and Division Box.

24 (k) Fiscal Year. July 1 to June 30, following.

25 (l) In Lieu Water. Water which is to be provided
26 pursuant to the Physical Solution to Mutual by District,
27 without cost to Mutual, in lieu of releases of Lake water.

28 (m) Lake. Big Bear Lake, being the body of water

1 impounded by the Dam.

2 (n) Lake Storage Right. The right of Mutual to use the
3 full storage capacity of the Lake for storage of water
4 diverted at the Dam, pursuant to Mutual's appropriative
5 right, which storage right was expressly reserved by Mutual
6 in its conveyance of the Lake Properties to Bear Valley
7 Mutual Water Company Partial Liquidation Trust.

8 (o) Mill Creek Exchange. The Santa Ana River-Mill
9 Creek Cooperative Water Project Agreement, dated May 3, 1976,
10 as amended from time to time.

11 (p) Mouth of the Canyon. The location at which the
12 Santa Ana River passes from its mountain canyon onto the
13 alluvial valley overlying San Bernardino Basin, as shown on
14 Exhibits "A" and "C".

15 (q) Mutual. Bear Valley Mutual Water Company.

16 (r) Mutual's Lake Water Operations. The calculated,
17 hypothetical account of operation of the lake under condi-
18 tions of In Lieu Water deliveries pursuant to the physical
19 solution herein, which account shall be maintained by Water-
20 master in accordance with Watermaster Criteria.

21 (s) North Fork Agreement. That certain agreement dated
22 May 23, 1885, between Bear Valley Land and Water Company and
23 North Fork Water Company, attached as Exhibit "E".

24 (t) Prior Right Agreements. Collectively, the North
25 Fork Agreement and the Sunnyside Agreement, Exhibits "E" and
26 "F".

27 (u) Prior Right Companies. Collectively, North Fork
28 Water Company, Lugonia Water Company and Redlands Water

1 Company.

2 (v) San Bernardino Basin. The ground water basin
3 underlying the San Bernardino Valley above the Bunker Hill
4 Fault and downstream from the Mouth of the Canyon.

5 (w) Sunnyside Agreement. That certain agreement dated
6 February 27, 1886, between The Shareholders in South Fork
7 Ditch of the Santa Ana River, Sunnyside Division, and Bear
8 Valley Land and Water Company, attached as Exhibit "F".

9 (x) Upper Bear Creek Watershed. The surface drainage
10 area tributary to the Dam and drained by Bear Creek and its
11 tributaries, as shown on Exhibit "A".

12 (y) Upper Santa Ana River Watershed. The surface
13 drainage area tributary to the Edison Diversion on the Santa
14 Ana River, as shown on Exhibit "A".

15 (z) Watermaster Criteria. The detailed engineering
16 criteria, set forth in Exhibit "D".

17 Geographical Names, not otherwise defined herein, are used with
18 reference to their appearance on Exhibits "A", "B" and "C".

19 2. Exhibits. The following exhibits are attached to this
20 Judgment and by this reference are made a part hereof:

21 "A" -- General Location Map.

22 "B" -- Hydrologic Map of Upper Bear Creek Watershed.

23 "C" -- Map showing diversion facilities and relevant
24 system of Mutual.

25 "D" -- Watermaster Operating Criteria.

26 "E" -- North Fork Agreement.

27 "F" -- Sunnyside Agreement.

28

1 II. DECLARATIONS

2 A. HYDROLOGY

3 3. Upper Bear Creek Watershed is commonly known as Bear
4 Valley. Its surrounding mountains rise to elevations of 8500
5 feet, and the watershed extends down to the Dam at elevation 6743
6 feet. Said watershed is drained by Bear Creek and its tributaries.
7 Immediately easterly of Upper Bear Creek Watershed is the water-
8 shed of Baldwin Lake. The dominant geographic feature in Upper
9 Bear Creek Watershed is the Lake, which has existed continuously
10 since 1883. Surrounding the Lake are several mountain communi-
11 ties, the largest of which is Big Bear Village, situate on the
12 southerly border of the Lake. Easterly of Big Bear Village and
13 within Baldwin Lake Watershed is Big Bear City. Domestic water
14 service in Upper Bear Creek Watershed is provided by Southern
15 California Water Company, a public utility, Big Bear City Community
16 Services District, and through individual domestic wells. All of
17 the privately-held lands in Upper Bear Creek Watershed lie within
18 the boundaries of District.

19 4. Early Santa Ana River Diversions. The earliest appropri-
20 ations of water from the Santa Ana River commence in 1856 from the
21 Santa Ana River as it traversed San Bernardino Basin. Two succes-
22 sor diversions developed by progressive moving of canal and
23 diversion facilities upstream to the Mouth of the Canyon, from
24 which the North Fork Canal distributed water northwesterly into
25 San Bernardino Basin and the Sunnyside Ditch distributed water
26 southwesterly to the vicinity of Redlands. Above these canals
27 there subsequently developed ancillary facilities to serve higher
28 ground through the Edwards Canal and High Line, respectively. The

1 North Fork and Sunnyside diversions had established and claimed
2 rights to substantially the entire surface flow of the Santa Ana
3 River at the Mouth of the Canyon by 1883, when the predecessors of
4 Mutual undertook to build the original dam at the Lake. In order
5 to preserve the prior appropriative rights of the North Fork and
6 Sunnyside diversions, Mutual's predecessors entered into the Prior
7 Right Agreements, which agreements are still in effect.

8 5. Mutual's Diversion Practices. Mutual has multiple
9 sources of supply, but its major, historic source is and has been
10 stream flow from the Santa Ana River at the Edison Diversion, the
11 supplementing of flows between the Edison Diversion and Mouth of
12 the Canyon, and releases by Edison onto the High Line and to the
13 Division Box. From the end of the Edison Conduit delivery is made
14 through the Edwards and North Fork Canals and the Redlands Canal
15 and High Line to satisfy the rights of Prior Right Companies and
16 to meet the needs of Mutual's irrigation shareholders. The
17 diversion facilities utilized by Mutual are shown on Exhibit "C".

18 6. District's Water Supply. District and its inhabitants
19 rely entirely upon the precipitation and runoff within Upper Bear
20 Creek Watershed for their water supplies for direct use and for
21 recharge of the several small ground water basins in said water-
22 shed. District does not have physical, or economically-feasible,
23 access to significant supplies of supplemental nontributary
24 sources of water. Although some inhabitants of District have
25 riparian, overlying and appropriative rights to waters of Upper
26 Bear Creek Watershed, neither District nor its inhabitants have
27 any rights to water in storage in the Lake, or the right to store
28 water in the Lake except to the extent that there is surplus

1 storage capacity in the Lake not utilized by Mutual.

2 B. DECLARATION OF RIGHTS

3 7. Mutual. Mutual is the owner of an appropriative right,
4 with the priorities of 1883 and 1909, to divert at the Dam and
5 store in the Lake for subsequent release and beneficial use within
6 Mutual's service area of all of the flow of Bear Creek at the Dam
7 and Lake. Said diversion shall be at such rate as may be reason-
8 ably necessary to meet the requirements of Mutual's stockholders,
9 not exceeding 65,000 acre feet in any ten (10) year period, as
10 determined by the Board of Directors of Mutual in its sole discre-
11 tion. Said rights have become prescriptive in nature as to all
12 water right claimants downstream from the Dam, excepting only the
13 rights of Prior Right Companies.

14 8. Prior Right Companies. Prior Right Companies, as the
15 successors to the earliest diversion rights at the Mouth of the
16 Canyon, are the owners of the prior appropriative rights confirmed
17 by the Prior Right Agreements, which contractual rights constitute
18 a burden and charge upon the said appropriative right of Mutual.
19 The exact nature, scope and extent of the rights of prior right
20 companies are set forth in said Prior Right Agreements (Exhibits
21 "E" and "F"), and said agreements are hereby confirmed and shall
22 remain otherwise unimpaired by the declarations and determination
23 of this Judgment.

24 9. Conservation District. Conservation District owns an
25 appropriative right to divert and spread storm flows of the Santa
26 Ana River at and below the Mouth of the Canyon, for the benefit of
27 water right claimants within Conservation District. Said rights
28 are derived from and based upon

1 License No. 2831, Permit No. 2488 [8300 acre feet] and
2 License No. 2832, Permit No. 2593 [2100 acre feet],
3 issued by the Division of Water Rights of the California Water
4 Resources Control Board, and from a prior statutory filing by
5 Conservation District's predecessors dated October 6, 1911.

6 10. San Bernardino Basin Producers within the boundaries of
7 Conservation District have rights in and to the safe yield of said
8 San Bernardino Basin. Said safe yield is dependent, in part, on
9 the flow of the river at the Mouth of the Canyon and return flows
10 from applied water delivered by Mutual to its stockholders for use
11 overlying the Basin. Both of said sources have historically
12 included, from time to time, waters released from Upper Bear Creek
13 Watershed through or over the Dam.

14 11. District. District owns the Dam and reservoir behind
15 it, subject to the right of Mutual to store water in the Lake,
16 pursuant to its appropriative right. To the extent that, at any
17 time, there is surplus storage capacity in the reservoir not
18 utilized by Mutual, District has the right to store water therein,
19 including water acquired by reason of operation of the physical
20 solution herein decreed or from any source or sources other than
21 the surface flow of Bear Creek and its tributaries, or from non-
22 tributary streams provided such non-tributary water has been
23 diverted into the Lake by Mutual.

24 III. INJUNCTIONS

25
26
27 12. Against District. District, its officers, agents and
28 employees are hereby ENJOINED AND RESTRAINED from interfering with

1 the release of water from the Lake to meet the requirements of
2 Mutual, except in compliance with the physical solution herein-
3 after decreed.

4
5 IV. CONTINUING JURISDICTION

6
7 13. Continuing Jurisdiction. Full jurisdiction, power and
8 authority are retained and reserved to the Court for the purpose
9 of enabling the Court, upon application of any party by motion and
10 upon 30 days' notice hereof, and after hearing thereon, to make
11 such further and supplemental orders or directions as may be
12 necessary or appropriate for interpretation, enforcement or carry-
13 ing out this Judgment. The Court may award attorneys' fees to the
14 prevailing party in any further proceedings, pursuant to this
15 paragraph.

16 V. WATERMASTER

17 A. APPOINTMENT AND COMPOSITION

18 14. Watermaster Committee. The Court will appoint a Water-
19 master Committee, by subsequent order, in accordance with the
20 following procedure:

21 (a) Nominations. On or before sixty (60) days after
22 entry of judgment herein, nominations shall be submitted by
23 a separate pleading filed herein. For said purpose, one
24 nominee each shall be submitted by District, Mutual and
25 Conservation District.

26 (b) Appointment. The three nominees, if acceptable to
27 the Court, will thereupon be appointed by such subsequent
28 order.

1 (c) Term. Watermaster representatives shall serve for
2 terms of five (5) years, unless sooner removed by the Court
3 on its own motion or at the request of the party nominating
4 any such Watermaster representative.

5 (d) Watermaster Action. Said Watermaster members,
6 acting as a committee, shall be and constitute the Water-
7 master, for purposes of administering the provisions of this
8 Judgment and subsequent orders of the Court. Action of a
9 majority of Watermaster members shall constitute action of
10 Watermaster.

11 B. POWERS AND DUTIES

12 15. Powers and Duties. Subject to the continuing super-
13 vision and control of the Court, Watermaster shall have and may
14 exercise the express powers, and shall perform the duties, as
15 provided in this Judgment or hereafter ordered or authorized by
16 the Court in the exercise of the Court's continuing jurisdiction.

17 16. Rules and Regulations. Watermaster shall make and adopt
18 appropriate rules and regulations for conduct of Watermaster
19 affairs, including meeting schedules and procedures. Said rules
20 and regulations shall be submitted to and approved by the Court.
21 Thereafter, Watermaster may amend said rules from time to time,
22 upon notice to all parties and with the approval of the Court. A
23 copy of said rules and regulations, and of any amendments thereof,
24 shall be mailed to each party.

25 17. Studies. Watermaster shall undertake such studies and
26 investigations and collect and maintain such hydrologic and other
27 data and records as are necessary to implement the Physical
28 Solution herein.

1 18. Accounting. Watermaster shall make calculations and
2 maintain accounts to reflect both actual operation of Big Bear
3 Lake and Mutual's Lake Water Operations. Said accounts shall be
4 maintained in accordance with Watermaster Criteria.

5 19. Watermaster Expenses. Each party shall pay the costs
6 and expenses of the representative of such party on Watermaster.
7 The obligation for and cost of making measurements and accumula-
8 ting basic data shall be assumed and paid as follows:

- 9 (a) At and upstream from Dam -- District.
10 (b) Downstream from Dam -- Mutual and Conservation
11 District, in shares to be agreed upon from time
12 to time.

13 New or additional measurements, relevant hydrologic studies or
14 other activities of Watermaster involving significant cost shall
15 be paid pursuant to unanimous agreement entered into before such
16 costs are incurred. In the absence of agreement, the Court will,
17 by subsequent order, allocate any necessary common Watermaster
18 expenses.

19 20. Reports. Watermaster shall prepare, serve on all
20 parties and file with the Court an annual report on or before
21 April 1 of each year, which shall set forth the accounting for
22 water under the Physical Solution, and a report on all significant
23 Watermaster activity during the preceding calendar year.

24 21. Review Procedures. All actions, decisions or rules of
25 Watermaster shall be subject to review by the Court on its own
26 motion or on timely motion by any party or Watermaster member, as
27 follows:

- 28 (a) Effective Date of Watermaster Action. Any action,

1 decision or rule of Watermaster shall be deemed to have
2 occurred or been enacted on the date on which written notice
3 thereof is mailed. Mailing of copies of approved Watermaster
4 minutes to the parties shall constitute such notice to all
5 parties.

6 (b) Noticed Motion. Any party or Watermaster member
7 may, by a regularly noticed motion, apply to the Court for
8 review of any Watermaster's action, decision or rule.

9 Notice of such motion shall be mailed to Watermaster and to
10 all parties. Unless otherwise ordered by the Court, such
11 motion shall not operate to stay the effect of such Water-
12 master action, decision or rule.

13 (c) Time for Motion. Notice of motion to review any
14 Watermaster action, decision or rule shall be served and
15 filed within ninety (90) days after such Watermaster action,
16 decision or rule.

17 (d) De Novo Nature of Proceedings. Upon the filing of
18 any such motion, the Court shall require the moving party to
19 notify the parties and Watermaster of a date for taking
20 evidence and argument. On the date so designated, the Court
21 will review de novo the question at issue. Watermaster's
22 findings or decision, if any, may be received in evidence at
23 said hearing, but shall not constitute presumptive or prima
24 facie proof of any fact in issue.

25 (e) Decision. The decision of the Court in such
26 proceeding shall be an appealable supplemental order in this
27 case. When the same is final, it shall be binding upon the
28 Watermaster and all parties.

1
2 VI. PHYSICAL SOLUTION
3

4 23. Need For Physical Solution. There exists a need for
5 additional water for recreational and wildlife enhancement pur-
6 poses within District. There is not an economically feasible
7 source of supplemental water available to meet the needs of
8 District and its inhabitants for such purposes. Any such use by
9 District of the waters in storage in the Lake will be junior to
10 the declared rights of Mutual and other defendants herein. Supp-
11 lemental sources of water may, from time to time, be available
12 within defendants' areas of use (other than Edison), but are more
13 expensive than waters which might be diverted from storage in the
14 Lake. In order to assure the maximum beneficial use of waters of
15 the State, in accordance with the mandate Article X Section 2 of
16 the Constitution, it is appropriate that the Court adopt a phys-
17 ical solution herein.

18 24. General Plan of Operation. In general terms, the
19 physical solution hereafter decreed will provide for retention of
20 waters of Bear Creek in the Lake by reason of delivery of In Lieu
21 Water to Mutual's system. The costs of In Lieu Water and Basin
22 Make-up Water shall be borne solely by District as consideration
23 for the right to retain an equivalent quantity of stored water in
24 the Lake for District's account.

25 25. District's Right to Provide In Lieu Water. District
26 shall have the right to provide In Lieu Water to Mutual, at Dis-
27 trict's sole expense, to be delivered into Mutual's system at
28 locations designated by Mutual, as a condition of retaining in the

1 Lake water which would otherwise be required by Mutual for its
2 use. Such In Lieu Water may be provided from any one or more of
3 the following sources, or any other source usable for Mutual's
4 purposes, and of comparable quality to waters released or subject
5 to release from the Lake:

6 (a) Wells in San Bernardino Basin owned by Mutual.

7 (b) Third party wells or other sources, which are
8 available under contract, lease or other arrangements with
9 Mutual.

10 (c) Exchange water under the Mill Creek Exchange.

11 (d) State Project Water.

12 Provided, that Watermaster shall determine whether production of
13 ground water pursuant to subparagraphs (a) or (b) hereof will have
14 an unreasonable and adverse effect on water levels in any adjacent
15 wells. In the event of such finding, Watermaster may prohibit use
16 of such well or wells for production of In Lieu Water until
17 Watermaster determines that such adverse effect is eliminated.

18 Provided, moreover:

19 (e) High Line Obligation. Because of the requirements
20 by Mutual for delivery of water through its High Line and to
21 the Edwards Canal, it is necessary that a minimum of 12 cfs
22 be diverted into the Edison Conduit from all sources, in-
23 cluding Santa Ana River and Bear Creek water at the Edison
24 Diversion, canyon wells and surface inflow between the Edison
25 Diversion and the Mouth of the Canyon. To the extent that
26 said supplies fall below 12 cfs at the forebay of Edison
27 Power House No. 3, being the start of the High Line, District
28 shall release water to make up any deficiency therein from

1 water in storage in the Lake. Said High Line obligation
2 shall supersede District's In Lieu Water right unless and
3 until In Lieu Water can be provided by District to meet said
4 High Line requirements from other sources.

5 (f) Dry Year Releases. In the event, by reason of
6 natural disaster or extreme drought, or otherwise, Mutual is
7 unable to meet its obligation under the Prior Right Agree-
8 ments to Prior Right Companies, and there exists water in
9 storage in the Lake which is not otherwise available to
10 Mutual, District shall make such releases as are necessary to
11 enable Mutual to meet said Prior Right obligations. In such
12 event, District shall acquire a right to replacement of such
13 quantities in the Lake for its account from the next natural
14 inflow to the Lake, which would otherwise be credited to
15 Mutual.

16 26. Basin Make-up Water. District's lake stabilization
17 operations by exercise of its in lieu right may have some adverse
18 impact on the supplies of water to the San Bernardino Basin.

19 27. Procedures for In Lieu Water. In the operation of
20 District's In Lieu right, the following procedures shall be
21 followed:

22 (a) District's Election to Provide In Lieu Water.
23 District shall, on or before April 15 of each year, notify
24 Mutual of District's intent to provide In Lieu Water during
25 the following fiscal year, and shall designate the maximum
26 amount it is prepared to so provide. District may, during
27 any year, on ninety (90) day written notice, amend or modify
28 the amount of In Lieu Water so specified.

1 (b) Mutual's Order. At such time as Mutual's board, in
2 its sole discretion, may determine that it requires the
3 release of water from the Lake for the use of Mutual and the
4 Prior Right Companies, Mutual shall notify District and, to
5 the extent that District has indicated an intent to provide
6 In Lieu Water, Mutual shall reasonably cooperate with, and
7 give assistance to District in obtaining water from In Lieu
8 Water sources. Any Lake water required by Mutual and not
9 supplied by In Lieu Water shall be provided by District by
10 Lake releases on at least 12 hours' notice by Mutual.

11 (c) Costs. Costs of In Lieu Water obtained by Mutual
12 on behalf of District shall include all actual operating,
13 maintenance and administrative costs attributable, in good
14 accounting practice, to the acquisition of such In Lieu
15 Water. Said costs shall also include pump tax applicable to
16 such water, if any. In the event any well, pump, motor,
17 booster pump or pipeline of Mutual used for production or
18 delivery of In Lieu Water is required to be replaced at a
19 time when such facility is being used for the production or
20 delivery of In Lieu Water, District shall advance the cost of
21 replacing such item; provided, however, that at the end of
22 ten years after the completion of such replacement Mutual
23 will reimburse District that percentage of the cost of such
24 replacement which the number of hours said facility has been
25 used by Mutual for its account during such ten-year period
26 bears to the total number of hours such facility has been
27 used during the ten-year period, plus interest on such amount
28 at the rate of six percent (6%) per annum. In the event any

1 such facility is being used by Mutual for its own account at
2 the time of such replacement, Mutual shall pay such replace-
3 ment cost and shall be reimbursed by District in the same
4 manner as provided above. All such replacement facilities
5 shall be and remain the property of Mutual.

6 (d) Payment. Any costs incurred by Mutual with re-
7 lation to In Lieu Water deliveries shall be paid by District
8 within thirty (30) days of receipt of approved billing
9 therefor. All bills for such In Lieu Water shall be sub-
10 mitted to and approved by Watermaster, provided, however,
11 that Watermaster may, if it deems it to be appropriate,
12 require District to maintain on deposit reasonable sums to
13 insure advance payment of current costs in order to relieve
14 Mutual of any financial burden in connection with said
15 In Lieu Water.

16 28. Procedure for Basin Make-up Water. Watermaster shall
17 annually calculate the net amount of these various adjustments.
18 District shall be obligated to periodically balance any resulting
19 net deficiencies in recharge to the San Bernardino Basin as
20 Watermaster shall determine. Balancing of any deficiency in said
21 account shall occur at least once in each ten (10) year period,
22 the time of delivery within said period to be at the option of
23 District; provided, that in no event shall such negative impact be
24 allowed to exceed 15,000 acre feet; provided, further, that if the
25 net deficiency exceeds 10,000 acre feet, District shall reduce the
26 net deficiency to at least 10,000 acre feet within the succeeding
27 two (2) years; provided, however, that District shall, at the
28 election of Conservation District on or before January 1, 1981,

1 reimburse Conservation District for the cost of up to 10,000 acre
2 feet of replenishment water, at not to exceed the Mill Creek Ex-
3 change price to members. Such payment shall result in an equiva-
4 lent credit to District's account for Basin Make-up Water. To
5 the extent practical, recharge will be directed to the sub-basins
6 of San Bernardino Basin proportionally to the pattern of extrac-
7 tion of In Lieu Water hereunder.

8 29. Accounting. Watermaster shall maintain three basic
9 accounts, in accordance with Watermaster Operating Criteria, as
10 follows:

11 (a) District's Lake Water Operation. A detailed
12 account to reflect actual operation of the Lake by District
13 shall be maintained.

14 (b) Mutual's Lake Water Operations. In addition, a
15 corollary account shall be maintained to simulate the effect
16 of Mutual's operations with regard to Lake water under the In
17 Lieu Water operations.

18 (c) Basin Make-up Account. An account of District's
19 annual and cumulative obligation for Basin Make-up Water
20 shall also be maintained.

21 30. District's Obligation to Maintain Dam. Pursuant to
22 District's stipulation and agreement, District shall perpetually
23 maintain and protect the Dam and Lake to preserve and maintain the
24 existing usable storage capacity of the Lake and shall comply with
25 all dam safety regulations of the State of California or other
26 appropriate public authority. No excavation or filling of the
27 Lake or any part thereof shall be done within 500 feet of the Dam,
28 except as necessary for repair, maintenance or replacement of the

1 Dam.

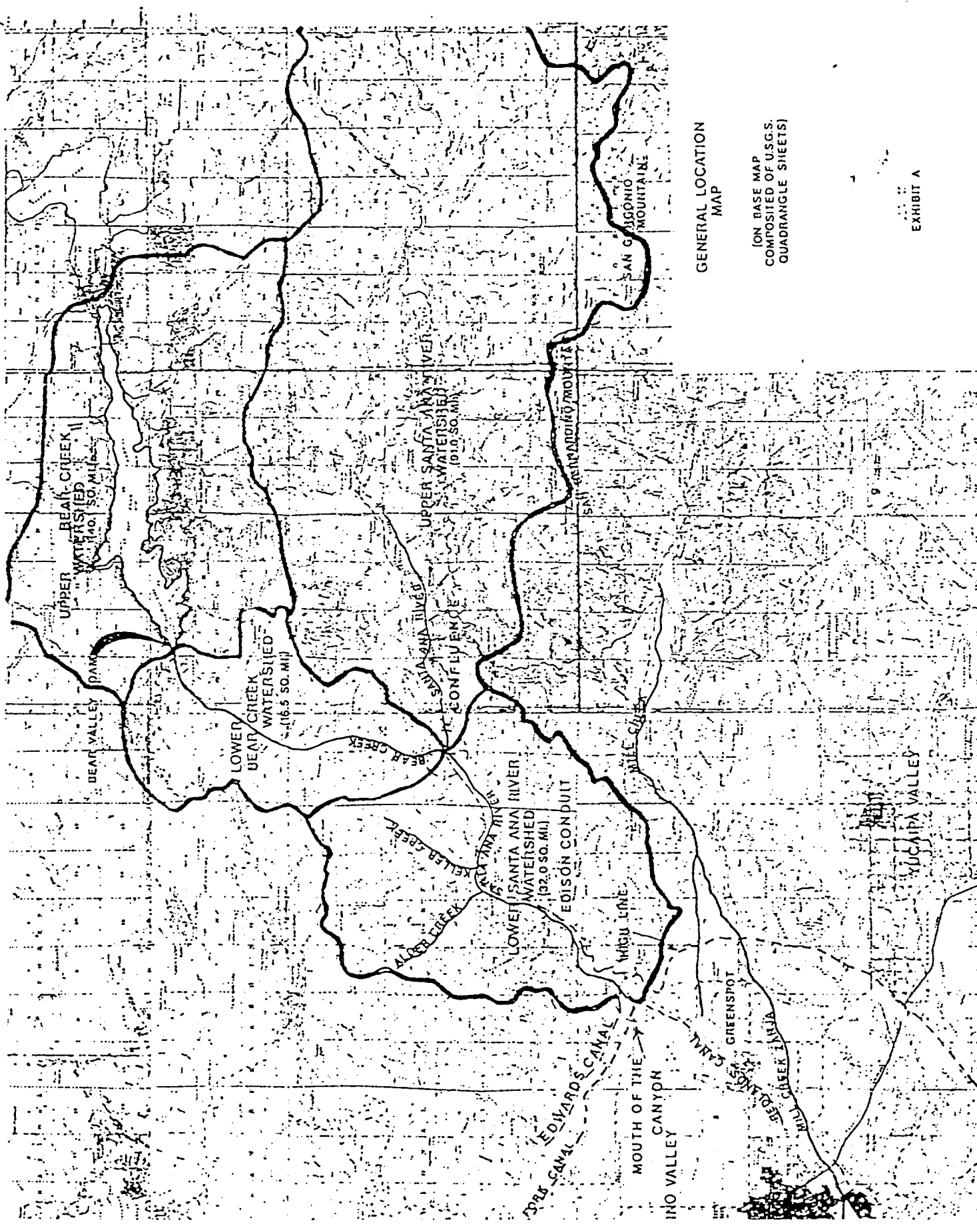
2 31. District to Hold Mutual Harmless. District shall hold
3 Mutual free and harmless from any and all liability, cost or ex-
4 pense (including attorney's fees) arising from District's opera-
5 tion of the Lake pursuant to the Lake Surface Rights, and shall
6 cause Mutual to be named as an additional insured on any public
7 liability insurance policies which District may obtain covering
8 its operation of the Lake.

9 32. Physical Solution Agreement. That certain "Physical
10 Solution Agreement" heretofore entered into between District,
11 Mutual and Conservation District on December 23, 1976, is super-
12 seded by this Judgment.

13 33. Costs. No party shall recover any costs in this pro-
14 ceeding from any other party.

15 DATED: ~~January~~ ^{FEBRUARY} 4, 1977.

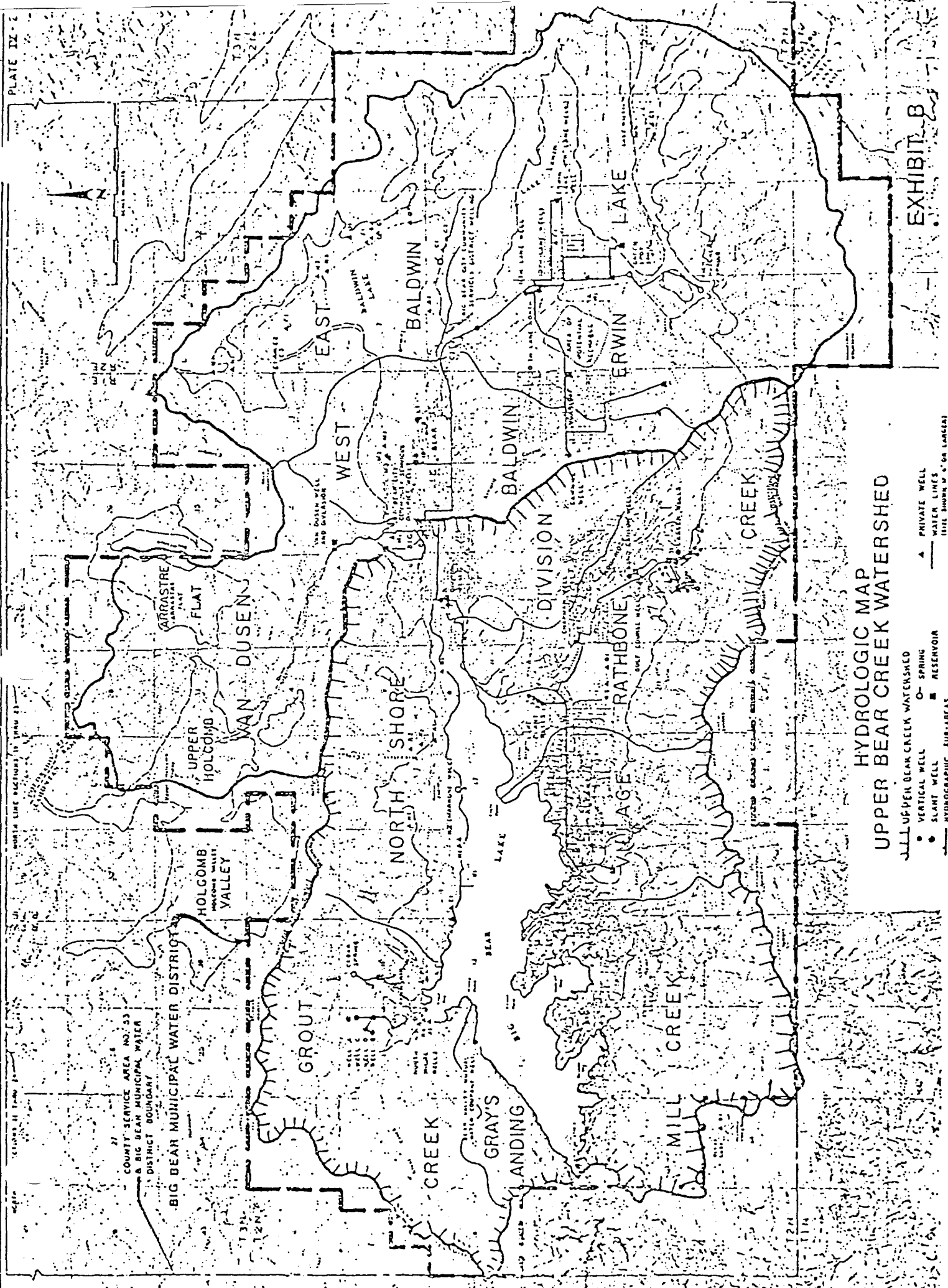
16
17 JOSEPH B. CAMPBELL
18 _____
19 Judge



GENERAL LOCATION
MAP

(ON BASE MAP
COMPOSED OF U.S.G.S.
QUADRANGLE SHEETS)

EXHIBIT A



COUNTY SERVICE AREA NO. 53
 & BIG BEAR MUNICIPAL WATER
 DISTRICT BOUNDARY

BIG BEAR MUNICIPAL WATER DISTRICT

HOLCOMB
 VALLEY

UPPER
 HOLCOMB

FLAT

ARRASTRE

WAN
 DUSEN

EAST

WEST

BALDWIN

GROUT

CREEK

GRAY'S
 LANDING

NORTH
 SHORE

RATHBONE

MILL
 CREEK

DIVISION

ERWIN

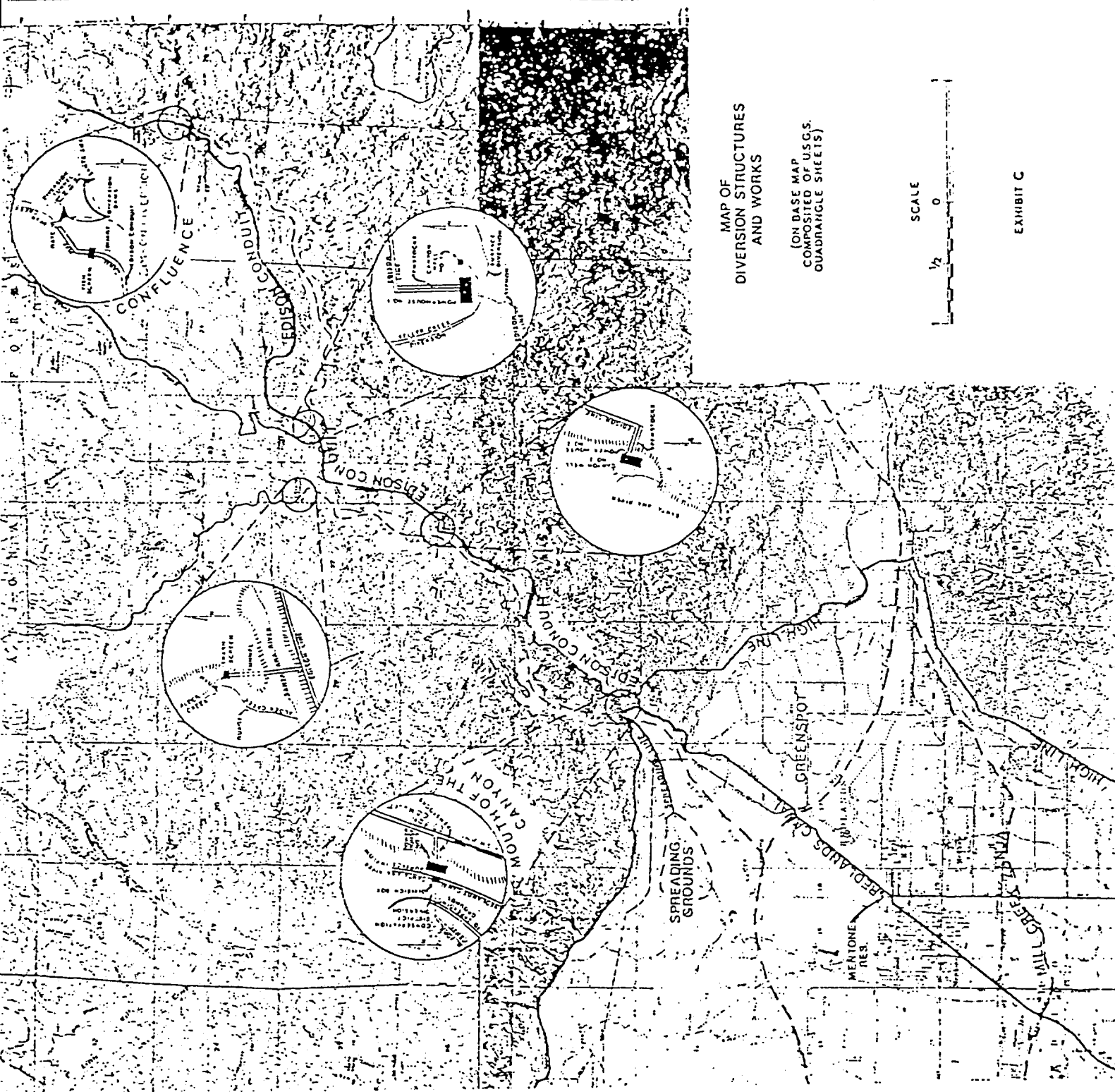
BALDWIN

LAKE

HYDROLOGIC MAP
 UPPER BEAR CREEK WATERSHED

- UPPER BEAR CREEK WATERSHED
- SPRING
- ◐ SLANT WELL
- ◑ RESERVOIR
- HYDROGRAPHIC SUB-AREAS
- ▲ PRIVATE WELL
- WATER LINES
- (LINE SHOWN 1/4" OR LARGER)

EXHIBIT B



MAP OF
DIVERSION STRUCTURES
AND WORKS

(ON BASE MAP
COMPOSED OF U.S.G.S.
QUADRANGLE SHEETS)

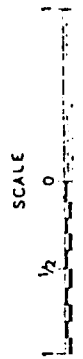


EXHIBIT C

EXHIBIT "D"

WATERMASTER OPERATING
CRITERIA

The following operating criteria shall guide and bind Watermaster in administering the provisions of this Physical Solution Agreement:

1. Basic Data. Watermaster shall accumulate basic data in the form of measurements or estimates of the following flows or hydrologic facts which Watermaster may determine to be necessary to maintenance of accounts required by the physical solution. In the accumulation of such data, Watermaster shall observe the following criteria:

(a) Lake Elevations. Monthly readings shall be taken on or about the first of each month of the elevation of the lake surface as shown on the gage located at the Dam.

(b) Lake Evaporation. Evaporation stations shall be strategically located in the vicinity of the lake and average monthly rates of evaporation shall be calculated therefrom.

(c) Precipitation. Average total rainfall in Upper Bear Creek Watershed shall be derived from weighted analysis of rainfall stations to be designated or established by Watermaster.

(d) Surface Flows.

(1) Natural Tributary Inflow to Lake. All

measurable or observable surface inflow to the lake from Upper Bear Creek Watershed shall be measured or estimated, directly or indirectly, and aggregated monthly.

(2) Non-tributary Diversions to Lake.

Mutual currently causes waters of Siberia Creek Watershed to be diverted from Bluff Lake into Lake, and flood flows of Van Dusen Creek in Baldwin Lake Watershed to be similarly diverted. Such diversions of non-tributary waters, together with any additional such diversions shall be measured or calculated monthly and credited to the party causing such diversion. In the event Mutual desires to cease or abandon either its Bluff Lake or Van Dusen diversions, and District maintains or enlarges such flows at District's expense, such flows shall be credited to District's account in calculating water in storage vis-a-vis Mutual. In such event, accounting for such flows, for purposes of Basin Make-up Water obligations, shall depend upon whether the waters diverted are naturally tributary to the Santa Ana River or not.

(3) Dam Releases. All intentional releases of water through the Dam shall be continuously measured and recorded.

(4) Dam Spills. Any spills of water over the Dam shall be measured or estimated and recorded monthly.

(5) Dam Leakage. All leakage through the dam shall be measured or estimated and a correlation between leakage and lake elevation shall be developed if possible.

(6) Santa Ana River at the Confluence with Bear Creek shall be calculated.

(7) Bear Creek at the Confluence with Santa Ana River shall be calculated.

(8) Santa Ana River at the Mouth of the Canyon shall be measured and average daily flows recorded. (This is currently being maintained by U.S.G.S.)

(e) Canyon Subsurface Diversions. Average subsurface diversions at Canyon Wells #1 and #2 shall be recorded monthly.

(f) Diversions at Mouth of the Canyon. Monthly quantities diverted at the Mouth of the Canyon shall be separately measured and recorded for diversions to

- (1) High Line
- (2) Redlands Canal
- (3) North Fork Canal
- (4) Edwards Canal
- (5) Conservation District Spreading Grounds.
- (6) Amount not diverted.

(g) In Lieu Water Deliveries shall be separately recorded as to place of delivery into Mutual's system, monthly quantity and type of source, i.e., whether from

- (1) Mutual's wells
- (2) Third party wells
- (3) Exchange Water, or
- (4) Direct Delivery of State Project Water.

(h) New Water Use by Mutual's Shareholders in Upper Santa Ana River Watershed, by reason of location of additional shares in said area, shall be accumulated monthly and recorded.

(i) Additional Points of Measurement as determined from time to time to be necessary, in the opinion of Watermaster.

2. Determinations and Calculations. Based upon the foregoing basic data, Watermaster shall make the following determinations and calculations:

(a) Net Monthly Lake Inflow shall be determined, together with its components of:

(1) Natural inflow and precipitation on the Lake, plus

(2) Diverted non-tributary inflows by reason of

[a] Mutual's activity (i.e., Van Dusen Creek and Bluff Lake),

[b] District's activity (such as,

but not limited to, proposed Rathbone reclamation operation), less

(3) Export from Upper Bear Creek Watershed (i.e., BBAWA project).

(b) Monthly Evaporation shall be calculated for

both

- (1) Actual lake operations, and
- (2) Mutual's Lake Water Operation.

(c) Monthly Releases shall be accumulated for

both

- (1) Actual lake operations, and
- (2) In Lieu Water deliveries.

(d) Spills and Leakage shall be accumulated for

- (1) Actual lake operations, and
- (2) Mutual's Lake Water Operation.

(e) Monthly Change in Storage shall be calculated

for

- (1) Actual lake operations, and
- (2) Mutual's Lake Water Operation.

(f) Area and Capacity Curve will be developed

for the Lake under current conditions.

3. Accounts.

(a) Mutual's Water In Storage shall be determined as follows for each month:

Beginning storage

+ Total Inflow

- Import from Non-tributary sources by District

EXHIBIT "D"

- Pumped groundwater introduced into Lake
 + Net Sewage Export from Upper Bear Creek
 Watershed

- In Lieu Water delivered
- Releases or uses by Mutual
- Spill chargeable to Mutual account
- Leakage chargeable to Mutual operation
- Evaporation charged to Mutual operation
- = Mutual's month-end water in storage.

(b) District's Water in Storage. Any water actually in storage in excess of Mutual's water in storage, as calculated above, shall be for the account of District. So long as District has water in storage, all spills from the Lake shall be deemed District water.

(c) Basin Make-Up Water Account. Accounting for Basin Make-up Water Deficiency or Credit shall be pursuant to the following:

$$[(.50) (R_d) + (.51) (S_d) + (.50) (P_d)] - [(.50) (R_m) + (.51) (S_m)] = \text{Deficiency or Credit.}$$

Wherein:

- R_m = Releases which would have been made under Mutual Operation. *↳ this is a numerical item only; it is not equal to the credit amount for a given amount of "Pd"; the credit amount for a given amount of Pd = 1/2 Pd according to this formula.*
- S_m = Spill which would have occurred under Mutual Operation.
- R_d = Releases actually made under District Operation.
- S_d = Spill which actually occurred under District Operation.

P_d = In lieu water purchased by District from San Bernardino Valley MWD or the Management Committee of the Mill Creek Exchange and delivered under District Operation to Mutual for service area requirements.

4. Supplemental Inflow to Lake and Export from Upper Bear Creek Watershed. In accounting for water in storage in the Lake to Mutual's account and calculating District's obligation for Basin make-up water, the effect of certain existing and potential diversion and export practices must be accommodated.

(a) Supplemental Inflow. Whether inflow to the Lake is supplemented from surface streams, production of ground water, diversion of reclaimed water or otherwise, it shall be credited to the water-in-storage account of Mutual or District, in accordance with which party causes such inflow to be so supplemented. In the event an existing diversion by Mutual is enlarged or expanded by District, at its sole expense, an allocation of resulting flows shall be made by Watermaster.

Such supplemented inflow shall be accounted for in the calculation of District's Basin Make-up Water obligation depending upon whether the source of any such surface water was tributary or non-tributary to the Santa Ana River.

(b) Export from Upper Bear Creek Watershed. Conservation District has entered into an agreement with Big Bear Area Regional Wastewater Agency, County

Service Area No. 53, and the Big Bear Lake Sanitation District relating to the export of wastewater from the Santa Ana Watershed by said agencies. The agreement terminates on June 30, 1985.

In the event gross export from Upper Bear Creek Watershed to any area not tributary to the Santa Ana River exceeds gross import to the Santa Ana River Watershed within Upper Bear Creek Watershed, calculated inflow to the Lake shall be increased each year, beginning with the calendar year 1986 by the amount by which such gross export exceeds imports. If gross import exceeds gross export, said excess shall be credited against District's Basin Make-up Water obligation.

EXHIBIT "E"

THIS MEMORANDUM, made this 23rd, day of May, 1885, by and between the Bear Valley Land and Water Company, a corporation party of the first part, and the North Fork Water Company, a corporation, and the undersigned, other than the said two corporations owners of water in the North Fork Ditch of the Santa Ana River, and Cram and Van Louven Ditch, parties of the second part;

WITNESSETH: Parties of the second part are desirous of making an arrangement with the party of the first part whereby the supply of water available to said parties of the second part may be made certain and secure during the months of June, July, August, September, October and November, and are further desirous of increasing the present capacity of the said North Fork Ditch and completing the construction of the same,

NOW THEREFORE, Know all men by these presents;

I,

Parties of the second part agree that all their respective water, water rights and interests over and above the amount or quantity herein stipulated to be furnished and allowed to or attained by the parties of the second part may be perpetually held and enjoyed by the party of the first part for its use, benefit and disposal, subject to the terms and conditions of this agreement, and except as herein limited, it being expressly understood however, that each party of the second part retain the right to sell, convey, transfer, mortgage, pledge or otherwise dispose of his or its respective rights or interests in said water or water rights or in this agreement, subject also to the terms and conditions hereof.

EXHIBIT "E"

II.

The parties of the first part agree to furnish and deliver to the parties of the second part continuously during the following months of each and every year hereafter the number of inches of water, under a four inch pressure, hereinafter mentioned, as allotted to each of said months respectively, to-wit: June, Five Hundred (500) inches; July, Six Hundred (600) inches; August, Six Hundred (600) inches; September, Five Hundred and fifty (550) inches; October, Four Hundred and fifty (450) inches; November, Four Hundred (400) inches.

It being expressly understood and agreed that at the written request of a majority in interest of the parties of the second part, based upon their respective interests, in said water and water rights the amount to said months as above respectively allotted, may be changed for the current year in which said request is made, in the manner following, to-wit: If it is desired that the allowance as above set forth for any month be lessened, such diminution shall be allowed and the amounts so diminished from any one month shall be added to some other of said months succeeding; provided that the allowance or addition so made shall not increase for any one month the amount of six hundred inches.

III.

It is understood and agreed that during the months of December, January, February, March, April and May, one-fourth of all the water flowing in the Santa Ana River at the point known as the Divide, (exclusive of water placed therein by parties of the first part) being the only place where the

waters of the North Fork and South Fork Ditches, so called, are divided, shall belong and be delivered to parties of the second part by parties of the first part. It being further understood and agreed that the surplus of all waters so apportioned to parties of the second part which is not required or desired to be used by parties of the second part, may be used by parties of the first part; always providing that parties of the second part shall be the sole judges of whether such surplus water is or is not required by them; all waste water at the end of the said North Fork Ditch shall belong to party of the first part.

This stricken out by supplemental agreement IV.

This stricken out by supplemental agreement IV.

It is further understood and agreed that in the event of there being upwards of Thirteen hundred (1300) inches of water in the said Santa Ana River at the point of "Divide" aforesaid, in its natural flow exclusive of water therein placed by act of parties of the first part during the month of June of any year, then one-half of the surplus of said water shall belong and be delivered by party of the first part to parties of the second part and the division and allotment of surplus shall in no way affect or control the allotment of water hereinbefore specified under Caption II hereof, and shall be considered as and be wholly independent thereof.

V.

All division or allotment of water under this agreement as between party of the first part and the parties of the second part shall be measured and made at the point on the Santa Ana Canon or River hereinbefore referred to and known as the "Divide".

VI.

Parties of the second part agree within two years from

the date hereof to complete the Ditch of the North Fork Water Company by enlarging the same where not already paved and cemented and where not already of such capacity to a size sufficient to carry fifteen hundred (1500) inches of water, and by substantially cementing and paving such portions so to be enlarged aforesaid and to pay one-half of the expense of such enlargement, paving and cementing together with one-half of the expense of maintaining the said ditch when completed as aforesaid, and party of the first part hereby agrees to pay the other half of said expense.

VII.

On the execution of this agreement party of the first part agrees to pay the parties of the second part the sum of Two Thousand (\$2000) Dollars, and on the first day of January, 1935, the further sum of Two Thousand (\$2000) Dollars as a consideration for the half interest in the said North Fork Ditch mentioned. By the North Fork Ditch is meant the main ditch commencing at or near the "Divide" aforesaid, and extending to Haven corner and as described in Articles of Incorporation of North Fork Ditch Company.

VIII.

It is further understood and agreed that until said ditch shall be enlarged to a capacity of Fifteen Hundred (1500) inches as hereinbefore stated, no greater amount of water shall be allowed to flow into or through said ditch by party of the first part than twelve hundred (1200) inches without the written consent of a majority of the water interests of parties of the second part.

IX.

The capacity of said ditch may be at any time hereafter

increased beyond said fifteen hundred (1500) inches by either party of the first part or parties of the second part, in which event the expense of said enlargement may be borne in equal proportions by the parties hereto, and in that event said parties shall be entitled to share equally in the use and enjoyment of said increased capacity. In the event however, that either of the parties hereto shall fail or refuse to unite with the other of said parties in affecting said increase of capacity, or in promptly paying one-half of the expenses of making the same, then and in that case the parties so failing or refusing shall not be entitled to the use or enjoyment of said increased capacity or of any of the benefits thereof.

X.

It is understood and agreed that substantially one-half of all water taken from the Santa Ana River aside from that which may be supplied from the Bear Valley Reservoir shall at all times flow in said North Fork Ditch.

XI.

It is further understood and agreed that the party of the first part shall be under no obligation to furnish water to parties of the second part as hereinbefore provided until on and after June 1st, 1886. And that until said date all the water of said River which parties of the second part have used, or to which they have been entitled prior to the date hereof shall be used as heretofore and in the same proportions irrespective of the allotments mentioned under this agreement.

XII.

Each individual of the parties of the second part agrees

for himself and itself and his and its successors in interest respectively to contribute and pay the proportions of the expenses necessary to carry out and fulfill so much of this agreement as is to be carried out, fulfilled or performed by or on the part of the parties of the second part in proportion to the interest or shares of parties of the second part in the said water rights, ditches or privileges owned by each of said parties of the second part in said North Fork Ditch and water right.

For the purpose of equitably adjusting and distributing the division of the expenses aforesaid for the construction and maintenance of said North Fork Ditch among the owners thereof, parties hereto of the second part among themselves, said ditch shall be considered in two sections; one from the divide aforesaid down to and including the head or distributing gate of the Cross Ditch known as section one; and the other from said head or distributing gate of the Cross Ditch to the end of said North Fork Ditch, known as section two.

Those using water or drawing water from any portion of said North Fork Ditch shall pay in proportion to their respective rights or shares in and to said ditch, water or water privileges for the expenses of constructing or repairing of said section one, and those using water in or from section two of said ditch shall pay according to their respective shares or rights in said ditch, water or water privileges for the construction and repair of said section.

XIII.

If at any time the party of the first part shall fail to

comply with the terms and conditions of this agreement in furnishing and delivering water to the parties of the second part or their successors in interest, then it shall forfeit all right, franchises, privileges and interest derived from parties of the second part, under and by virtue of this agreement, and all rights, franchises and privileges or interests hereby conceded to it by said parties of the second part, or created in pursuance of the terms hereof, may be resumed and retained by said parties of the second part, the same as if this agreement had not been made. And all rights and interests of said party of the first part to the said North Park Ditch shall cease and determine. But a temporary failure or interruption of not more than ten days after said party of the first part has received written notice thereof from said parties of the second part, resulting from unforeseen or unexpected accident not attributable to the negligence or fault of the party of the first part shall not be considered such a failure as to work such forfeiture— it being the intention not to favor or take advantage of mere technical breaches of this agreement, but that the same shall receive a fair and liberal construction to promote substantial justice and fair dealing between the parties hereto.

XIV.

In all matters or things to be acted upon or done or decided by or concerning the affairs, conduct, management or interest of the parties of the second part under this agreement; A majority in interest of said parties of the second part shall control.

XV.

The parties of both parts (that is, each part) are each to have an equal voice in the construction, management and repairs of said ditch, and if they cannot agree in respect to such matters or any of them, then each party shall select a referee to decide such matters of difference; with power to said referees in case of a disagreement between them to select an umpire or third person, and a decision of a majority of said referees so selected shall be binding upon the parties hereto.

XVI.

It is understood and agreed by all the parties hereto that time is of the essence of this agreement — But if from act of God or any unforeseen accident, elemental or otherwise, not attributable to the negligence or default of party of the first part whereby their dam or other works for the supply of water may be temporarily destroyed or injured; then in event that all of the natural flow of the water of the Santa Ana River and its tributaries to which parties of the second part may be entitled independent of this agreement, be permitted by party of the first part to flow down to the "Divide" of the North Fork and South Fork Ditches, — then no damages or forfeitures is to ensue.

XVII.

It is further agreed by party of the first part that in event of said party increasing the capacity of said North Fork Ditch beyond fifteen hundred (1500) inches and conducting a greater amount of water therein than said number of inches any breakage or damage to said ditch or any part thereof shall be caused attributable to said increased flow — then said party of the first part is at its own expense to immediately

repair said ditch and to pay all of said damages.

IN WITNESS WHEREOF, the parties hereto sign their respective names this 23 day of May 1935.

L. C. Waite, A. M. Aplin, Mrs. D. C. Randall, Geo. Miller,
Th. C. Waite, Proxy, C. R. Wilke by W. Jaycock, Proxy, Nelson
Jaycock, John Stone by R. F. Cunningham, Proxy, R. F. Cunningham,
D. A. Coddington by R. F. Cunningham, Proxy, R. F. Cunningham,
Edd Dwyer, S. F. Crow by W. F. Crow, L. E. Rice, W. R. and T. S.
Ingham.

John Chony,
Wm. H. Chony,
Seth Marshall

By their Attorney in Fact

H. M. Willis.

G. W. Beattie, Mrs. Anjelica Beattie by G. W. Beattie, Proxy,
H.M. Strong by G. W. Beattie, Att'y in Fact, John W. Downs, A. B.
Crier, R. B. Fossenden, C. K. Mattison, M. Cloghorn, L. F. Gram,
J. C. Weeks, H. J. Quinan, Christian Kurtz, Mary Ely, F. H.
Cavalier,

North Fork Water Company
By L. C. Waite, President
G. W. Beattie, Secretary.

(SEAL)

State of California
County of San Bernardino

SS.

On this 23d day of May, one thousand eight hundred
and eighty-five, before me H. Connor, Court Commissioner in
and for the said County of San Bernardino, Personally appeared
L. C. Waite and G. W. Beattie, known to me to be the President and
Secretary respectively of the corporation that executed the
within instrument, and acknowledged to me that such corporation
executed the same.

(SEAL)

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the said County of San Bernardino, the day and year in this certificate first above written.

H. Conner,
Court Commissioner.

Dear Valley Land and Water Company,

(SEAL)

By J. G. Kurt, President.

E. A. Holt, Secretary.

State of California }
County of San Bernardino }

SS.

On this 23d day of May, one thousand eight hundred and eighty five, before me, H. Conner, Court Commissioner in and for the said County of San Bernardino, personally appeared J. S. Kurt, and E. A. Holt, known to me to be the President and Secretary respectively of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

(SEAL)

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in said County of San Bernardino the day and year in this certificate first above written.

H. Conner,
Court Commissioner.

This supplemental agreement made this 27th day of June 1885 by and between the North Fork Water Company of the one part and the Bear Valley Land and Water Company of the other part, all of San Bernardino County, State of California, with intent to modify and render more definite and certain a certain contract heretofore made between said parties and other owners of the North Fork Water Ditch and right.

WITNESSETH: That it is understood and agreed that section four of said agreement of May 23, 1885, be, and the same is hereby stricken out, cancelled and declared of no force and effect.

It is also understood, covenanted and agreed by the said Bear Valley Land and Water Company to and with the said North Fork Water Company and other owners of and in the North Fork Ditch, not members of said corporation, that during the months of June, July, August and September of each year the parties of the second part in said agreement of May 23, 1885, shall have the right to pass over or draw back any amount of water they may designate from any month to any month of either of their aforesaid months, not exceeding the limit of six hundred inches in any one month and the aggregate amount of water for said four months shall not exceed twenty-two hundred and fifty inches.

The last clause of section three of the agreement of May 23, 1885, in reference to waste water is stricken out.

This agreement is intended to embrace all parties drawing water through the North Fork Ditch, and especially the portion of said water belonging to the Craan and Van Leuven Ditch.

And subject to the modification herein contained all

other provisions of said agreement of May 22nd, 1925, are in full force and effect.

In Witness Whereof, the respective parties hereto have set their hands and seals this day and year first above written.

North Fork Water Company,

(SEAL)

By H. C. Waite, President.

G. W. Beattie, Secretary.

Bear Valley Land and Water Company,

(SEAL)

By J. C. Eurt, President.

E. A. Holt, Secretary.

State of California,

County of San Bernardino,

} SS.

On this 27th day of June, one thousand eight hundred and eighty-five before me, E. H. Morse, a Notary Public in and for the said County of San Bernardino, personally appeared H. C. Waite and G. W. Beattie, respectively President and Secretary of the North Fork Water Company and J. S. Eurt and E. A. Holt respectively President and Secretary of the Bear Valley Land and Water Company, personally known to me to be the persons described in and the respective officers of the corporations that executed the within instrument, and acknowledged to me that such corporations executed the same. In Witness Whereof, I have hereunto set my hand and affixed

my official seal, the day and year in this certificate first above written.

(SEAL)

E. H. Morse,

Notary Public.

This Memorandum, made this 27th day of February, A. D., 1886, between the undersigned of the shareholders in the South Fork Ditch of the Santa Ana River, Sunnyside Division, parties of the first part, and the Bear Valley Land and Water Company, a corporation, party of the second part witnesseth:

Whereas parties of the first part and their co-owners in the said ditch above named are the owners of the right to use all of one half of the flow of the Santa Ana River divided at the point in the mouth of the Santa Ana Canon commonly known as the divide, and are desirous of making an arrangement with party of the second part whereby the supply of water available to parties of the first part, may be made certain and secure during the months of May, June, July, August and September and October.

Now Therefore, know all men by these presents, 1. That parties of the first part agree that all of their respective water water-rights and interests in such water and ditches hereinbefore mentioned over and above the amount or quantity herein stipulated to be furnished and allowed to or retained by said parties of the first part may be perpetually held and enjoyed by party of the second part for its use, benefit and disposal subject to the terms and conditions of this agreement and except as herein limited; it being expressly understood however that each party of the first part retains the right to sell, convey, transfer, mortgage, pledge or otherwise dispose of his respective right or interests in said water or water rights or in this agreement subject also to the terms and conditions hereof.

II. The party of the second part agrees to furnish and de-

EXHIBIT "F"

liver to parties of the first part continuously through the following named months of each and every year hereafter the number of inches of water under a four inch pressure hereinafter next mentioned as allotted to each of said months respectively, to-wit:

May	466-2/3	inches.
June	466-2/3	inches.
July	466-2/3	inches.
August	466-2/3	inches.
September	466-2/3	inches
October	466-2/3	inches

It being expressly understood and agreed that upon the written request of a majority in interest of the parties of the first part based upon their respective interests in said water and water-rights, the amounts to said months above respectively allotted may be changed for the current year in which said request is made in the manner following, to-wit:

If it be desired that the allowance as above set forth for any of said months be lessened, such a diminution shall be allowed and the amount so diminished from any one month shall be added to some other of said months designated by parties of the first part, provided that the allowance or addition so made shall not increase for any one month the amount to more than six hundred (600) inches, such request to be made in writing to party of second part on or before April 20th of such year.

III. The party of the second part agrees to furnish and deliver to parties of the first part continuously through out the following named months, three hundred (300) inches of

water measured under a four (4) inch pressure, to-wit; November, December, January, February, March of each and every year hereafter; provided that in case in any such months in any year it is found that there is flowing in said river at the divide a greater quantity of water than six hundred inches going to parties of the second part by the terms of this contract, then one half of the excess above six hundred inches up to and making a maximum of six hundred inches going to parties of the first part, shall be added to and be furnished to parties of the first part for such three hundred inches for any of such months and on the other hand; if it is found that there is flowing in said river at the divide a less quantity of water than six hundred inches going to parties of the second part by the terms of this contract, then one half of such deficiency shall be deducted from three hundred inches and the remainder only shall be for such months furnished to parties of the first part.

IV. It is understood and agreed that a quantity of water taken from the Santa Ana River aside from that which may be supplied from the Bear Valley reservoir substantially the same as that which has heretofore ordinarily flowed through the ditch of parties of the first part shall at all times hereafter flow through said ditch or such other ditch as may be constructed in lieu thereof.

V. It is further understood and agreed that the party of the second part shall be under no obligation to furnish water to parties of the first part as heretofore ^{before} provided until on and after June 1st, 1886, and that until said date all the water of said river which parties of the first part have used, or to which they have been entitled prior to the date hereof,

shall be used as heretofore and in the same proportions ir-
respective of the allotments mentioned under this agreement.

VI. It is further understood and agreed that party of the
second part shall bear the whole cost and expense of construc-
ting any ditch, or continuation, extension or enlargement of
any ditch that may be built in lieu of addition to or in conn-
ection with the whole or any part of the ditch of parties
of the first part and shall further keep said ditch in good
repair and condition at its own cost and expense.

VII. If at any time party of the second part shall fail to
comply with the terms and conditions of this agreement in
furnishing and delivering water to the parties of the first
part or their successors in interest, in that event, it shall
forfeit all rights, franchises, privileges and interests de-
rived from parties of the first part under and by virtue of
this agreement and all rights, franchises, and privileges and
interests hereby conceded to it by said parties of the first
part or created in pursuance of the terms hereof may be re-
sumed and retained by said parties of the first part the same
as if this agreement had not been made, and all rights and
interests of said party of the second part in the said ditch
of parties of the first part shall cease and determine, and
further, in the event of such failure on the part of the party
of the second part and of the forfeiture hereinbefore provided
for in case party of the second part shall have constructed
any ditch in lieu of the whole or any portion of the ditch of
parties of the first part, or shall have improved or increased
the same, then and in that event parties of the first part are
hereby granted the right to purchase such now or increased or

Improved ditch constructed or to be constructed in lieu of their old ditch or any part thereof as aforesaid, if such purchase seems to them expedient upon the basis and at a price to be fixed as follows; to-wit: Parties of the first part and party of the second part shall each respectively appoint a disinterested person to act as an appraiser and in the event of said appraisers failing to agree, the two appraisers thus appointed shall select a third person to act with them as appraiser, and in the event of their failing to agree upon such third person, the Judge of the Superior Court of the County of San Bernardino may appoint such person, and a decision of the majority of said appraisers shall control in the event that said ditch so proposed to be purchased as aforesaid shall be of a capacity no greater than that required to ~~convey~~ convey two thousand (2000) inches of water measured under a four inch pressure; said appraisers shall view said ditch and determine its actual value at the time of such examination and shall report the result of their determination in the matter in writing within ten (10) days thereafter to the parties hereto or their assigns, and in the event of said ditch being of a capacity to convey more than two thousand (2000) inches of water measured under a four (4) inch pressure then said appraisers in making their estimate shall disregard the excess of capacity over two thousand (2000) inches, and shall appraise said ditch at the price that a ditch with a capacity of no more than two thousand (2000) inches similarly constructed and in like repair would be reasonably worth. And in either event, the parties hereto bind themselves, their heirs, executors, administrators, assigns and successors

now, to abide by the decision of said appraisers or a majority of them in the premises.

In case however, the forfeiture of the right of party of the second part as hereinbefore set forth, parties of the first part do not elect to purchase said ditch as hereinbefore provided, then, and in that event, it is understood and agreed that said parties of the first part shall have and they are hereby granted a perpetual right of way through such ditch for the conveyance of 600 inches of water; the excess over 600 inches of capacity of such ditch to belong to parties of second part.

It is further understood and agreed in regard to the matter of forfeiture ^{herein before} referred to that a temporary failure or interruption in the performance of the condition and agreements herein stipulated as by party of the second part to be kept and performed if for not more than ten (10) days after party of the second part has received written notice thereof from parties of the first part resulting from unforeseen or unexpected accident not attributable to the negligence or fault of party of the second part shall not be considered such failure as to work such forfeiture; it being the intention of all the parties hereto not to favor or take advantage of mere technical breaches of this agreement, but that the same shall receive a fair and liberal construction to promote substantial justice and fair dealing between the parties hereto.

VIII. In all matters or things to be acted upon or done or decided by or concerning the affairs, conduct, management or interests of parties of the first part under this agreement,

A majority in interest of said parties of said parties of the first part shall control.

IX. It is understood and agreed by all the parties hereto that time is of the essence of this agreement; but if from the act of God, or any unforeseen accident elemental or otherwise not attributable to the negligence or default of the party of the second part whereby its dam or other works for the supply of water may be temporarily destroyed or injured, then in the event that all the natural flow of the water of the Santa Ana River and its tributaries to which the parties of the first part may be entitled, independent of this agreement, be permitted by party of the second part to flow down to the divide with the Redlands ditch at the place commonly known as the Sycamore Tree, then no damage shall be claimed or forfeiture ensue.

X. It is further understood and agreed that party of the second part shall permit no trespass upon, nor interference with the right of parties of the first part in or to any of the waters of the Santa Ana River during the time that this contract shall remain in force and that said party of the second part may take such prompt steps by litigation, or otherwise lawfully and which the particular exigency may require to prevent any infringement by third parties upon the rights of parties of the first part, or any of them, in, or to any of said waters.

And it is further understood and agreed that in the event of the failure of party of the second part to take such necessary steps for the purposes aforesaid parties of the first part hereby reserve to themselves the right to proceed in

their own manner and behalf in said matter in such way as to them seems most advisable for the abatement or prosecution of such trespass or interference, anything in this contract to the contrary notwithstanding.

XI. All division or allotment of water under this agreement as between parties of the first part and party of the second part shall be measured and made at the divide, so called, between the ditch of parties of the first part and the Redlands Ditch at or near the point commonly known as the Sycamore Tree

In Witness Whereof the parties hereto have hereunto interchangeably set their hands and seals the day and year first above written.

	Shares.	
I. D. Stillman,	32	(Seal)
Seal: J. Hayes,	1	(Seal)
T. C. Starr,	1-1/2	(Seal)
A. L. Park,	1	(Seal)
D. B. Alverson,	1	(Seal)
D. M. Balch,	8	(Seal)
E. G. Judson, by his attorney in fact, F. E. Brown,		
F. E. Brown,	10	(Seal)
E. A. Holt,	5-1/2	(Seal)
Mrs. Mary Hopkins,	3	(Seal)
L. G. Haight,	5	(Seal)
James Garrison,	5	(Seal)
Geo. A. Cook,	1-3/4	(Seal)
F. A. Fernud by G. A. Cook, Atty in fact 1		(Seal)
O. J. Abbott by J. C. Reeves, Atty in fact 1-1/2		
^{AUGUST} M. S. Kelley,	2-1/2	
Joseph S. Hale,	2	(Seal)

E. F. Hall,	2
J. B. Clover,	2-1/2
Israel Neal,	4-3/4
Redlands Water Company,	50
By David Corey, President	
J. S. Edwards, Secy.	
R. E. Smith,	4
Truman Reeves,	1
D. L. Clark,	1
Wm. and E. Leidsenberg,	4-1/2
Wm. H. Reeves and R. A. Reeves,	3
Mrs. Germit (May)	1
W. C. Butler,	3-1/2
L. Fogler,	1
Ben Barton,	15
D. L. Adams and Julia and T. Adams	4
E. E. Booth,	1-1/2
C. E. Thompson by E. E. Booth	1/2
Mrs. Jane D. Hale,	1
Lugonia Fruit Packing Co.,	
by Geo. A. Cook, President,	1
2nd Congregational Church of San Bernardino at	
Lugonia by Geo. A. Cook, Pres. Board Trustees	1/4
Mrs. A. H. Tichenor	3
E. I. Fullerton,	1/2
A. Elliot Paine,	1
Lugonia Fruit Growing and Packing) Company by Henry W. Robinson, Pres.) 20 and Charles W. Sumner, Treas.)	
A. F. Jones,	1/2

John Aiken Preston,	3
G. W. Chadwick,	1
H. H. Dunham,	1
Chas Frank Day,	1/2
M. Clarence Eddy,	2
Sara Eushey Eddy,	
Mira Eushey,	1
Charles H. Morse,	2
D. A. Shaw,	11-1/2
L. W. Shaw,	2
E. J. Fullerton,	1
Frank Winkley,	21
Em. R. Tolles,	41-1/2
C. P. Sarrows,	3
C. H. Lathrop,	1-1/2
H. W. Camp,	1/4
M. M. Conse ^{Conse} Conse ,	
G. A. Shaw,	2
William Gregory,	1
Bear Valley Land and Water Co.	85-1/4
by Jas. G. Burt, Prest.	(Corporate)
A. Holt, Secy.	(Seal)

300.5 shares
of total 375

A full, true and correct copy of the original Recorded
at the request of J. G. Burt, Sept. 5th A.D. 1837, at 4:35
o'clock P.M.

Logaro Allen,
County Recorder,
By O. J. Troen, Deputy.

STATE OF CALIFORNIA,).
) SS.
COUNTY OF SAN BERNARDINO.)

I, LEGARE ALLEN, County Recorder of said county, hereby certify the foregoing to be a full, true and correct copy of the Agreement between I. D. B. Stillman, et al, and the Bear Valley Land and Water Company, as recorded in Book I of Agreements, page 315, Records of San Bernardino county.

IN WITNESS WHEREOF, I have herewith set my hand

(Seal) and affixed my official seal this 4th
day of September, a.d. 1933.

Legare Allen, County Recorder.

By V. M. Minkler Deputy.

F 219

Original Filed

FEB 7 1977

V. Dennis Wardle
County Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

BIG BEAR MUNICIPAL WATER DISTRICT,

Plaintiff,

v.

NORTH FORK WATER COMPANY, et al.,

Defendants.

No. 165493

ORDER APPOINTING WATERMASTER

Paragraph 14 of the Judgment herein provides for the appointment of a Watermaster Committee, consisting of representatives nominated by District, Conservation District and Mutual. Court, having received and filed the nominations by said parties, and good cause appearing,

IT IS HEREBY ORDERED that the following representatives be, and they are hereby appointed for the term and pursuant to the conditions SPECIFIED IN said Paragraph 14 of the Judgment, as the Watermaster Committee for purposes of administration of the Judgment and physical solution pursuant to this Court's continuing jurisdiction and subsequent orders:

1 Langdon W. Owen
2 2061 Business Center Drive
3 Suite 203
4 Irvine, California 92715
5 (714) 752-9082

6 Horace P. Hinckley
7 101 East Olive Street
8 Redlands, California
9 (714) 793-4901

10 William J. Hiltgen
11 303 Brookside Avenue
12 Redlands, California 92373
13 (714) 793-2503

14 DATED: February 4, 1977.

15 . JOSEPH B. CAMPBELL

16

Judge of the Superior Court

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28

1 CLAYSON, ROTHROCK & MANN
EUGENE A. NAZAREK
2 601 South Main Street
Corona, California 91720
3 Telephone: (714) 737-1910

4 Attorneys for Plaintiff

5
6
7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO

10
11 BIG BEAR MUNICIPAL WATER)
DISTRICT,)
12)
Plaintiff,)
13)
v.)
14)
NORTH FORK WATER COMPANY,)
15 et al.,)
16 Defendants.)
17)

No. 165493

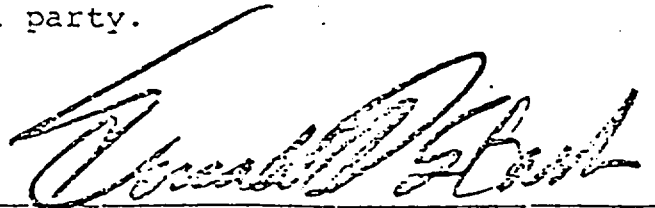
NOTICE OF WITHDRAWAL OF
SPECIAL COUNSEL FOR PLAINTIFF

18 PLEASE TAKE NOTICE that DONALD D. STARK, special counsel for
19 Plaintiff herein, hereby withdraws as counsel of record for pur-
20 poses of the Court's continuing jurisdiction. Co-counsel of record

21 CLAYSON, ROTHROCK & MANN
EUGENE A. NAZAREK
22 601 South Main Street
Corona, California 91720
23 Telephone: (714) 737-1910

24 who are general counsel for Plaintiff District, will remain as
25 sole counsel of record for said party.

26 DATED: February 14, 1977.

27 
28 _____

Donald D. Stark

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I am a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years and not a party to the within-entitled action; my business address is 2061 Business Center Drive, Irvine, California 92715. On February 15, 1977, I served the within Notice of Withdrawal of Special Counsel for Plaintiff on the Defendants in said action, by placing a true copy in a sealed envelope with postage thereon fully prepaid, in the United States mail at Irvine, California, addressed as follows:

Mr. James Edwards
Surr & Hellyer
599 Arrowhead Avenue
San Bernardino, Calif. 92412

Mr. Denslow Green
Green & Green
P. O. Box 1018
Madera, Calif. 93637

Mr. Richard A. Mulligan
323 Court Street
San Bernardino, Calif. 92401

Mr. Edwin B. Hales
Hales & Hales
Box 188
Redlands, Calif. 92373

Mr. Edward F. Taylor
Welebir, Brunick & Taylor
Box 351
San Bernardino, Calif. 92402

Mr. Thomas Gilfoxy
Southern California Edison Company
P. O. Box 800
Rosemead, California

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on February 15, 1977, at Irvine, California.



Judy Patton

IN THE COURT OF APPEAL
FOURTH APPELLATE DISTRICT, DIVISION TWO
STATE OF CALIFORNIA

BIG BEAR MUNICIPAL WATER DISTRICT,

Plaintiff and Petitioners,

v.

NORTH FORK WATER COMPANY, et al.,

Defendants and Respondents.

STIPULATION FOR ABANDONMENT AND

DISMISSAL OF APPEAL

GREEN & GREEN
P. O. Box 1019
Madera, California 93637
(209) 674-5656

Attorneys for Respondent
North Fork Water Company

HALES & HALES
P. O. Box 188
Redlands, California 92373
(714) 793-5481

Attorneys for Respondent
Lugonia Water Company

WELEBIR, BRUNICK & TAYLOR
P. O. Box 351
San Bernardino, California 92402
(714) 895-6838

Attorneys for Respondent
Redlands Water Company

DONALD D. SPARK
2081 Business Center Drive
Irvine, California 92715
(714) 752-8971

Attorney for Appellant
Big Bear Municipal Water District

SURR & HELLYER
599 Arrowhead Avenue
San Bernardino, California 92412
(714) 824-4704

Attorneys for Respondent
Bear Valley Mutual Water Company

RICHARD A. MULLIGAN
323 Court Street, Suite 201
San Bernardino, California 92401
(714) 884-2191

Attorney for Respondent
San Bernardino Valley Water
Conservation District

STIPULATION FOR ABANDONMENT AND

DISMISSAL OF APPEAL

RECITALS:

This action is pending on appeal from judgment entered on an order sustaining a demurrer to the amended complaint, without leave to amend.

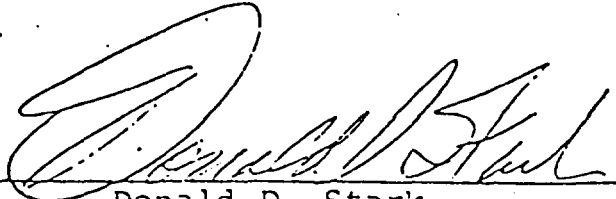
Pending this appeal, the parties have succeeded at negotiating an agreed solution to the several lawsuits and disputes which have heretofore existed between them.

It is the purpose of this stipulation to obtain an order of this Honorable Appellate Court dismissing the appeal and issuing a remittitur forthwith, with each party to bear its own costs on appeal.

STIPULATION:

IT IS HEREBY STIPULATED by and between the parties hereto that the appeal herein is abandoned and dismissed and that this Honorable Appellate Court may enter its order remitting this matter forthwith to the Superior Court of the State of California, for the County of San Bernardino, with each party to bear its own costs on appeal.

Dated: January 19, 1977.



Donald D. Stark
Special Counsel for Big Bear Municipal
Water District

SURR & HELLYER

By Robert Birschbach

Attorneys for Respondent Bear Valley
Mutual Water Company

GREEN & GREEN

By Dwight Green

Attorneys for Respondent North Fork
Water Company

HALES & HALES

By Edwin B Hales

Attorneys for Respondent Lugonia
Water Company

WELEBIR, BRUNICK & TAYLOR

By Edward Taylor

Attorneys for Respondent Redlands
Water Company

Edward Hellyer

Attorney for Respondent San Bernardino
Valley Water Conservation District