

2 PROJECT DESCRIPTION

2.1 PROJECT PROPONENT/LEAD AGENCY

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

2.2 PROJECT LOCATION AND SETTING

The Project Area is located in San Bernardino County and is comprised of the approximately 50 square-mile area currently served by the Apple Valley Ranchos Water Company water supply system (AVR System). The majority of the Project Area is in the incorporated area of the Town of Apple Valley, with the remainder of the Project Area located outside the Town of Apple Valley's corporate boundary in the following locations:

- Along the eastern boundary of the incorporated area of the City of Victorville; and
- In the unincorporated areas of San Bernardino County, east of the Town, including
 - The area running east along Cahuilla Road for approximately five miles, within approximately one mile north and south of the road (Figure 2-1).
 - A small area within one tenth of a mile of the Town's boundary, south of Yucca Loma Road near its intersection with Joshua Road.

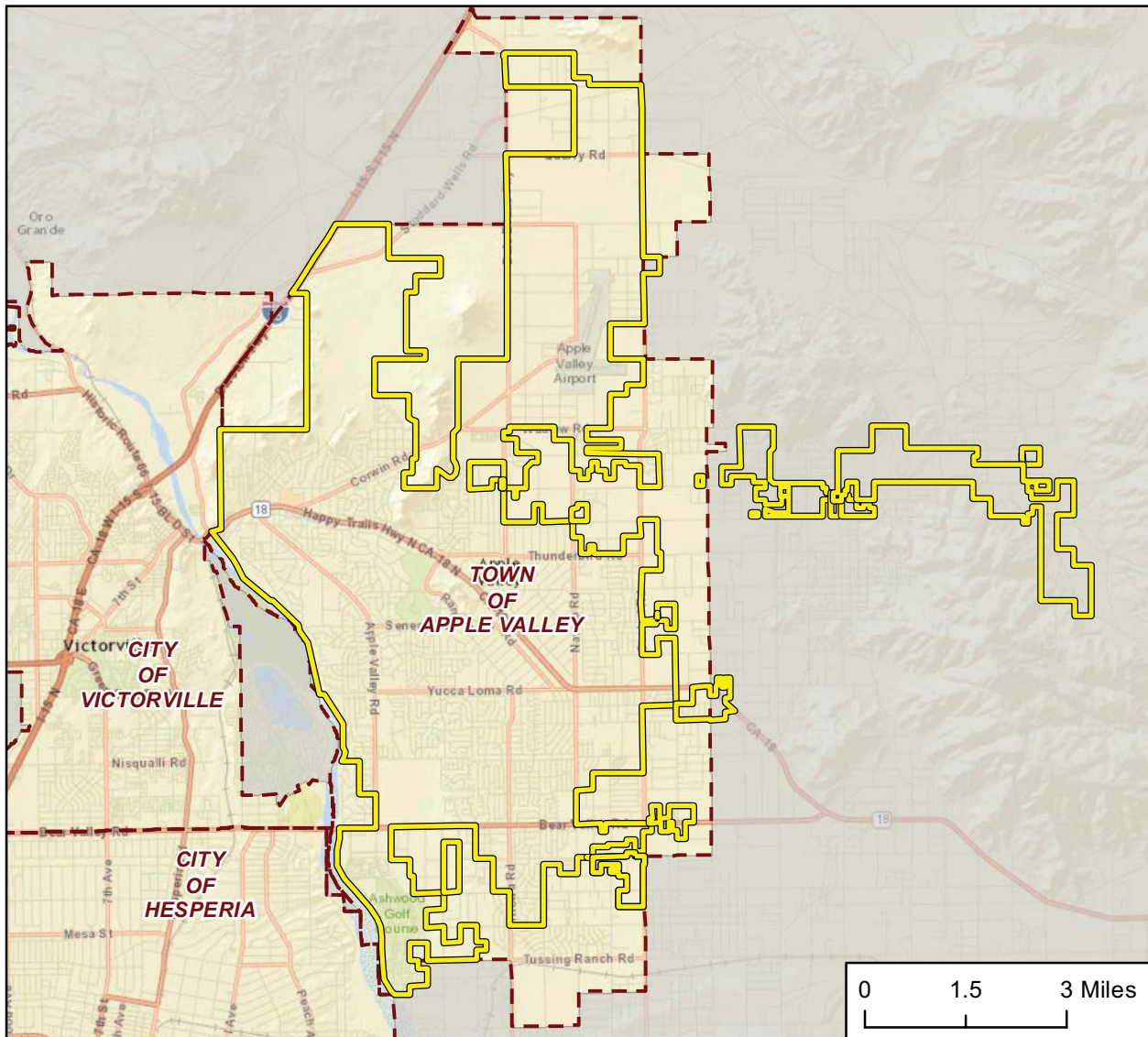
The Project Area is bordered by the City of Victorville to the west and City of Hesperia to the southwest, and surrounded by unincorporated areas of San Bernardino County to the north, east, and south.

The territory currently served by the AVR System is primarily residential in nature but also includes other land uses such as commercial, institutional, and industrial facilities. The Project Area is located on gently sloping alluvial fans ranging in elevation from approximately 3,400 feet near the base of the Fairview Mountains to the northeast to 2,700 feet along the Mojave River to the west (Town of Apple Valley, 2009). Through Apple Valley, the Mojave River is an intermittent river with most of its flow occurring underground and in surface channels that remain dry the majority of the time, appearing as a wide floodplain that generally defines Apple Valley's western boundary.

2.3 REGULATORY SETTING

2.3.1 Safe Drinking Water Act

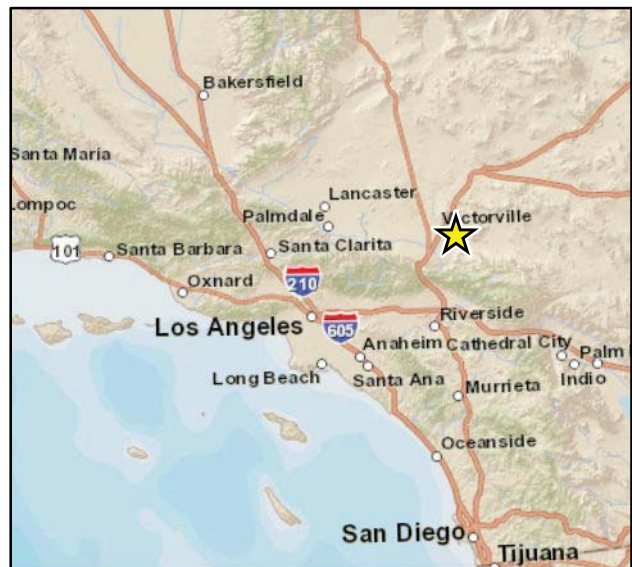
The Safe Drinking Water Act (SDWA) is the main federal law that ensures the quality of Americans' drinking water. Under SDWA, the United States Environmental Protection Agency (U.S. EPA) sets standards for drinking water quality and oversees the states, localities, and water suppliers who implement those standards.



Imagery provided by National Geographic Society, ESRI and its licensors © 2015. Apple Valley Ranchos Water Company Service Area from Apple Valley Ranchos Water Company, 2010 UWMP - Final.



-  Apple Valley Ranchos Water Company Service Area
-  Unincorporated Areas
-  City/Town Corporate Boundary



Apple Valley Ranchos Water Company Service Area Figure 2-1
 Town of Apple Valley



SDWA was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and groundwater wells. SDWA does not regulate private wells which serve fewer than 25 individuals.

SDWA authorizes the U.S. EPA to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. These National Primary Drinking Water Regulations set enforceable maximum contaminant levels for particular contaminants in drinking water or required ways to treat water to remove contaminants. Each standard also includes requirements for water systems to test for contaminants in the water to make sure standards are achieved. In addition to setting these standards, the U.S. EPA provides guidance, assistance, and public information about drinking water, collects drinking water data, and oversees state drinking water programs. The AVR System is subject to the National Primary Drinking Water Regulations as they relate to the System's provision of potable water to its customers.

2.3.2 Urban Water Management Planning Act

Pursuant to the Urban Water Management Planning Act (California Water Code §§ 10610 - 10656) urban water suppliers having more than 3,000 service connections or water use of more than 3,000 acre-feet per year (AFY) for retail or wholesale uses are required to submit an Urban Water Management Plan (UWMP) every five years to the California Department of Water Resources (DWR). The Water Conservation Act of 2009 (often referred to as SBX7-7) requires increased emphasis on water demand management and requires the state to achieve a 20 percent reduction in urban per capita water use by December 31, 2020. Retail urban water suppliers are required to report baseline and compliance data in their UWMPs in accordance with the requirements of SBX7-7. UWMPs are prepared by California's urban water suppliers to support their long-term resource planning and to ensure that reliable and adequate water supplies are available to meet existing and future water demands over a 20-year planning horizon during normal, single-dry, and multiple-dry year periods.

UWMPs typically must be submitted to DWR by December 31 of years ending in 0 and 5; however, SBX7-7 extended the most recent UWMP deadline to July 1, 2011. Apple Valley Ranchos Water Company's most recent UWMP was adopted June 23rd, 2011, and the next update is due to be completed in July 1, 2016.

2.3.3 State Water Resources Control Board

The State Water Resources Control Board's Division of Drinking Water regulates public drinking water systems in the Project Area through its Southern California Field Operations Branch (FOB), which is responsible for enforcement of the federal and California SDWAs and the regulatory oversight of public water systems to assure the delivery of safe drinking water in this area. FOB staff performs field inspections, issue operating permits, review plans and specifications for new facilities, take enforcement actions for non-compliance with laws and regulations, review water quality monitoring results, and support and promote water system security. In addition, FOB staff are involved in conducting source water assessments, evaluating

projects utilizing recycled treated wastewater, and promoting and assisting public water systems in drought preparation and water conservation. The State Water Resources Control Board is also responsible for reviewing and approving applications for changes in ownership of public water systems, as documented in California Health and Safety Code Section 116525. Applicants are required to demonstrate that they possesses adequate technical, managerial, and financial capability to assure the delivery of pure, wholesome and potable drinking water as part of the application process.

2.4 APPLE VALLEY RANCHOS WATER COMPANY SUPPLY SYSTEM

Apple Valley Ranchos Water Company is a wholly-owned subsidiary of Park Water Company, a Class A investor-owned public utility regulated by the CPUC, U.S. EPA, and SWRCB. The Apple Valley Ranchos Water Company was first created in 1947 and has been operating in the Apple Valley area since that time. Apple Valley Ranchos Water Company owns and operates the AVR System. This system currently supplies water to the majority of Apple Valley residents, with over 62,000 customers in the service area.

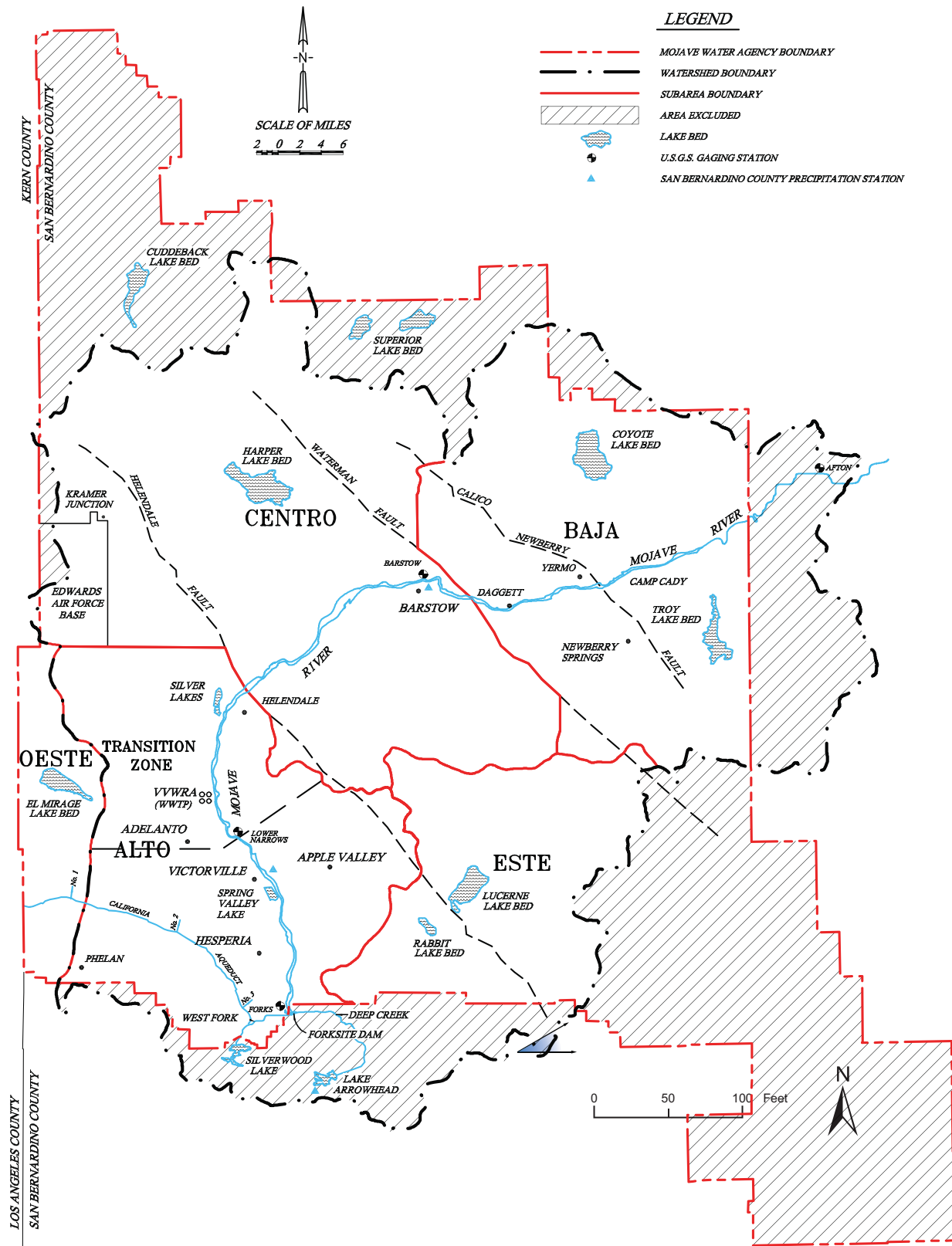
2.4.1 Water Supply Source

a. Groundwater

The Apple Valley Ranchos Water Company obtains its water supply from the Mojave Groundwater Basin, which was adjudicated in 1996, and supplements these supplies as necessary by purchasing supplemental water from the State Water Project, when available.¹ The Mojave Water Agency (MWA), which is a State Water Project contractor serving an area of 4,900 square miles in the Project vicinity, acts as the Watermaster for this adjudication. The basin has been divided into five separate subareas, with the AVR System wells drawing from the Alto subarea (Figure 2-2) (Apple Valley Ranchos Water Company, 2011).

Groundwater rights are assigned based on the Mojave Basin Area Judgment, which assigned Base Annual Production (BAP) quotas to each producer using 10 AFY or more, based on historical production over the five-year period from 1986 to 1990. Apple Valley Ranchos Water Company's initial BAP was determined to be 13,022 in 1989, and then in the period from 1993 to 2014 it purchased rights to an additional 588 AFY; its current BAP is 13,610 AFY. Each user, including Apple Valley Ranchos Water Company, is assigned a variable Free Production Allowance (FPA), which is calculated as the user's BAP times a uniform percentage that is applied to each subarea each year. The percentage that is applied is intended to bring the cumulative of all FPAs in a given subarea into balance with available supplies. The FPA for any user represents the actual amount of water they have the right to in a given year. The MWA determined the Alto Subarea to have a production safe yield of 73,044 AFY in the 2013-14 water year, and therefore assigned a FPA of 73,032 for the 2014-15 water year to maintain sustainable use of this water supply. For municipal and industrial users in the Alto Subarea, their FPA is 60

¹ AVR has purchased supplemental SWP water through MWA in 4 of the last 10 years, including the following water years: 06/07, 07/08, 08/09, and 12/13 (personal communication, Mojave Water Agency, September 2015).



Mojave Groundwater Basin and Subareas

Figure 2-2

percent of their BAP, resulting in an FPA of 8,166 AFY for the Apple Valley Ranchos Water Company (Table 2-2; MWA, 2015).

Table 2-2: Water Quotas for the Alto Subarea and the AVR System Service Area

Area	BAP	FPA (2014-15)
Alto Subarea	116,412 AFY	73,032 AFY
AVR System Service Area	13,610 AFY	8,166 AFY

Abbreviations: BAP = Base Annual Production; FPA = Free Production Allowance; and AFY = acre-feet per year.

Notes: The FPA is currently 60 percent of the BAP for municipal and industrial users.

Source: Apple Valley Ranchos Water Company, 2011.

In the event that the Apple Valley Ranchos Water Company or another user withdraws more water than is allowed in their FPA, they must compensate for their excess withdrawals by:

1. Purchasing replenishment water from the State Water Project through MWA in the amount of the overage (these payments were levied at a rate of \$448 per acre-foot for the 2013-14 water year), when available; or
2. Transferring a water allocation for unused water rights from another party within the same subarea.

Given that the Apple Valley Ranchos Water Company's ongoing demand is beyond its FPA, it has been pumping groundwater beyond its allocation and then replenishing this water by purchasing water from the State Water Project or other users with excess FPA (Table 2-3).

Table 2-3: Apple Valley Ranchos Water Company Water Allocation and Withdrawals in AFY

Area	Allocation		Withdrawals				
	BAP	FPA	2009-10	2010-11	2011-12	2012-13	2013-14
Alto Subarea	116,412	73,032	78,493	73,201	76,512	78,110	77,631
AVR System	13,610	8,166	12,143	11,173	11,056	11,051	10,544

Abbreviations: BAP = Base Annual Production; FPA = Free Production Allowance; and AFY = acre-feet per year.

Source: MWA, 2015.

b. Imported Water

Although the Alto Subarea of the Mojave Groundwater Basin is the primary water supply for the Project Area, surface water supplies from the State Water Project are used to augment groundwater supplies by recharging the Alto Subarea or serving as a substitute source. As discussed above, MWA is a contractor for the State Water Project and has the ability to purchase water from the State Water Project and facilitate delivery of water from additional sources (Town of Apple Valley, 2009).

2.4.2 Water Supply Infrastructure

In addition to water rights, the AVR System includes infrastructure that allows for the production, distribution, and delivery of potable water supplies within its service area. The AVR System provides domestic water from its system of 23 wells, which has a total pumping capacity of approximately 37 million gallons per day; these wells were drilled throughout the

55-year period from 1953 when the first well was drilled to 2008 when the newest wells were completed (Apple Valley Ranchos Water Company, 2011) (Figure 2-3 and Figure 2-4).

The AVR System proposed for acquisition is comprised of approximately 469 miles of pipeline and includes 22,431 active service connections (Table 2-4), providing service to approximately 62,602 customers. The system also includes 11.7 million gallons of storage provided in 11 storage tanks. As reported, the AVR System's water mains are manufactured from various different materials, generally depending on the time of installation, including: ductile iron, PVC (polyvinyl chloride) plastic, asbestos cement, and steel (Apple Valley Ranchos Water Company, 2015a). As reported, the AVR System is separated into 14 active interconnected pressure zones to manage pressure related to varying elevations in the Project Area; the Company owns 8 booster sites/pump stations to manage pressure in these zones (Kinnard, Chief Operator/Production Supervisor of Apple Valley Ranchos Water Company, 2015). Most of the AVR System's groundwater wells pump directly into the portion of the distribution system referred to as the Main Pressure Zone (Apple Valley Ranchos Water Company, 2011).

Table 2-4: Pipelines, Service Connections, and Other Infrastructure Owned by Apple Valley Ranchos Water Company and proposed for Acquisition by the Town

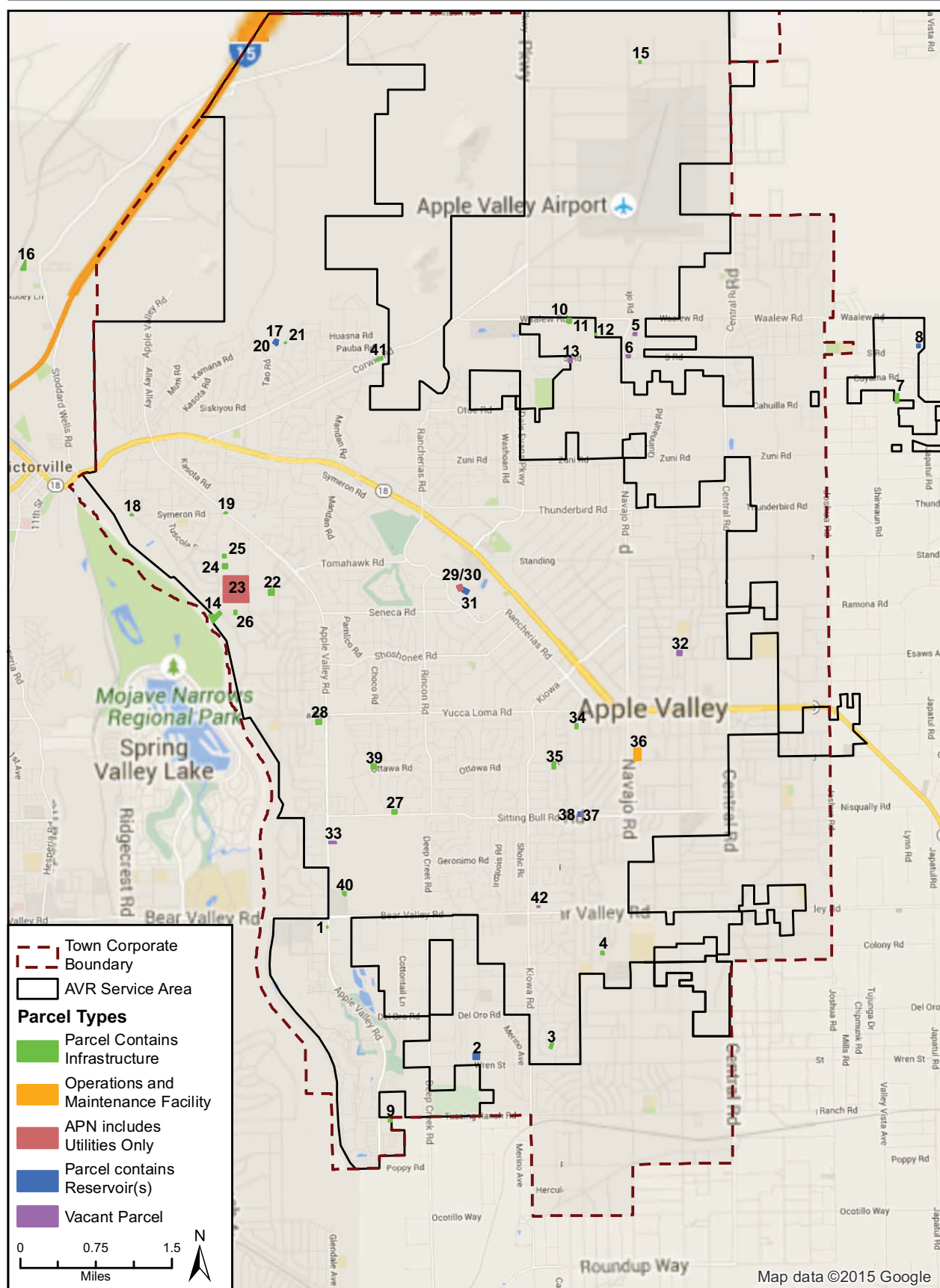
Water Supply Pipelines by Size	
Diameter (in inches)	Total Length (in miles)
1 to 5 inches	52.8
6 to 10 inches	271.5
11 to 15 inches	119.4
16 to 30 inches	25.4
Total	469.1
Active Service Connections	
Classification	Number of Connections
Residential	17,913
Commercial (including domestic)	1,393
Irrigation	162
Others	52
Private Fire Connections	225
Public Fire Hydrants	2,686
Total	22,431
Other Water Supply Infrastructure	
Infrastructure	Number (Total Capacity)
Groundwater wells	23 (37 million gallons per day)
Storage tanks	11 (11.7 million gallons)
Emergency generators	16
Booster pump stations	8

Source: Apple Valley Ranchos Water Company 2015a; Apple Valley Ranchos Water Company 2015b; Kinnard, Chief Operator/Production Supervisor of Apple Valley Ranchos Water Company, 2015.

Apple Valley Ranchos Water Company also owns property that generally supports system infrastructure (e.g., groundwater wells and water storage tanks) and public and franchise utility



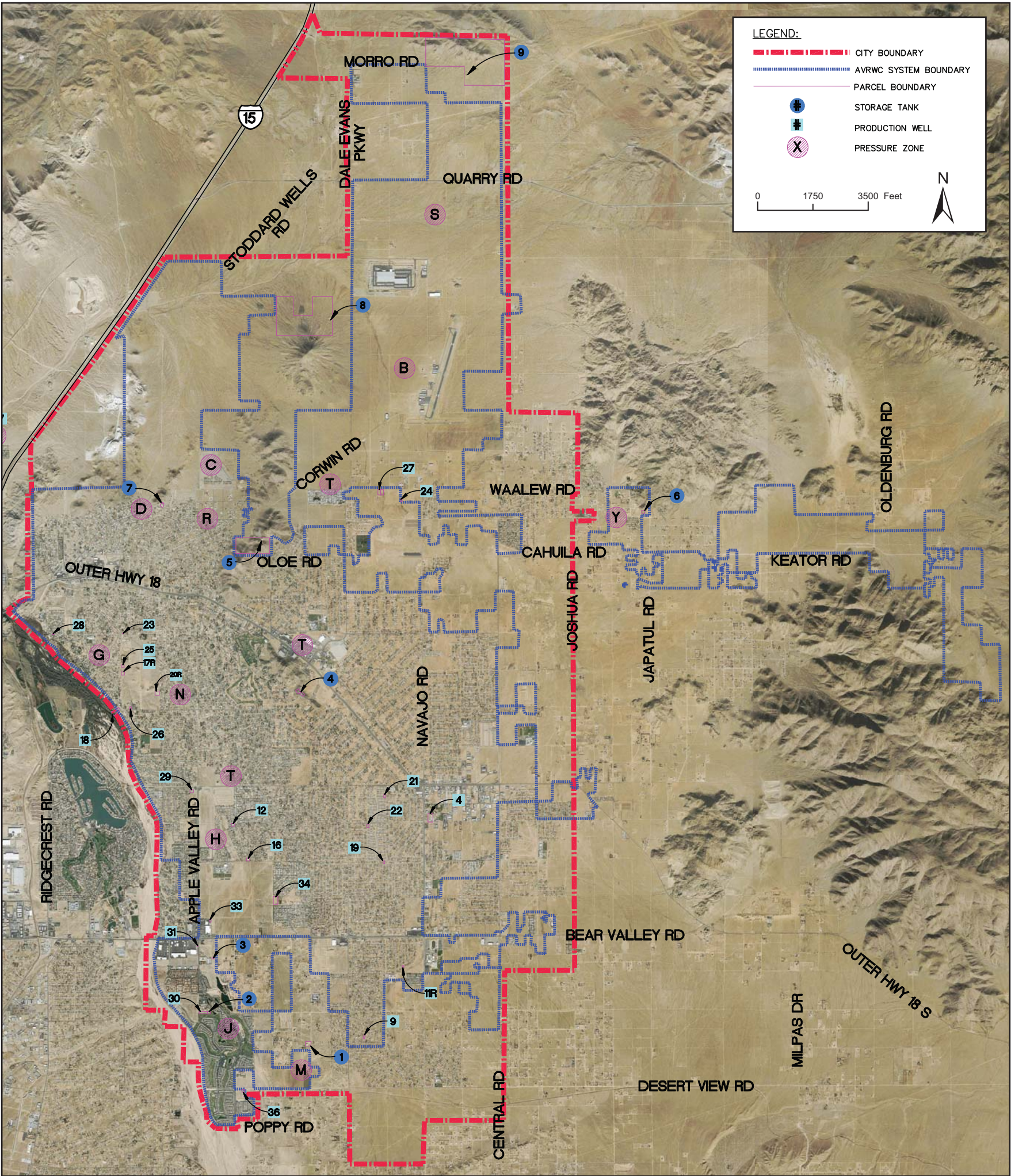
Apple Valley Ranchos Water System Acquisition Project
Section 2.0 Project Description



Apple Valley Ranchos Water Company Holdings

Figure 2-3

Town of Apple Valley



PRESSURE ZONES

A) AZTEC 3080' ELEV	S) STODDARD 3370' ELEV
B) BELL MOUNTAIN 3140' ELEV	T) TRACT 15250 2953' ELEV
Z) BELLVUE 2920' ELEV	Y) YOUNGSTOWN 3175' ELEV
C) CORWIN 3380' ELEV	
D) DESERT KNOLLS 3340' ELEV	
H) HIGH COUNTRY 3060' ELEV	
J) JESS RANCH 3038' ELEV	
M) MAIN 3155' ELEV	
N) MANDAN 3044' ELEV	
R) REDUCED CORWIN 3190' ELEV	
G) RIVERSIDE 2953' ELEV	

WELLS:

4) WELL 4 APN: 3087-351-08-0000	22) WELL 22 APN: 3087-291-01-0000
7) WELL 7 APN: 0472-061-22-0000	23) WELL 23 APN: 0473-069-01-0000
9) WELL 9 APN: 0434-353-09-0000	25) WELL 25 APN: 0479-073-35-0000 18555 Tuscola Rd
11R) WELL 11R APN: 0434-446-05-0000	26) WELL 26 APN: 0479-073-37-0000 18588 Seneca Rd
12) WELL 12 APN: 3084-711-24-0000	27) WELL 27 (STANDBY) APN: 0440-014-05-0000 21271 WAALEW ROAD
16) WELL 16 APN: 3087-072-13-0000	28) WELL 28 APN: 0473-141-60-0000
17) WELL 17R APN: 0479-073-29-0000	29) WELL 29 APN: 3088-431-30-0000 19237 Yucca Loma Rd
18) WELL 18 APN: 0444-233-01-0000	30) WELL 30 APN: 0434-671-06-0000 11401 Apple Valley Rd
19) WELL 19 APN: 3087-471-12-0000	31) WELL 31 APN: 0339-271-38-0000
20R) WELL 20R APN: 0479-072-07-0000	33) WELL 33 APN: 3087-751-03-0000 12297 APPLE VALLEY RD.
21) WELL 21 APN: 3087-271-01-0000	34) WELL 34 APN: 3087-201-01-0000 12500 Geronimo Rd

STORAGE TANKS:

1) MOCKINGBIRD TANK 1.6 MG, 3043' ELEV APN: 0434-191-80-0000	8) BELL MOUNTAIN TANK 1.0 MG, 3140' ELEV APN: 0472-302-34-0000
2) JR DEL ORO TANK 0.29 MG, 2886' ELEV APN: 0434-671-05-0000	9) STODDARD TANK 1.0 MG, 3374' ELEV APN: 0463-081-10-0000
3) JR HILLTOP TANK 0.29 MG, 2914' ELEV APN: 0434-021-52-0000	
4) HILLTOP TANKS 2 TANKS 3.0 MG, 3160' ELEV APN: 3112-181-04-0000, 3112-181-05-0000	
5) CORWIN TANK 1.6 MG, 3398' ELEV APN: 0441-041-11-0000	
6) YOUNGSTOWN TANK 0.12 MG, 3184' ELEV APN: 0437-553-24-000	
7) DESERT KNOLLS TANKS 2 TANKS 2.7 MG, 3160' ELEV APN: 0473-011-31-0000, 0473-481-04-0000	

right-of-ways, including 42 assessor parcel numbers with a total area of approximately 34.52 acres (see Appendix B).

2.4.3 Water Supply Quality

The drinking water quality of the AVR System must comply with the SDWA and its primary and secondary drinking water standards. Water quality sampling is performed at each well and within the distribution system to ensure compliance with regulatory standards. According to Apple Valley Ranchos Water Company's 2009/2010 Consumer Confidence Report & Annual Water Quality Report, hundreds of water samples from the AVR System are analyzed every month by Apple Valley Ranchos Water Company contract certified laboratories to ensure that all primary (health related) and secondary (aesthetic) drinking water standards are being met. Based on information in that report, there have been no contaminants detected that exceed any federal or state drinking water standards. Apple Valley Ranchos Water Company attributes the high water quality with the deep Alto Subarea of the Mojave Groundwater Basin, which is supplied by snowmelt from the San Bernardino Mountains to the south and the Mojave River to the west (Apple Valley Ranchos Water Company, 2010).

2.4.4 System Operation and Maintenance

Apple Valley Ranchos Water Company currently operates and maintains the AVR System from its operation and maintenance (O&M) facility, located at 21760 Ottawa Road, approximately half a mile south of Highway 18 and 300 feet east of the intersection of Navajo Road and Ottawa Road. This facility is located on a 4.69-acre lot (assessor parcel number 3087-351-08-0000), and provides office space and work area for Apple Valley Ranchos Water Company's 39 employees, including approximately 20 office workers and 19 technical and field staff (Table 2-5). The AVR System O&M facility currently houses the operation and maintenance functions of the AVR System, with many of the employees based in this location working in the field conducting various maintenance operations. Operations conducted at this location include fleet maintenance functions, including service and repair of primary system equipment. Other operations include minor equipment/tool repair, storage of building materials, traffic control materials, tools, and other supplies.

Table 2-5: Apple Valley Ranchos Water Company: Employee Makeup

Employee Classification	Number of Employees
Officers	1
General Office Staff	16
Customer Account Staff	3
Transmission and Distribution Staff	13
Plumbing System Staff	5
Water Treatment Staff	1
Total	39

Source: Apple Valley Ranchos Water Company, 2015a

The O&M facility includes a number of buildings, which house a combination of functions. The parking lot provides parking to all employee, guests, vendors, and consultants that may have business at the location.



2.5 PROJECT CHARACTERISTICS

The Town of Apple Valley (Town) is proposing to acquire the AVR System that currently serves the majority of the incorporated area of the Town as well as some outlying areas located in a portion of the incorporated City of Victorville and unincorporated San Bernardino County; the acquisition and subsequent operation of this water supply system by the Town represents the proposed Project. Although Park Water Company/ Apple Valley Ranchos Water Company recently acquired the Yermo Water District and its facilities, the proposed project does not include acquisition of the Yermo Water System, which is located east of the City of Barstow and is currently undergoing a transfer from its current owner to Apple Valley Ranchos Water Company. This is because the Yermo Water District facilities are located approximately 45 miles from the Town; Yermo Water District does not provide any water services to the Town's residents, businesses, or other uses; and the Yermo Water District's facilities do not provide any other benefit to the Town's residents. Furthermore, the Yermo system is an entirely separate and distinct system that is not integrated into the AVR System.

As noted in Section 2.4, the existing system is currently owned and operated by the Apple Valley Ranchos Water Company. The Apple Valley Ranchos Water Company was first created in 1947, and then purchased by Park Water Company in 1987. As part of the proposed Project, the Town would purchase all rights and interests in the AVR System from Park Water Company. The Town's proposed acquisition of the AVR System would include all associated assets, (i.e., real, intangible, and personal property), including, but not limited to the following:

- Water systems and production wells, as defined in Section 240 of the California Public Utilities Code
- Utility plants
- Water rights
- Water supply contracts
- Records, books, and accounts

In addition to the Town's acquisition of the AVR System, the proposed Project includes the Town's subsequent operation of the AVR System. The Town is proposing only to acquire and operate the existing system, and is not proposing changes or expansion to the physical AVR System or to the associated water rights nor is the Town proposing any changes to the manner of operation of the AVR System or the exercise of the associated water rights. As discussed previously, the Town would operate and maintain the system out of Apple Valley Ranchos Water Company's existing operations and maintenance facility, which is located at 21760 Ottawa Road, approximately half a mile south of Highway 18 and 300 feet east of the intersection of Navajo Road and Ottawa Road.

a. AVR System Proposed to be Acquired

As described in Section 2.4.2, the AVR System is reported to be currently comprised of 23 groundwater wells, 11 storage tanks, 16 emergency generators, 8 booster pump stations, 469 miles of pipeline, and 22,431 active service connections, covering 14 interconnected pressure zones and providing service to approximately 62,602 customers (Table 2-4).



The AVR System supplies approximately 11,193 AFY (based on the average deliveries from 2009 to 2014) of water to customers within the AVR System service area, which includes some customers outside of the Town's corporate boundary (Table 2-3). Connections to the AVR System located outside the Town boundaries would continue to be served and no change in service to those connections would occur as a result of the proposed Project.

The Town's acquisition of Apple Valley Ranchos Water Company's interest in the AVR System would include its water rights to the Mojave Groundwater Basin. These water rights would entitle the Town to the currently established BAP and associated FPA allocations to the Alto Subarea assigned to the Apple Valley Ranchos Water Company, and would require the Town meet the same standards in terms of replenishment of water supplies if it were to exceed established limits on withdrawals.

b. Operation and Maintenance Facility

For the purpose of the technical analyses in this EIR, it is proposed that O&M activities would be managed from the same location from which they are currently performed: 21760 Ottawa Road. Additionally, it is proposed that AVR System infrastructure, including supply pipelines and storage tanks, would remain at existing locations within the existing AVR System service area (Figure 2-3 and Figure 2-4). Finally, it is proposed that the Town of Apple Valley would operate the AVR System and exercise the associated water rights in the same manner as Apple Valley Ranchos Water Company has done. Other potential operational scenarios for the system, including other public agencies and private contractors, are considered in Section 6.0, *Alternatives*, of this document as required under CEQA.

The AVR System O&M facility currently houses the operation and maintenance functions of the AVR System, with approximately 39 employees working from this facility, many of whom are in the field regularly conducting various maintenance operations. The existing 4.69-acre O&M facility would continue providing office space for approximately 5 division managers, 8 supervisors, and 35 staff. Fleet maintenance functions, including service and repair of primary system equipment, would continue to be performed out of this location, as well as other operations include minor equipment/tool repair, storage of building materials, traffic control materials, tools, customer service, billing, engineering and human resources, and other supplies. The Town would also maintain equipment and vehicles at the location ranging from emergency plumbing equipment to dump trucks to tractors.

The regular business hours of the facility would continue as under existing operations, from Monday through Friday from 7:30 AM to 5:30 PM. It is anticipated that operation and maintenance activities associated with the AVR System occurring at the site would occur during the usual business hours, with the exception of during calls for emergency services.

The existing buildings at the site would be maintained at their current locations and continue to house their current O&M functions. The existing parking lot is more than sufficient to continue providing parking to all employee, guests, vendors, and consultants that may have business at the location. Given that the existing O&M facility has sufficient existing space and facilities to support current O&M staff and activities, the proposed Project would not involve construction

of new facilities, as identified in the Initial Study prepared for the proposed Project and included in Appendix A.

2.6 PROJECT OBJECTIVES

The underlying purpose of the proposed Project is for the Town of Apple Valley to acquire, operate, and maintain the AVR System. The following objectives have been defined for the proposed Project:

- Allow the Town to independently own and operate a water production and distribution system
- Provide for greater transparency and accountability, as well as increased customer service and reliability
- Enhance customer service and responsiveness to Apple Valley customers
- Provide greater local control over the rate setting process and rate increases
- Provide direct access to locally elected policy makers for the water operations
- Allow the Town to pursue grant funding and other types of financing for any future infrastructure needs, including grants and financing options which the CPUC does not allow private company to include in their rate base (such that private companies do not pursue advanced planning and investment for infrastructure)
- Ensure better coordination amongst Town decisions involving land use, emergency services, policy, the location and need for capital improvements, and overall planning in the water context
- Enable the Town to use reclaimed water for public facilities without invoking potential duplication of service issues with Apple Valley Ranchos Water Company

2.7 INTENDED USES OF THIS EIR

2.7.1 Agencies Expected to Use this EIR

The following agencies are expected to use this EIR in their review or permitting of the Project:

- The Town of Apple Valley in its capacity as the lead agency for the Project
- The State Water Resources Board
- The California CPUC, as appropriate
- The San Bernardino County Local Agency Formation Commission (LAFCO)
- The Regional Water Quality Control Board
- The San Bernardino County Department of Public Health

2.7.2 Discretionary Approvals and Other Permits

Discretionary actions required by the Town include the following approvals:

- Approval by the Town Council for acquisition of the AVR System from Apple Valley Ranchos Water Company/Park Water Company
- Reports under Government Code section 65402



In addition, if the AVR System is acquired through a negotiated purchase, the Town of Apple Valley will need to obtain approval from the CPUC for transfer of ownership and operation of the AVR System from Apple Valley Ranchos Water Company/Park Water Company to the Town. The San Bernardino Local Agency Formation Commission (“LAFCO”) may also review the Project insofar as the Project involves the Town’s acquisition and operation of extra-jurisdictional water systems. Similarly, the County Department of Public Health may review and/or issue permits to the Town for the Town’s operation of a drinking water system. Finally, the Regional Water Quality Control Board and/or State Water Resources Control Board would review the Town’s operation of the drinking water system as part of permit issuance in compliance with the Statewide General NPDES Permit for Discharges from Drinking Water Systems.

