



NEWS RELEASE

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Contact: Jennifer Robinson, (213)387-4287 x204

Sierra Club Opposes Water Company Acquisition, asks California Attorney General and Public Utilities Commission to Investigate

Los Angeles - In a detailed letter to California Attorney General Kamala Harris, delivered to the Los Angeles office on Friday, and a second letter to the California Public Utilities Commission, the Sierra Club listed extensive objections and legal impediments to the acquisition of Valencia Water Company (VWC), formerly owned by Newhall Land and Farming, asking that both agencies commence a formal investigation of this apparently illegal transaction.

The acquisition was completed just before the winter holidays in a lightening quick legal maneuver that avoided meaningful public input through a series of short notice special meetings and limited disclosure of deal points. The full implication of the \$73.8 million dollar purchase by the state water wholesaler, Castaic Lake Water Agency, only came to light after a number of public record requests and legal analysis of the impacts of the purchase.

Newhall Land and Farming is the developer of the massive 21,000 unit Newhall Ranch project and the former parent company of Valencia Water Company. Sierra Club participated in the successful litigation brought over its approval in 2000 and is currently a party to challenges to the still unbuilt first phase of the proposal.

“It is troubling that Newhall Land and Farming now has a sweetheart deal for access to water that supersedes the needs of existing residents and other approved developments supplied by Castaic Lake Water Agencyⁱ,” said Ron Silverman, Executive Director of the Sierra Club Angeles Chapter. “Sierra Club has opposed the Newhall Ranch project over concerns of adequate water supply and the project’s impacts on the Santa Clara River, Los Angeles County’s last free-flowing river.”

Additional objections to the purchase include 1) The acquisition is not authorized by statute; Castaic Lake Water Agency acted knowingly in contradiction to its own enabling legislation. 2) The illegal acquisition creates the vertical monopoly of a state water wholesaler operating a water retailer, contrary to existing state law for this agency as well as prudent economics. 3) The pollution plume emanating from the closed Whittaker Bermite munitions manufacturing facility is now migrating in a westerly direction in VWC’s service area, causing the closure of two additional Valencia water wells. These closures affect the community’s water supply and will result in expensive remediation. The impacts to the public water supply were not considered in the deference granted to Newhall’s projects in the purchase contract, which additionally includes language causing the public and therefore the local taxpayers to indemnify Newhall for these costs.

The Public Utilities Commission will hold public hearings on this purchase and the proposed 16% water rate increase purposed by Valencia Water Company on May 16th at 1PM and 7PM at the Santa Clarita City Council Chambers, 23920 Valencia Blvd. Santa Clarita 91355.

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The **Sierra Club Angeles Chapter** is the local voice of the Sierra Club, America's oldest, largest and most influential grassroots environmental organization. Over 100,000 members and supporters in Los Angeles and Orange counties strive to explore, enjoy and protect nature in their communities and the planet.

For more information, visit www.angeles.sierraclub.org.

ⁱ Reference note for reporters – (this fact can be found in sections 6.3 through 6.8 of the Purchase Contract available at: <http://bit.ly/11VNfHU>)