

DOWNEY BRAND LLP

1 DOWNEY BRAND LLP
 STEVEN P. SAXTON (Bar No. 116943)
 2 DAVID E. LINDGREN (Bar No. 35079)
 MEREDITH E. NIKKEL (Bar No. 254818)
 3 621 Capitol Mall, 18th Floor
 Sacramento, CA 95814-4731
 4 Telephone: (916) 444-1000
 Facsimile: (916) 444-2100
 5 ssaxton@downeybrand.com
 mnikkel@downeybrand.com

6 ARLEN R. ORCHARD (Bar No. 143015)
 7 General Counsel
 LESLIE A. DUNSWORTH (Bar No. 172175)
 8 Chief Assistant General Counsel
 6201 S. Street, M.S. B406, P.O. Box 15830
 9 Sacramento, CA 95852
 Telephone: (916) 732-6121
 10 Facsimile: (916) 732-6581
 arlen.orchard@smud.org
 11 leslie.dunsworth@smud.org

12 Attorneys for Plaintiff SACRAMENTO MUNICIPAL
 UTILITY DISTRICT

13
 14 UNITED STATES DISTRICT COURT
 15 EASTERN DISTRICT OF CALIFORNIA

17 SACRAMENTO MUNICIPAL UTILITY
 DISTRICT,

18 Plaintiff,

19 v.

20 UNITED STATES DEPARTMENT OF
 21 THE INTERIOR; KENNETH LEE
 SALAZAR, in his official capacity as
 22 Secretary of the Interior; UNITED
 STATES BUREAU OF RECLAMATION;
 23 MICHAEL L. CONNOR, in his official
 capacity as the Commissioner of
 24 Reclamation, and DAVID MURILLO, in
 his official capacity as Regional Director of
 25 the Bureau of Reclamation for the Mid-
 Pacific Region,

26 Defendants.
 27

Case No. 2:12-cv-03112-TLN-EFB

**STIPULATION AND ORDER TO STAY
 ACTION**

1 Plaintiff Sacramento Municipal Utility District (“SMUD”) and Defendants United States
2 Department of the Interior, Kenneth Lee Salazar, United States Bureau of Reclamation, Michael
3 L. Conner and David Murillo (“Defendants”), by and through their counsel of record, hereby
4 stipulate and agree as follows:

5 **RECITALS**

6 A. In 1970, SMUD entered into a 42-year contract (the “Original Contract”) with the
7 United States for the delivery of water through the Folsom-South Canal (the “Canal”) to supply
8 cooling water to SMUD’s Cosumnes Power Plant. For several years leading up to the expiration
9 of the Original Contract on December 31, 2012, the parties negotiated the terms of a renewal of
10 the Original Contract but failed to reach agreement regarding Defendants’ ratesetting under the
11 Original Contract and ratesetting terms for a renewal contract. However, SMUD believes the
12 water supplied to SMUD through the Canal is essential to the operation of the Cosumnes Power
13 Plant and critical to the provision of electricity in SMUD’s service area. Accordingly, on
14 December 26, 2012, SMUD executed under protest an Interim Renewal Contract effective
15 January 1, 2013 through February 28, 2015.

16 B. On December 28, 2012, SMUD filed a complaint in the United States District
17 Court for the Eastern District of California pursuant to the Administrative Procedure Act, 5
18 U.S.C. § 701 *et seq.*, challenging Defendants’ ratesetting and contract renewal actions that relate
19 to the Original Contract and the Interim Renewal Contract.

20 C. Since the Complaint was filed, the parties have continued to engage in negotiations
21 regarding Defendants’ ratesetting under the Original Contract and the terms of a long-term
22 renewal contract. The parties have committed substantial time, personnel, and resources to these
23 negotiations. The parties have met multiple times and have made progress towards reaching
24 terms of mutual agreement that would result in dismissal of the action.

25 D. The parties desire additional time to engage in these ongoing negotiations and
26 potentially resolve the issues raised in the Complaint. Accordingly, the parties enter into this
27 Stipulation to avoid potentially unnecessary litigation while the parties negotiate ratesetting under
28 the Original Contract and terms of a renewal contract.

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ORDER

Based on the stipulation of the parties and good cause appearing therefor, the Court
ORDERS as follows:

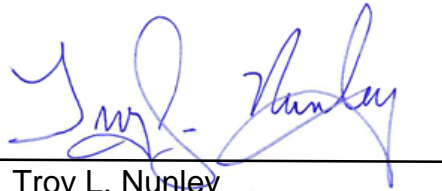
1. Further proceedings in the above-entitled action, United States District Court for
the Eastern District of California Case Number 2:12-cv-03112-TLN-EFB shall be stayed until
and including September 9, 2013.

2. In the event that the action is not resolved on or before September 9, 2013, the
parties are ordered to submit a supplemental joint status report proposing dates for hearing of
anticipated motions and a briefing schedule by October 9, 2013.

3. The parties preserve all claims, defenses, objections, and legal arguments they
have or may have in the above-entitled action. The parties' Stipulation and the stay of the above-
entitled action shall not affect or impact the parties' claims, defenses, objections, or arguments in
connection therewith.

IT IS SO ORDERED.

DATED: May 15, 2013



Troy L. Nunley
United States District Judge