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12	STATE WATER CONTRACTORS,	Case No.
13	Plaintiff,	Judge:
14	v.	COMPLAINT FOR DECLARATORY
15	KENNETH L. SALAZAR, Secretary of the United States Department of Interior;	AND INJUNCTIVE RELIEF
16	UNITED STATES DEPARTMENT OF INTERIOR; ROWAN W. GOULD, Acting	[Filed concurrently with:
17	Director, United States Fish and Wildlife Service; UNITED STATES FISH AND	 Request for Judicial Notice; and Notice of Related Cases]
18	WILDLIFE SERVICE; and DOES 1 through 5, inclusive,	
19	, i	
20	Defendants.	
21	LESTER SNOW, Director, California	
22	Department of Water Resources; CALIFORNIA DEPARTMENT OF	
23	WATER RESOURCES,	
24	Real Parties in Interest.	
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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

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Plaintiff State Water Contractors ("Plaintiff" or "State Contractors") alleges as follows:

INTRODUCTORY INFORMATION

Plaintiff brings this action for declaratory judgment and injunctive relief against 1. the United States Fish and Wildlife Service (the "Service"); the United States Department of the Interior ("DOI"); Kenneth L. Salazar, Secretary of the DOI, and Rowan W. Gould, Acting Director of the Service (collectively, "Defendants") to challenge their unlawful actions, as set out in this Complaint, to prevent the enforcement of those unlawful actions, and to obtain declaratory and injunctive relief. At issue in this action is Defendants' December 15, 2008 approval of a Biological Opinion ("BiOp") regarding the effect of the Operations Criteria and Plan ("OCAP") developed for the California State Water Project ("SWP") and the federal Central Valley Project ("CVP") on the delta smelt, a small fish endemic to the Sacramento-San Joaquin Delta ("Delta") that is listed under the federal Endangered Species Act ("ESA") (16 U.S.C. § 1531 et seq.). Defendants issued a biological opinion for virtually the same project in 2005 that was successfully challenged in the case of Natural Resources Defense Council (NRDC), et. al. v. Kempthorne, E.D. Cal. Case No. 1:05-CV-01207 OWW. Pursuant to Orders issued in that case, Defendants were directed to develop a new biological opinion regarding the effect of the OCAP on delta smelt. Defendants' most recent attempt at an OCAP biological opinion regarding the smelt fails to rectify past problems and creates a host of new ones. Among other inadequacies, the BiOp fails to comply with the ESA requirement to use the best available scientific data; violates the ESA's requirement that the reasonable and prudent alternative that is adopted satisfy very specific criteria; includes no environmental review in violation of the National Environmental Policy Act (42 U.S.C. § 4321 et. seq.); and fails to support, with the best available scientific data, its finding of "jeopardy" to the species or explain why its reasonable and prudent alternative will prevent "jeopardy." A true and correct copy of the BiOp is attached as Exhibit "1" to Plaintiff's Request for Judicial Notice ("RJN") filed concurrently herewith.

2. In a time of severe statewide drought and depleted reservoirs that has now risen to the level of a formally declared State of Emergency, Defendants have adopted their inadequate

BiOp and seek to implement and enforce requirements that will: (i) "decreas[e] the amount of ... the projects' export pumping plants' operations prior to, and during, the critical [delta smelt] spawning period;" (ii) reduce Delta water exports to maintain Old and Middle River ("OMR") flows at levels much higher than have historically occurred, and (iii) allow for even greater reductions in Delta water exports where "the Service [makes a] final determination as to OMR flows required to protect delta smelt." BiOp at 280, 281. These and other future actions that Defendants may take under the BiOp, as well as their actions in drafting and approving the BiOp, lack legal and factual support and are therefore arbitrary and capricious. Such actions are likely to result in severe and irreparable water supply and environmental impacts to Plaintiff and its member agencies that threaten the public health and safety of the millions of Californians who rely on SWP supplies. The State Contractors seek injunctive and declaratory relief to, *inter alia*, invalidate the BiOp without vacatur and compel Defendants to comply with applicable provisions of law.

JURISDICTION AND VENUE

- 3. Jurisdiction of this action is properly vested with this Court pursuant to 28 U.S.C. section 1331 in that the claims stated herein arise under the laws of the United States, including the Endangered Species Act ("ESA"), the Administrative Procedure Act ("APA") (5 U.S.C. § 551 et seq.), and the National Environmental Policy Act ("NEPA"). This Court is also vested with jurisdiction pursuant to 28 U.S.C. section 2201 (declaratory relief) and 5 U.S.C. section 701 et seq. (federal agency action).
- 4. Venue in this judicial district is proper pursuant to 28 U.S.C. section 1391(e)(2) and Rule 3-120 of the Local Rules of the United States District Court for the Eastern District of California. The effects of Defendants' actions will be felt by Plaintiff and its member agencies in this judicial district. The member agencies of the State Contractors include 27 districts and agencies which provide water to approximately 25 million people and hundreds of thousands of acres of agricultural land in all or parts of numerous counties, including the provision of SWP water to users in Kings and Kern Counties. Furthermore, reductions in exports from the Delta will place greater demands upon alternative sources of water, including groundwater, that are

used to meet reasonable and beneficial water demands within Kings and Kern Counties. The adverse environmental effects of the reductions in water supply caused by the improper actions challenged herein will be felt in Kings and Kern Counties, among other locations.

PARTIES

- 5. Plaintiff State Contractors is, and at all times mentioned herein was, a non-profit mutual benefit corporation organized and existing under the laws of the State of California to represent the common interests of 27 public water supply agencies located in the San Francisco Bay area, along California's Central Coast, in California's Central Valley, and in Southern California. Each of the members of the State Contractors holds a valid contract with the State of California to receive water from the SWP, and together they deliver that water to more than 750,000 acres of agricultural lands and 25 million people who live and work within their service areas.
- 6. Defendant Department of the Interior is a department of the United States Government, established by statute and charged with, *inter alia*, the responsibility for administering federal programs under the ESA.
- 7. Defendant Kenneth L. Salazar is the Secretary of the Department of the Interior ("Interior Secretary"). The Interior Secretary is responsible, under the ESA, for consulting with federal agencies regarding any action authorized, funded, or carried out by such "action" agency that may effect (or could jeopardize) the continued existence of any threatened or endangered species or result in the destruction or adverse modification of critical habitat of any threatened or endangered species under the jurisdiction of the Service.
- 8. Defendant United States Fish and Wildlife Service is an agency under the DOI to which the DOI has delegated its responsibility for administration of the ESA.
- 9. Defendant Rowan W. Gould is Acting Director of the Service and is, consequently, responsible for administering the ESA.
- 10. Real Party in Interest California Department of Water Resources ("DWR") is an agency of the State of California created pursuant to California Water Code section 120 et seq. and is charged with various duties and responsibilities, including operation of the SWP and

entering into and administering contracts for SWP water on behalf of the State of California.

- 11. Real Party in Interest Lester Snow is the Director of DWR and is, consequently, responsible for operation and administration of the SWP.
- 12. Plaintiff does not know the true names and capacities of Defendants designated as Does 1 through 5, inclusive. Plaintiff is informed and believes and thereupon alleges that each of the Defendants sued as Does 1 through 5, inclusive, has, or claims to have, an interest in the subject matter of this litigation.

FACTUAL BACKGROUND

OPERATIONS OF THE STATE WATER PROJECT

- Real Party in Interest DWR. The SWP is the largest state-operated water supply project in the United States and includes 32 storage facilities, reservoirs and lakes; 17 pumping plants; 3 pumping-generating plants; 5 hydroelectric power plants; and about 660 miles of pipelines and open canals that collectively stretch from Oroville Reservoir, located on the Feather River in the north, to Perris Reservoir, located in Riverside County in the south. Twenty-nine regional and local public water supply agencies established under the laws of the State of California, including each of the twenty-seven members of the State Contractors, have contracted with the State of California for a supply of water from the SWP. These public agencies, in turn, supply agricultural and urban water to about 750,000 acres of the State's richest irrigated farmland and 25 million people located in the San Francisco Bay Area, the San Joaquin Valley, the Central Coast, and Southern California.
- 14. By means of pumping facilities located near Tracy, California, water is pumped by the SWP from the southern end of the Delta for transmittal to end users in the Southern San Francisco Bay Area via the South Bay Aqueduct, and in the San Joaquin Valley, along the Central Coast, and in Southern California via the California Aqueduct. Particularly during the winter months, when water is not generally needed for agricultural uses, SWP facilities pump water from the Delta for transport to and storage in San Luis Reservoir, a joint use facility shared by the State with the federal Government that is located near the City of Los Banos. Such water

is stored in San Luis Reservoir until it is needed for irrigation, municipal, and other uses during the summer months.

- 15. During the past two years, DWR has been able to deliver only a small fraction of the SWP water for which the members of the State Contractors hold water supply contracts. On October 29, 2008, DWR issued a notice to its contractors, including each of Plaintiff's members, indicating that initial SWP allocations for 2009 will only be 15 percent of contractual entitlements. The notice advised DWR's contractors that hydrologic conditions in 2008 have resulted in a "critically dry" water year in both the Sacramento and San Joaquin regions and that SWP storage conditions going into the 2009 water year, as a result, are far below average. A true and correct copy of DWR's notice to its water supply contractors is attached as Exhibit "2" to Plaintiff's RJN. On February 27, 2009, the Governor of California declared a formal State of Emergency to "combat California's third consecutive year of drought." A true and correct copy of the Governor's Emergency Proclamation is attached as Exhibit "3" to Plaintiff's RJN.
- 16. Because delta smelt reside in the Delta, and because the SWP exports water from the Delta, the BiOp's restrictions that are purportedly required to protect delta smelt will result in operational limitations upon the SWP. As a result of Defendants' improper actions and failure to use the best available scientific data in developing the BiOp, the State Contractors and its member agencies will receive significantly less SWP water pursuant to their water supply contracts.
- 17. Unless Plaintiff's prayer for relief is granted and the BiOp's restrictions are declared invalid, the State Contractors' interest in SWP water supplies will be adversely affected and irreparably injured by Defendants' unlawful actions.

BACKGROUND REGARDING THE DELTA SMELT AND THE BIOLOGICAL OPINION

18. The delta smelt (*Hypomesus transpacificus*) is a small pelagic fish, two- to three-inches long, that is endemic to the Delta. It was listed under both the ESA and the California Endangered Species Act in 1993. 58 Fed. Reg. 12854 (March 5, 1993). In July 2004, Defendant Service issued a Long-Term Operations Criteria and Plan Biological Opinion ("2004 BiOp") on the effect of continuing SWP and CVP operations on the delta smelt.

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A coalition of environmental organizations challenged the 2004 BiOp's 19. conclusions regarding the effect of CVP and SWP operations on the delta smelt. In response, the Service issued an amended biological opinion in February 2005 ("2005 BiOp"), and the plaintiffs amended their complaint to challenge the amended biological opinion. In May 2007, the Federal District Court for the Eastern District of California, in NRDC v. Kempthorne, supra, invalidated the 2005 BiOp. However, the Court declined to vacate the 2005 BiOp because of concerns that doing so would terminate the delivery of water to the service areas of the CVP and SWP. The federal court ordered the parties to propose modifications to CVP and SWP operations to protect the delta smelt while a new biological opinion was being prepared. The parties disagreed about the flow restrictions and other measures to be undertaken during the interim period to protect the species. After a multi-week trial on the issue of interim remedies, on August 31, 2007, the court issued an oral decision ordering restrictions on CVP and SWP operations until a new biological opinion could be prepared. On December 14, 2007, the federal court issued an Interim Remedial Order Following Summary Judgment and Evidentiary Hearing ("Kempthorne Remedies"), which ultimately had the effect of restricting CVP and SWP operations and reducing the amounts of water deliveries made from the projects to urban and agricultural users throughout the State. The Kempthorne Remedies had the effect of reducing SWP exports during the 2007-2008 water year by approximately 500 thousand acre-feet ("TAF"). Total reductions of SWP and CVP exports, combined, was about 700 TAF as a result of the Kempthorne Remedies. The federal court also determined that "[a] preponderance of the evidence supports the conclusion that the Delta smelt is presently being adversely affected by several environmental factors," including but not limited to the CVP and SWP, but that the evidence did "not establish that there is a single efficient proximate cause that is solely responsible for the decline of the Delta smelt." NRDC v. Kempthorne, 66 ERC (BNA) 1891, (Findings, ¶ 8).

20. The *Kempthorne* court directed that a new FWS biological opinion be issued by Defendants. After requesting and receiving an extension of time to do so, Defendants issued their new BiOp on December 15, 2008. The 2008 BiOp issued by Defendants now concludes that the operations of the SWP and CVP proposed in the OCAP will "jeopardize" the continued existence

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of the delta smelt. Inter alia, the BiOp provides: "[I]t is the Service's biological opinion that the coordinated operations of the CVP and SWP, as proposed, are likely to jeopardize the continued existence of the delta smelt." BiOp at 276. The BiOp further states: "[T]he Service concludes that the effects of the proposed action, taken together with cumulative effects, are likely to appreciably reduce the likelihood of both the survival and recovery of delta smelt in the wild by reducing its reproduction, abundance, and distribution." BiOp at 278.

- 21. In addition to now finding that proposed SWP and CVP operations will jeopardize the delta smelt, the BiOp concludes that such operations will adversely modify critical habitat for the species. With respect to critical habitat, the BiOp states: "[I]t is the Service's biological opinion that the coordinated operations of the CVP and SWP, as proposed, are likely to adversely modify delta smelt critical habitat" (BiOp at 278), and "the Service concludes that implementation of the proposed action is likely to prevent delta smelt critical habitat from serving its intended conservation role." BiOp at 279.
- 22. For the reasons described herein, the new BiOp is legally defective because it does not comply with the requirements of the ESA, NEPA or the APA.

FIRST CLAIM FOR RELIEF

Against All Defendants for Violation of the Administrative Procedure Act for Failure to Comply with Requirements of the ESA to Use Best Available Scientific Data

- 23. Plaintiff realleges and incorporates, as if fully set forth herein, each and every allegation contained in paragraphs 1 through 22, inclusive, of this Complaint.
- Section 7(a)(2) of the ESA provides that federal agencies "shall use the best 24. scientific and commercial data available" in ensuring actions authorized, funded, or carried out by a federal agency do not jeopardize the continued existence of any endangered species. 16 U.S.C. § 1536(a)(2); emphasis added; see also Bennett v. Spear, 520 U.S. 154, 176 (1997); 50 C.F.R. § 402.14(g)(8). "The obvious purpose of the requirement that each agency 'use the best scientific and commercial data available' is to ensure that the ESA not be implemented haphazardly, on the basis of speculation or surmise." Bennett, 520 U.S. at 176. An additional purpose of the requirement that the best available scientific data be used is to protect the economic interests of

parties adversely affected by erroneous biological opinions, which interests are also protected by the ESA and the APA. *Id.* at 177-78. Even where federal agencies are afforded discretion in making determinations, that "does not confer discretion to ignore the required procedures of decisionmaking," including the requirement to use the best available science. *Id.* at 172, *citing SEC v. Chenery Corp.*, 318 U.S. 80, 94-95 (1943). Thus, in preparing and approving the BiOp, Defendants were required to use the best available scientific data. Defendants failed to do so.

- 25. Over a lengthy period of time prior to issuance of the BiOp, Plaintiff engaged in repeated efforts to provide Defendants with the best available scientific data related to the delta smelt. Plaintiff participated in the process to develop the Biological Assessment, and submitted multiple comment letters to Defendants regarding the best available scientific data relevant to the analyses and conclusions in the BiOp, including October 20, 2008 and November 19, 2008 letters submitted by the State Contractors and San Luis Delta-Mendota Water Authority, true and correct copies of which are attached hereto as Exhibit "A" and Exhibit "B," respectively.
- 26. Defendants ignored Plaintiff's efforts and failed to use the best available scientific data in multiple ways. As described further below, Defendants (1) disregarded relevant data without explanation and arbitrarily selected the data they did rely upon; (2) based their analyses on data that was incorrect and/or incomplete; (3) reached conclusions that are internally inconsistent; (4) failed to disclose what data or reports were relied upon, or relied on reports that were and are unavailable for review; (5) relied on unsupported speculation rather than data or analysis; and (6) displayed a pervasive bias against the SWP and CVP, to the exclusion of all other potential stressors (i.e., causes of harm) to delta smelt.
- 27. Defendants failed to use the best available scientific data in that they disregarded relevant data without explanation and arbitrarily selected certain other data in reaching the BiOp's conclusions. *See Conner v. Burford*, 848 F.2d 1441, 1454 (9th Cir. 1988) (stating "the FWS cannot ignore available biological information"); *Kern County Farm Bureau v. Allen*, 450 F.3d 1072, 1080-81 (9th Cir. 2006). Thus, for example:
 - a. The BiOp disregards, with no explanation, the conclusions reached by the same experts and studies it relies upon in other portions of the BiOp. See Ecology Ctr.,

Inc. v. United States Forest Service, 451 F.3d 1183, 1193 (10th Cir. 2006) (agency cannot claim something is the best available science and then disregard its conclusions). For instance, the BiOp relies on certain studies throughout, including studies produced by Manly and Chotkowski, as well as Kimmerer, and cites these studies as concluding that entrainment (and salvage) of delta smelt at the SWP and CVP pumps has no significant effect on delta smelt abundance. BiOp at 159 ("entrainment is not a substantial source of mortality every year"); BiOp at 210 ("currently published analyses of long-term associations between delta smelt salvage and subsequent abundance do not support the hypothesis that entrainment is driving population dynamics"). See also November 19, 2008 letter submitted by the State Contractors and San Luis Delta-Mendota Water Authority at 4-9, Exh. B hereto. However, the BiOp subsequently disregards the conclusions of these studies or experts, or both, and determines that entrainment (and salvage) by the pumps is important to delta smelt population abundance. BiOp at 163, 189, 190, 209, 211.

b. The BiOp disregards, with no explanation, the scientific data and analyses submitted by water users, including Plaintiff. Plaintiff submitted substantial evidence showing that the location of X2 is not an important factor affecting delta smelt abundance. See October 20, 2008 Letter from the State Contractors and San Luis & Delta-Mendota Water Authority at 1-7 and Attachment 1 (David Fullerton, Fall X2 and Ammonia Correlations with Delta Smelt Abundance (September 24, 2008), Exh. A hereto; November 19, 2008 State Contractors' Letter at 9-10, Exh. B hereto. The conclusion that the location of X2 is not an important factor affecting delta smelt population abundance is further supported by the same experts Defendants did rely upon, who independently concluded that "abundance of delta smelt did not vary with X2." See, e.g., Kimmerer, et al., Is the Response of Estuarine Nekton to Freshwater Flow in the San Francisco Estuary Explained by Variation in Habitat Volume? at 11 (Nov. 2008). A true and correct copy of the November 2008 Kimmerer article is attached hereto as Exhibit "C." Despite this substantial scientific evidence, the BiOp concludes, without substantial scientific

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support, that the location of X2 is an important factor affecting delta smelt abundance. BiOp at 234-36, 373.

- c. The BiOp also disregards, with no explanation, scientific data and analyses submitted by water users, including Plaintiff, showing that no relationship exists between downstream *Pseuododiaptomus*¹ densities and SWP exports. *See* November 19, 2008 State Contractors letter at 3, 11-13, Exh. B hereto. Despite this evidence, and without substantial scientific support or analysis or acknowledgment of conflicting scientific data, the BiOp concludes just the opposite, *viz.*, that a relationship exists between downstream *Pseudodiaptomus* densities and SWP exports. BiOp at 228.
- d. The BiOp disregards, with no explanation, prey data that contradict the BiOp's conclusions. While the BiOp concludes that moving delta smelt downstream would be beneficial (BiOp at 159), the best available scientific data indicate that densities of key prey species are generally low throughout the Delta but, in fact, are higher *upstream* than downstream, contradicting the BiOp's unsupported conclusion. (CDFG unpublished monthly zooplankton data.)
- e. The BiOp concedes that "stressors" in the Delta, other than the water projects, may be impacting the delta smelt population. *See*, *e.g.*, BiOp at 172-173, 182-188. Despite this admission and the availability of substantial scientific data about the impacts of these non-Project related stressors, the BiOp fails to perform any analysis to quantify the effects of these other factors on delta smelt abundance or to compare the effects of these stressors upon delta smelt with the impacts of the water projects. *See* BiOp at 182-188 (admitting that other stressors such as predation, competition, disease, food limitation, and contamination may be affecting delta smelt but declining to analyze the effects of those stressors). Plaintiff also submitted scientific data that illustrate these other factors contribute substantially to delta smelt abundance, but this scientific data was disregarded by Defendants in the BiOp without explanation. For example, the best available scientific data show a significant correlation between ammonia concentrations in

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¹ Pseudodiaptomus is one of the primary food sources for delta smelt. BiOp at 149, 151.

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the Delta and delta smelt abundance, while relevant scientific data show that a less significant relationship exists between SWP and CVP water exports from the Delta and delta smelt abundance. See David Fullerton, Fall X2 and Ammonia Correlations with Delta Smelt Abundance, Attachment 1 to Exh. A hereto; see also DWR, Potential Actions to Reduce SWP Impacts on Delta Smelt and Listed Salmonids at 8-9 (Oct. 14, 2008), a true and correct copy of which is attached as Exhibit "4" to Plaintiff's RJN. Rather than quantifying the effects of factors other than the SWP and CVP operations and comparing the relative impacts of those effects to the SWP and CVP (or adding the effects of those other stressors to the environmental baseline), the BiOp merely concludes, without supporting scientific evidence or explanation, that the SWP and CVP are responsible for the decline of the delta smelt. See, e.g., BiOp at 189.

f. The BiOp assumes, without the support of best available scientific data, that entrainment is measured by salvage and that a correlation exists among reverse flows in Old and Middle Rivers ("OMR"), salvage and delta smelt abundance in the following year. See, e.g., BiOp at 159-162, 286. Indeed, the BiOp states, without justification, that increasingly negative OMR flows in one year will cause increasingly diminished numbers of delta smelt the following year. BiOp at 159, 163, 166. In doing so, Defendants fail to acknowledge the best available scientific data, including data submitted by Plaintiff, that demonstrate the lack of a statistically significant relationship between salvage, OMR flows and delta smelt population abundance in the following year. See November 19, 2008 State Contractors' letter at 2, Exh. B hereto. Moreover, Defendants' assumption leaves out numerous available scientific data points. It further fails to account for the 50fold decrease in delta smelt abundance that naturally occurs in many years between the summer and fall periods. The available scientific data submitted by Plaintiff include uncontradicted data showing that the Fall Midwater Trawl Index of delta smelt abundance increased in many years following high levels of delta smelt salvage and in many instances decreased following years of lower delta smelt salvage. Without explanation, these data were disregarded by Defendants. Further, in concluding that OMR flows are

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directly related to SWP and CVP salvage of delta smelt, the BiOp fails to adequately address available scientific data submitted by DWR in NRDC v. Kempthorne that show the non-linearity of salvage versus OMR flows. True and correct copies of the DWR graphs containing this data are attached as Exhibit "5" to Plaintiff's RJN. Moreover, the BiOp disregards, without explanation, conclusions referenced in the BiOp and supported by the best available scientific data that the effects of SWP and CVP operations on the population abundance of delta smelt are episodic and relatively small. Kimmerer, Losses of Sacramento River Chinook Salmon and Delta Smelt to Entrainment in Water Diversions in the Sacramento-San Joaquin Delta at 25 (June 2008). A true and correct copy of the June 2008 Kimmerer article is attached hereto as Exhibit "D." The salvage of delta smelt at the SWP and CVP export facilities can be expected to vary according to a number of factors, including hydrodynamics in the Delta, population abundance and geographic distribution of the species in the estuary. The analysis undertaken by Defendants considers only one of these factors, viz., Delta hydrodynamics. It ignores all other factors, including population abundance at the time salvage is measured, and geographic distribution within the estuary. Furthermore, the BiOp presents no analysis of the importance of delta smelt salvage to subsequent population abundance or "jeopardy" of the species. Nor did Defendants consider the number of salvaged delta smelt that would have otherwise perished due to high temperature, predation, or other factors unrelated to SWP and CVP operations. Without accounting for the actual abundance of delta smelt throughout the estuary, or the presence or absence of high temperature, predation or other non-Project factors, the conclusion that OMR flows and salvage cause impacts to the population abundance of delta smelt is meaningless and is not based on the best available scientific data.

In finding a purported correlation between OMR flows and salvage, the g. BiOp improperly and arbitrarily excludes available scientific data from years with low salvage as well as scientific data obtained in years when the December through March average turbidity was less than 12 Nephelometric Turbidity Units. BiOp at 164. This

results in an exclusion of about 30 percent of the data points from Defendants' "analysis" of the relationship between OMR flows, salvage and delta smelt abundance. If all of the available scientific data were used – as they were during DWR's presentation of the same data during the *Kempthorne* interim remedy proceedings and as they should have been in the BiOp – the resulting analysis would show that the salvage of delta smelt at the SWP and CVP pumps is unlikely to have any significant effect upon population abundance. BiOp at 281; *see also Kempthorne*, *supra*, 66 ERC (BNA) 1891, (Findings, ¶ 38). Instead, a key determinant of salvage is the occurrence of high turbidity when OMR reverse flows are also high, a correlation supported by scientific data that were presented to, but ignored by, Defendants.

- 28. Defendants' use of data that are incorrect, incomplete or incompatible with other scientific data, and the resulting assumptions in the BiOp that are based upon these data are scientifically unsupportable and constitute a failure to use the best available scientific data in violation of ESA requirements. Thus, for example:
 - a. The BiOp assumes a correlation exists between the number of delta smelt entrained in the pumps in a particular year and the abundance of delta smelt the following year. See, e.g., BiOp at 222 ("increase[d] larval-juvenile entrainments will have an adverse effect on delta smelt based on their current low population levels" [no citation]). However, the BiOp admits that scientific data developed by the same studies or experts (or both) that it relies upon for a connection between entrainment and salvage losses and population abundance demonstrate there is no statistically significant relationship between the number of delta smelt estimated to have been lost at the SWP and CVP pumps and delta smelt abundance in the following year. BiOp at 210 ("currently published analyses of long-term associations between delta smelt salvage and subsequent abundance do not support the hypothesis that entrainment is driving population dynamics year in and year out" [citing Bennett 2005; Manley and Chotkowski 2006; Kimmerer June 2008]). Available scientific data and analyses submitted by Plaintiff, but disregarded by Defendants without explanation, demonstrate that no statistically significant correlation

exists between the number of delta smelt salvaged in the pumps in a particular year and the abundance of delta smelt the following year.

- b. The BiOp concludes "a larger habitat area ... presumably lessens the likelihood of density-dependent effects (e.g. food availability) on the delta smelt population." BiOp at 234. However, available scientific data presented in a report prepared by one of the experts hired by the Service to "peer review" portions of the BiOp shows this assumption is scientifically unsupported. *See* November 2008 Kimmerer article at 11-12, Exh. C hereto (concluding that the extent of physical habitat is *unrelated* to the abundance of delta smelt).
- c. The BiOp concludes "it is becoming increasingly clear that the long-term decline of delta smelt has been affected by ecosystem changes caused by non-indigenous species invasions and other non-CVP/SWP factors, [but] the CVP and SWP have played an important direct role in that decline." BiOp at 189. The BiOp refers to no scientific data to support this contention. However, available scientific data showing the opposite conclusion are included in a report that is referenced in the BiOp, *viz.*, that SWP and CVP operations have a minor effect upon the abundance of delta smelt. These same data show that, by comparison, non-Project causes result in a 50-fold decrease in smelt abundance between the summer and fall. June 2008 Kimmerer article at 25, Exh. D hereto. These scientific data were disregarded by Defendants without explanation.
- d. The BiOp makes numerous assumptions, without adequate supporting scientific data, to conclude a relationship exists between the location of X2 and delta smelt abundance the following year. See, e.g., BiOp at 234-236. However, available scientific data presented in a November 2008 Report by Kimmerer one of the principal experts relied upon by Defendants show that no such relationship exists. November 2008 Kimmerer article at Table 2 and 6, 8, 11, Exh. C hereto ("abundance of delta smelt did not vary with X2"). Kimmerer's data regarding the lack of a relationship between delta smelt abundance and the location of X2 are the best available data, yet were disregarded by Defendants without explanation.

- e. The BiOp concludes that an increased amount of habitat would have a positive impact on the abundance of delta smelt. This conclusion, however, is unsupported by any scientific data and is contradicted by scientific data presented in the November 2008 Kimmerer Report, which concludes that "[d]espite the evident increase in the amount of habitat, delta smelt abundance appears to be regulated by other factors so far unidentified" November 2008 Kimmerer article at 11, Exh. C hereto.
- f. The BiOp contains no scientific data to support its conclusion that limiting take in accordance with the formula of 7.25 times the prior year's FMWT index (BiOp at 287), rather than some larger number, is necessary to prevent jeopardy.
- g. The BiOp's conclusion that SWP and CVP pumping causes "jeopardy" (BiOp at 276) is not supported by any scientific data showing that pumping by either or both projects has a statistically significant population level effect on delta smelt or otherwise jeopardizes its continued existence. Instead, through the BiOp, Defendants impose an unsupported regulatory requirement that the SWP and CVP must be operated to limit entrainment at the pumps to less than 1 percent of smelt in the central or southern Delta, regardless of the proportion that such fish bear to the population abundance of delta smelt. BiOp at 360. The BiOp cites no scientific data to show how this number was calculated or that such a limitation is necessary to prevent jeopardy to the species.
- h. Defendants' preparation of the BiOp's effects "analysis" is in direct conflict with the explanation provided by Reclamation and DWR in the Biological Assessment ("BA") regarding the limits and proper uses of the modeling data. Defendants fail to adequately explain their refusal to follow the recommendations of Reclamation and DWR in this regard. See 50 C.F.R. § 402.02 (defining "Effects of the Action"); BA at 9-32, 9-33. True and correct copies of excerpts of the BA are attached as Exhibit "6" to Plaintiff's RJN. Without adequate scientific or technical justification, the BiOp misapplies and disregards the operational parameters and related modeling of the CVP and SWP as described in the BA. BiOp at 206. For example:

- i. The BiOp fails to justify its comparison of monthly or seasonal results of scenarios simulated by models to baselines of actual historical monthly salvage to estimate the effects of proposed CVP and SWP operations on delta smelt entrainment. The Peer Review commissioned by Defendants to review portions of the draft BiOp expressly cautioned against using such mixed historic and simulated conditions. A true and correct copy of the "Independent Peer Review of USFWS' Draft Effects Analysis of the [OCAP] Biological Opinion" (Oct. 28, 2008) is attached as Exhibit "7" to Plaintiff's RJN. Notwithstanding, Defendants disregarded the comments of the peer reviewers, without explanation.
- ii. The BiOp purports to "analyze" the effects of proposed project operations against an arbitrary, poorly described and incorrect "empirical baseline," rather than the "Section 7.0" CALSIM-II modeling run DWR and Reclamation described in the BA. BiOp at 204, 206.
- i. The BiOp concludes that increased demand for "Article 21" water by SWP Contractors since 2000 corresponds to "recent declines in the delta smelt population," "contributes to habitat degradation," and "would contribute to higher larval-juvenile entrainment" of delta smelt than what occurred from 1995-2007. BiOp at 215. This conclusion is contrary to the explanation in the Biological Assessment, based upon the best available scientific data, that overall delivery of water from the two projects "remains largely the same" because previous versions of the relevant modeling "overestimate[d] the delivery of Table A and underestimate[d] the delivery of Article 21 water by a like amount." BA at 9-55, RJN Exh. 6. The BiOp makes no attempt to reconcile its assumptions about the effect of Article 21 water deliveries with the available scientific data presented in the BA.

- 29. Defendants acted arbitrarily and failed to use the best available science, as demonstrated by the BiOp's internally inconsistent conclusions and citation to the same science to support different, contradictory conclusions. *See Conner v. Burford*, 848 F.2d 1441, 1454 (9th Cir. 1988); *Northern Spotted Owl v. Hodel*, 716 F. Supp. 479, 483 (W.D. Wash. 1988) (an agency is afforded no deference when it ignores, rather than utilizes, the analysis of its own experts). Thus, for example:
 - a. The BiOp acknowledges that multiple stressors, such as ammonia and other contaminants, food limitation, predation, the introduction of non-native species, and other factors, have adverse impacts to delta smelt. *See*, *e.g.*, BiOp at 182-188, 245-46; *see also NRDC v. Kempthorne*, *supra*, 66 ERC (BNA) 1891, (Findings, ¶ 8) ("The evidence does not establish that there is a single efficient proximate cause that is solely responsible for the decline of the Delta smelt"). Despite this acknowledged existence of substantial scientific data showing adverse impacts to the delta smelt population due to these other stressors, the BiOp states that the incremental contributions of these other stressors is generally unknown, but nevertheless concludes that past SWP and CVP operations are primarily responsible for the decline of the species. *See*, *e.g.*, BiOp at 182-189.
 - b. The BiOp states there is no evidence showing a direct and empirical causal relationship between the decline of the delta smelt and any one of the non-project stressors, such as competition from introduced fish species, pollution, predation, high ammonia concentrations/resulting alga blooms, and temperature. *See*, *e.g.*, BiOp at 153 (thresholds of toxicity for delta smelt undetermined), BiOp at 183 (impacts of predation by striped bass unknown; no empirical evidence exists showing that competition between species influences delta smelt abundance), BiOp at 186 (studies on algae bloom impacts on delta smelt underway, no existing evidence), BiOp at 186-87 (contaminant impacts unknown), BiOp at 187 (effect from exposure to pesticides unknown). The BiOp uses this purported lack of empirical evidence and conflicting information to conclude that these stressors *do not merit further analysis* because their impacts are ultimately unknown. However, the BiOp also concedes that SWP and CVP impacts on delta smelt are not fully

cause of delta smelt decline), BiOp at 163 (operational changes *may* have contributed to a shift in Delta hydrodynamics affecting fish), BiOp at 145 (data on entrainment is *extrapolated* from *periodic* sampling of fish), BiOp at 147 (information about delta smelt spawning impacts are *inferred* due to a lack of data from wild fish), BiOp at 159 (studies showing that entrainment is *not* a substantial source of mortality every year). The BiOp uses this purported lack of empirical evidence and conflicting information to conclude that SWP and CVP operations *do merit further analysis* because their impacts significantly contribute to the delta smelt decline. BiOp at 152, 159, 276. In short, Defendants rely on uncertainty and purported lack of empirical evidence to discount all non-project stressors while at the same time, utilizing the uncertainty and lack of empirical evidence about project impacts to conclude that project operations *do have* a significant effect on delta smelt. This diametrically different use of scientific uncertainty and a lack of data to support opposite conclusions renders the BiOp internally inconsistent and constitutes a

understood. See, e.g., BiOp at 163 (entrainment has been suspected as a contributing

c. The BiOp concludes that entrainment (and salvage) in the SWP and CVP pumps is an important factor in delta smelt population abundance. *See*, *e.g.*, BiOp at 331 (citing Kimmerer June 2008 for the proposition that entrainment impacts on delta smelt can be substantial). However, the BiOp also cites Kimmerer, as well as Manly and Chotkowski (BiOp at 159, 210) as concluding that entrainment in the SWP and CVP pumps, at best, has a small and sporadic effect upon delta smelt population abundance. Moreover, the BiOp completely ignores statements by one of these same experts that project pumping makes "little difference to fall abundance in the context of the approximately 50-fold variation in summer-fall survival" June 2008 Kimmerer article at 25, Exh. D hereto.

failure to the use the best available scientific data.

30. The BiOp is not based on the best *available* science because it does not disclose the data, information, or source relied upon as the basis for its conclusions, or the source was not available to the public. *Am. Wildlands v. Kempthorne*, 382 U.S. App. D.C. 78, 85 (D.C. Cir.

2008) (the best available science concept "requires . . . that data be attainable"). Thus, for example:

- a. The BiOp expressly relies upon scientific sources of data that were unavailable at the time the BiOp was published. *See*, *e.g.*, BiOp at 163 (referencing "unpublished data" of P. Smith and a draft "accepted manuscript" by Grimaldo et al.), BiOp at 170 (referencing Bennett unpublished analysis), BiOp at 303 (referencing Kimmerer "in prep Draft report"), BiOp at 306 (referencing Nobriga and Feyrer report "in press"), BiOp at 307 (referencing "Slater Steven unpublished data California Department of Fish and Game"), BiOp at 308 ("Sullivan et al., unpublished information"), BiOp at 310 (several personal communications). Many of these data sources remain unavailable for review.
- b. The BiOp states that entrainment impacts are "sporadically significant" with respect to delta smelt abundance based on periodic measurements and extrapolated datasets. BiOp at 145, 210. However, the BiOp fails to disclose what these measurements were, during what time periods the measurements were taken, or how "sporadically significant" effects would not be detected in statistical analyses of year-to-year effects on a fish with a one-year life cycle.
- 31. The BiOp utilizes extensive, unsupported speculation as a basis for many of its conclusions. This violates the ESA because, "while the [agency] can draw conclusions based on less than conclusive scientific evidence, it cannot base its conclusions on no evidence." *Pac. Coast Fed'n of Fishermen's Ass'n v. U.S. Bureau of Reclamation*, 426 F.3d 1082, 1094-95 (9th Cir. 2005); *Nat'l Ass'n. of Home Builders v. Norton*, 340 F.3d 835, 847 (9th Cir. 2003). Thus, for example:
 - a. The BiOp states that: "The movement of water in the summer and fall may have negatively influenced habitat suitability and prey availability" (BiOp at 166); "[d]isconnecting inflow and outflow via water exports probably represents the single largest stressor for this primary constituent element" (BiOp at 197); "VAMP [Vernalis Adaptive Management Plan] flows are thought to have selectively enhanced survival of

delta smelt larvae" (BiOp at 200); "[o]ur analysis also assumes that any of these three major categories of effects described above will adversely affect delta smelt" (BiOp at 203); "[f]ish that may become trapped upstream of the TBP agricultural barriers may suffer increased vulnerability to local agricultural diversions" (BiOp at 226; emphasis added). See also, e.g., BiOp at 174, 226, 234, BiOp at 163 (entrainment has been suspected as a contributing cause of delta smelt decline), BiOp at 163 (operational changes may have contributed to a shift in Delta hydrodynamics affecting fish), BiOp at 145 (data on entrainment is extrapolated from periodic sampling of fish), BiOp at 147 (information about delta smelt spawning impacts are inferred due to a lack of data from wild fish), BiOp at 238 (citing unpublished data of Jan Thompson).

- b. The BiOp states repeatedly that delta smelt spawning and eggs have never been observed in the wild. *See*, *e.g.*, BiOp at 147-148. Despite this admission of a total lack of scientific data, the BiOp nevertheless reaches conclusions regarding the impact of the SWP pumps on delta smelt spawning and eggs. BiOp at 152-53, 158, 163.
- 32. The foregoing paragraphs demonstrate that bias forms the basis of much of the BiOp. For example, when evidence is unclear or contradictory, the BiOp utilizes that lack of evidence to *dismiss* non-project impacts to delta smelt, while at the same time using the same lack of evidence as the basis for concluding that the SWP and CVP *will* have adverse impacts on the species. *See*, *e.g.*, ¶ 29, above. Additionally, without reference to any available scientific data, the BiOp concludes that invasive species have proliferated in areas of the Delta because SWP and CVP operations have led to circumstances favoring that condition. BiOp at 189, 243. Further, the BiOp recognizes that more than 2,200 other water diversions exist in the Delta besides the SWP and CVP (BiOp at 172); that "the vast majority of these diversions do not have fish screens to protect fish from entrainment" (BiOp at 172); and that the impacts of these other diversions have not been studied, though they do entrain delta smelt (BiOp at 172, 174, 190, 202). Nonetheless, the BiOp concludes that entrainment of delta smelt by these other diverters is either negligible or incredibly is a result of SWP and CVP operations. BiOp at 159, 172, 202, 226, 238 (SWP operations will "increase the frequency with which delta smelt encounter unscreened

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agricultural irrigation diversions in the Delta").

- 33. Defendants' failure to utilize the best available scientific data in preparing and adopting the BiOp violates the ESA and the rule-making requirements of the APA. 5 U.S.C. § 553(b), (c). Moreover, Defendants have failed to follow the applicable FWS Information Standards Policy, DOI Information Quality Guidelines, FWS Information Quality Guidelines, and FWS Scientific Code of Conduct. These errors, the analyses, reasoning, and conclusions of the BiOp, and Defendants' actions described herein, are arbitrary, capricious, an abuse of discretion, not in accordance with the law, in excess of statutory authority, and without observance of procedure required by law, in violation of Section 7 of the ESA and its implementing regulations, and the standards of the APA. See Northwest Ecosystem Alliance v. United States Fish & Wildlife Service, 475 F.3d 1136, 1148 (9th Cir. 2007), citing Center for Biological Diversity v. Lohn, 296 F. Supp. 2d 1223, 1236-40 (W.D. Wash. 2003) (agency's reliance on outdated science or improper assumptions is arbitrary and capricious when the best available science shows these to be incorrect).
- 34. Plaintiff has exhausted any and all administrative remedies required by law and has performed any and all conditions precedent to the filing of this action.
- 35. Plaintiff's interests have been, are, and will continue to be directly and adversely affected by Defendants' failures and unlawful actions.
- 36. Plaintiff has no plain, speedy or adequate remedy at law and, unless relief is granted as prayed, Plaintiff's interests in SWP water supplies will be adversely affected and irreparably injured by Defendants' unlawful acts.

SECOND CLAIM FOR RELIEF

Against All Defendants for Violation of the Administrative Procedure Act (5 U.S.C. § 706 et seq.) for Failure to Make Findings or Undertake Analysis Regarding the Reasonable and Prudent Alternative

- 37. Plaintiff realleges and incorporates, as if fully set forth herein, each and every allegation contained in paragraphs 1 through 36, inclusive, of this Complaint.
- 38. Under Section 7 of the ESA (16 U.S.C. § 1536(b)(3)(A)), if a biological opinion finds that a proposed agency action will cause jeopardy to the species or result in the adverse

modification of its critical habitat, Defendants are required to suggest reasonable and prudent alternatives ("RPAs") to the proposed action that Defendants believe can be taken in implementing the agency action and that will not cause jeopardy to the species or result in the adverse modification of critical habitat. *See National Ass'n of Homebuilders v. Defenders of Wildlife*, 551 U.S. 644, 127 S.Ct. 2518, 2526 (2007) (citing 16 U.S.C. § 1536(b)(3)(A) and 50 C.F.R. § 402.14(h)(3).) Pursuant to Section 7 of the ESA and title 50, parts 402.02 and 402.14(g) of the Code of Federal Regulations – adopted to implement the ESA – if Defendants adopt a "jeopardy" biological opinion, they are required to analyze their proposed RPAs to determine whether: (1) the RPA can be implemented in a manner consistent with the intended purpose of the agency action; (2) the RPA can be implemented consistent with the scope of the action agency's legal authority and jurisdiction; (3) the RPA is economically and technologically feasible; and (4) the RPA will avoid the likelihood of jeopardizing the continued existence of listed species or resulting in the destruction or adverse modification of its critical habitat. 50 C.F.R. §§ 402.02, 402.14(g).

39. Defendants expressly acknowledge the applicability of their implementing regulations, including the requirements of an RPA, in the BiOp. BiOp at 279 (citing 50 C.F.R. § 402.02). However, despite Defendants' acknowledgement of the requirements for an RPA, the BiOp fails to make any findings, undertake any analysis or otherwise determine whether the RPA actually imposed satisfies the requirements of Section 7 of the ESA and the implementing regulations Defendants themselves have adopted. Contrary to the requirements of Section 7 and title 50, the BiOp makes no findings and undertakes no analysis of whether the sole RPA it adopts "can be implemented in a manner consistent with the intended purpose" of DWR's operation of the SWP. See BiOp at 279. Nor does the BiOp make any findings or undertake any analysis of whether DWR's implementation of the RPA included in the BiOp is "economically or technologically feasible." Indeed, the BiOp shows that Defendants made no findings and undertook no analysis at all of the RPA's impacts on the SWP or CVP operations. Thus, Defendants made no findings and undertook no analysis of whether the protection of adult or larval/juvenile delta smelt, or the improvement of habitat for delta smelt growth and rearing as

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required in the BiOp, can be accomplished consistently with the intended purpose of the SWP, viz., to provide much needed water for the large majority of California's population. Nor did Defendants make findings or undertake any analysis of the economic impact of the RPA upon DWR or within the SWP service area. Defendants made no findings and undertook no analysis of whether such economic impacts make the RPA economically infeasible or whether a more economically feasible, less costly alternative exists that would prevent jeopardy. Defendants also made no findings and undertook no analysis of whether there are feasible, less onerous alternatives that will prevent jeopardy to delta smelt while better maintaining the intended purpose of the SWP and CVP to provide water deliveries to the millions of Californians who depend on the two projects for water for their homes, farms and businesses. See Southwest Ctr. for Biological Diversity v. Bureau of Reclamation, 143 F.3d 515, 523 fn. 5 (9th Cir. 1998) (stating the ESA does not limit the Secretary's analysis to apolitical considerations, and that if two proposed RPAs would avoid jeopardy to a listed species, the Secretary must "choose the one that best suits all of [the project's] interests, including political or business interests"). These failures violate Section 7 of the ESA and Code of Federal Regulations, title 50, parts 402.02 and 402.14(g).

- 40. Failures by federal regulatory agencies to comply with applicable legal requirements can be challenged under the Administrative Procedure Act. 5 U.S.C. § 706(2); Bennett v. Spear, supra, 520 U.S. at 174-175.
- 41. As a result of the improper procedures used by Defendants in preparing and approving the BiOp, including their failure to make findings or undertake any analysis regarding compliance of the BiOp's reasonable and prudent alternative with the requirements of the implementing regulations of the ESA, Plaintiff's members will receive significantly less water pursuant to their water supply contracts than they would receive had Defendants complied with applicable legal requirements.
- 42. Plaintiff has exhausted any and all administrative remedies required by law and has performed any and all conditions precedent to the filing of this action.

- 43. Plaintiff's interests have been, are, and will continue to be directly and adversely affected by Defendants' failures and unlawful actions.
- 44. Plaintiff has no plain, speedy or adequate remedy at law and, unless relief is granted as prayed, Plaintiff's interests in SWP water supplies will be adversely affected and irreparably injured by Defendants' unlawful acts.

THIRD CLAIM FOR RELIEF

Against All Defendants for Violation of Section 7 of the Endangered Species Act for Failure to Comply with Applicable Standards When Analyzing the Effects of the Action and Reaching the "Jeopardy" Determination

- 45. Plaintiff realleges and incorporates, as if fully set forth herein, each and every allegation contained in paragraphs 1 through 44, inclusive, of this Complaint.
- 46. The consultation requirements of the ESA are set forth in Section 7 of the Act and are applicable only to actions in which there is discretionary federal involvement or control. *National Ass'n of Homebuilders, supra*, 127 S.Ct. at 2526. With respect to such discretionary actions, Section 7 provides that "[e]ach Federal agency shall . . . insure that any action authorized, funded, or carried out by such agency (hereinafter in this section referred to as an agency action) is not likely to jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of [critical] habitat." 16 U.S.C. § 1536(a)(2) Section 7 also provides that any consultation that occurs pursuant to its provisions shall be "[s]ubject to such guidelines as the Secretary may establish." 16 U.S.C. § 1536(a)(3).
- 47. Section 7 of the ESA includes not only the consultation duties of the action agency, but also the duties of the wildlife agency with which the action agency consults. It thus provides: "Promptly after conclusion of consultation . . . , the Secretary shall provide to the Federal agency and the applicant, if any, a written statement setting forth the Secretary's opinion, and a summary of the information on which the opinion is based, detailing how the agency action affects the species or its critical habitat." Id. § 1536(b)(3)(A). The regulations adopted pursuant to Section 7 set forth the *process* the regulatory agency must follow in developing its opinion about the effects of the agency action. The regulations thus provide that the Fish and Wildlife

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Service is required to "evaluate the effects of the action and cumulative effects on the listed species or critical habitat" and "formulate its biological opinion as to whether the action, taken together with cumulative impacts, is likely to jeopardize the continued existence of listed species or result in the destruction or adverse modification of critical habitat." 50 C.F.R. §§ 402.14(g)(3), (g)(4), (h).

- In determining whether a proposed Federal action will "jeopardize the continued 48. existence of a listed species," the "relevant inquiry is whether the 'action['s] effects, when added to the underlying baseline conditions,' in the present and future human contexts, are cumulatively such that they would cause jeopardy as that term is defined by law and agency regulation." See Pacific Coast Federation of Fishermen's Associations, et al. v. Gutierrez, E.D. Cal. case no. 1:06-CV-00245 (Findings of Fact and Conclusions of Law re the Existence of Irreparable Harm during the Interim Period and Denying Plaintiffs' Requests for Emergency Interim Remedies Regarding Flows on Clear Creek and Gate Operations at Red Bluff Diversion Dam (Doc. 367) ("Gutierrez Decision"), July 18, 2008, Conclusions of Law ¶ 47. A true and correct copy of the Gutierrez Decision is attached as Exhibit 8 to Plaintiff's RJN. By Service regulation, "jeopardize the continued existence of means to engage in an action that reasonably would be expected, directly or indirectly, to reduce appreciably the likelihood of both the survival and recovery of a listed species in the wild by reducing the reproduction, numbers or distribution of that species." 50 C.F.R. § 402.02. The regulation, in turn, has been interpreted to mean that the proposed action which is the subject of the consultation must be found to "considerably reduce" the abundance of the listed species. Gutierrez Decision, Conclusions of Law ¶¶ 32.4, 32.5, RJN Exh. 8 (citing Service's Final ESA Section 7 Consultation Handbook (March 1998) at 4-34).
- 49. Section 7 of the ESA requires the Secretary to determine how the proposed agency action affects the species or its critical habitat. 16 U.S.C. § 1536(b)(3)(A). Pursuant to the regulations adopted to implement the consultation requirements of Section 7, the Secretary has agreed that the "effects of the action" mean:

[T]he direct and indirect effects of an action on the species or critical habitat, together with the effects of other activities that are interrelated or interdependent with that action, that will be added to

the environmental baseline. The environmental baseline includes the past and present impacts of all Federal, State, or private actions and other human activities in the action area, the anticipated impacts of all proposed Federal projects in the action area that have already undergone formal or early Section 7 consultation, and the impact of State or private actions which are contemporaneous with the consultation in process. 50 C.F.R. § 402.02.

Further elaborating upon the requirements of Section 7, the Service's Final ESA Section 7 Consultation Handbook states that the "environmental baseline is a 'snapshot' of a species' health at a specified point in time. It does not include the effects of the action under review in the consultation." ESA Section 7 Consultation Handbook (March 1998), p. 4-22. The Consultation Handbook further requires that, when determining the effect of ongoing water project operations, the Service must structure its analysis so that:

The total effects of all past activities, including effects of the past operations of the project, current non-Federal activities, and Federal projects with completed section 7 consultations, form the environmental baseline. To this baseline, future direct and indirect impacts of the operation over the new license or contract period, including effects of any interrelated and interdependent activities, and any reasonably certain future non-Federal activities (cumulative effects), are added to determine the total effect on listed species and their habitat. ESA Section 7 Consultation Handbook pp. 4-28 to 4-29, emphasis in original.

In addition, where a pre-existing dam has independent utility apart from the proposed project, "[o]ngoing effects of the existing dam are already included in the Environmental Baseline and would not be considered an effect of the proposed action under consultation." *Id.* at p. 4-27.

- 50. The BiOp issued by the Service on December 15, 2008 violates the requirements of Section 7 of the ESA, title 50, C.F.R. sections 402.02 and 402.14, and the Service's Final ESA Section 7 Consultation Handbook (March 1998), because Defendants failed to utilize the required methodology to determine whether the proposed project will jeopardize the continued existence of the delta smelt or destroy or adversely modify its critical habitat. Specifically, among other failings:
 - a. The BiOp improperly describes the proposed agency action under ESA review and fails to distinguish between the discretionary and nondiscretionary components of SWP and CVP operations, including dam operations and actions required

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to be implemented by DWR and the Bureau as a result of Decisions of the State Water Resources Control Board. Certain aspects of the operation of the SWP and CVP, including Project compliance with the water rights and water quality decisions and orders of the State Water Resources Control Board, are *non-discretionary* as that term is utilized in *Home Builders*. See Gutierrez Decision, Conclusions of Law ¶ 9, RJN Exh. 8. By failing to distinguish the discretionary aspects of SWP and CVP operations from the non-discretionary aspects of such operations, Defendants and the BiOp improperly attempt to consult on the entirety of Project operations including those aspects of Project operations that are non-discretionary.

b. The BiOp employs an environmental baseline that is not a "snapshot at a specified point in time" and fails to evaluate the "past and present impacts of all Federal, State, or private actions and other human activities in the action area, the anticipated impacts of all proposed Federal projects in the action area that have already undergone formal or early Section 7 consultation, and the impact of State or private actions which are contemporaneous with the consultation in process" (50 C.F.R. § 402.02). Prior Project operations that have already undergone formal Section 7 consultation should have been included in the environmental baseline in the December 15, 2008 BiOp; instead, the BiOp compares Project operations that are proposed as part of the OCAP to prior SWP and CVP operations, including some operations that occurred more than 40 years ago. That is, the BiOp improperly evaluates in its "Effects Analysis" - and inappropriately attributes to the SWP and CVP - past and present impacts on the delta smelt of Federal, State or private actions and other human activities in the action area that should have properly been included in the environmental baseline. Similarly, and by way of example, on-going human activities in the action area that have taken place for decades and involve the discharge of toxic materials or the diversion of water by means of thousands of private unscreened in-Delta diversions are not treated as part of the environmental baseline, but as effects of the proposed Project. As a result, the BiOp inadequately describes the effects on delta smelt of "other stressors" as they affect the environmental baseline. See BiOp,

pp. 172-174, 182-189.

- c. The BiOp utilizes an "empirical baseline" that:
 - i. Demonstrably differs from that used in the biological assessment without adequate explanation and is contrary to the recommendations of Defendants' own peer reviewers (BiOp, p. 206; Peer Review at 5, RJN Exh. 7; and
 - ii. Compares monthly or seasonal results of scenarios simulated by mathematical models to Defendants' arbitrarily selected baseline of actual historical monthly salvage to estimate SWP and CVP entrainment of delta smelt, notwithstanding warnings by Defendants' own peer reviewers that the use of an historical baseline is inappropriate because water supply system operations today are substantially different from the operations that occurred during the historical period and the choice of which time period to use for the baseline could significantly affect the ultimate assessment of SWP and CVP impacts on delta smelt.
- smelt. As a result, the BiOp fails to properly determine whether proposed project operations "would be expected, directly or indirectly, to reduce appreciably the likelihood of both the survival and recovery of a listed species in the wild by reducing the reproduction, numbers or distribution of that species." 50 C.F.R. § 402.02. Instead, because of the BiOp's faulty effects analysis and methodology, Defendants grossly overestimate the impacts of proposed project operations on delta smelt. Consequently, the "jeopardy" conclusion reached by Defendants is without adequate support and is therefore arbitrary, capricious, an abuse of discretion, not in accordance with the law, in excess of statutory authority, and without observance of procedure required by law, in violation of Section 7 of the ESA and its implementing regulations and the standards of the APA.

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Section 7 of the ESA also requires that if "jeopardy" to a species or adverse 52. modification of critical habitat is found by the Secretary, the Secretary shall suggest reasonable and prudent alternatives that are sufficient to prevent jeopardy. 16 U.S.C. § 1536(b)(3)(A); 50 C.F.R. § 402.14(h)(3). In formulating such an RPA, the Service is required to use the best scientific and commercial data available, (16 U.S.C. § 1536(a)(2); 50 C.F.R. § 402.14(g)(8)), and to demonstrate that the RPA that is imposed does not jeopardize the listed species or result in the destruction or adverse modification of its critical habitat. American Rivers v. National Marine Fisheries Service, 126 F.3d 1118, 1122-1123 n. 11 (9th Cir. 1997); Greenpeace v. National Marine Fisheries Service, 237 F. Supp. 2d 1181, 1185 (W.D. Wash. 2002). Notwithstanding these requirements Defendants fail to explain how the RPA set forth in the BiOp will serve to remove the delta smelt from the "jeopardy" purportedly caused by SWP and CVP operations. As one example, the BiOp fails to adequately explain how implementation of RPA Component 3 (pp. 282-283) (Fall X2 action) will serve to remove the delta smelt from the "jeopardy" purportedly caused by the proposed operations of the SWP and CVP. The analysis, reasoning, and conclusions of the BiOp with respect to the RPA imposed, and Defendants' actions described herein, are arbitrary, capricious, an abuse of discretion, not in accordance with the law, in excess of statutory authority, and without observance of procedure required by law, all in violation of Section 7 of the ESA and its implementing regulations and the standards of the APA.

53. Defendants' failure to utilize the legally required methodology in preparing and adopting the BiOp, including the RPA, and in determining whether the proposed federal action will jeopardize the continued existence of the species or destroy or adversely modify delta smelt critical habitat, violates the ESA and the requirements of the APA. 5 U.S.C. § 553(b), (c). The analysis, reasoning, and conclusions of the BiOp, and Defendants' actions described herein, are arbitrary, capricious, an abuse of discretion, not in accordance with the law, in excess of statutory authority, and without observance of procedure required by law, in violation of Section 7 of the ESA and its implementing regulations and the standards of the APA. Through the above failures, Defendants also unlawfully foreclosed evaluation in the BiOp of any other potential reasonable and prudent alternatives which may have also better met the objectives of the SWP and CVP. See

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Southwest Ctr. for Biological Diversity v. Bureau of Reclamation, supra, 143 F.3d at 523 n. 5.

- 54. Plaintiff has exhausted any and all administrative remedies required by law and has performed any and all conditions precedent to the filing of this action.
- 55. Plaintiff's interests have been, are, and will continue to be directly and adversely affected by Defendants' failures and unlawful actions.
- 56. Plaintiff has no plain, speedy or adequate remedy at law and, unless relief is granted as prayed, Plaintiff's interests in SWP water supplies will be adversely affected and irreparably injured by Defendants' unlawful acts.

FOURTH CLAIM FOR RELIEF

Against All Defendants for Violation of the Administrative Procedure Act and the National Environmental Policy Act (42 U.S.C. § 4321 et seq.)

- 57. Plaintiff realleges and incorporates, as if fully set forth herein, each and every allegation contained in paragraphs 1 through 56, inclusive, of this Complaint.
- 58. NEPA requires federal agencies to prepare a detailed Environmental Impact Statement ("EIS") for all actions that are (1) federal, (2) "major," and (3) that may have a significant effect on the human environment. 42 U.S.C. § 4332(2)(C); *Nat'l Wildlife Fed. v. Espy*, 45 F.3d 1337, 1343 (9th Cir. 1995). Defendants' issuance of the BiOp constitutes a major federal action that may have a significant effect on the environment.
- 59. Defendants are federal government agencies or officials that took final agency action within the meaning of the APA by issuing the BiOp. See Bennett v. Spear, supra, 520 U.S. at 178; Ramsay v. Kantor, 96 F.3d 434 (9th Cir. 1996); Westlands Water Dist. v. United States, 850 F.Supp. 1388, 1422 (E.D. Cal. 1994).
- 60. The "jeopardy" biological opinion issued by Defendants requires for the take authorization in the BiOp to be applicable (see BiOp at 286) that the SWP and CVP be operated outside the range of historical Project operations, in conformance with the RPA. See generally Bennett v. Spear, supra, 520 U.S. at 169, 170 (determining that a biological opinion "has a powerful coercive effect on the action agency" and that such opinions have "virtually determinative effect"). Federal actions that require the operation of existing projects outside the

range of historical operations are major federal actions. See Upper Snake River v. Hodel, 921 F.2d 232, 235 (9th Cir. 1990); see also County of Trinity v. Andrus, 438 F.Supp. 1368, 1388 (N.D. Cal. 1977). Defendants' issuance of the BiOp with an RPA that requires operation of the SWP and CVP outside the range of historical operations is a major federal action.

- 61. Implementation of the BiOp will significantly affect the quality of the human environment for multiple reasons. Among other significant effects:
 - a. The BiOp will result in a substantial loss of water to humans and human activities by reallocating hundreds of thousands, if not millions, of acre-feet of water annually away from reasonable and beneficial uses reliant upon the SWP, including drinking and other potable uses, municipal and industrial uses, and agricultural uses, but contains no discussion whatsoever of the probable direct and indirect environmental and other impacts of such decreased water availability.
 - b. The BiOp acknowledges that a decreased amount of water available to the SWP and CVP will result in a decreased ability to store such water in reservoirs and otherwise prepare for dry years and emergencies (BiOp at 19), but contains no discussion of the probable direct and indirect environmental and other impacts of such decreased water availability.
 - c. The BiOp will indirectly, but foreseeably, lead to a variety of effects to the human environment, including, among other impacts:
 - i. the fallowing of annual crops and the loss of permanent crops on thousands of acres of highly productive farmland;
 - ii. significantly increased groundwater pumping and concomitant declining groundwater levels throughout wide areas of California which will, in turn, lead to a host of significant impacts to the human environment including increased energy consumption and land subsidence with potential loss of recharge capability and damage to levees, roads, sewer systems, buildings and other improvements; and

1	iii. the likelihood of drastically reduced water and food supplies for
2	resident and migratory wildlife, including special status and listed
3	species throughout the service areas of Plaintiff's member agencies.
4	d. The loss of SWP water caused by implementation of the BiOp will
5	contribute to public safety hazards due to the compromised ability to ensure adequate
6	flows in the event of wildfire outbreaks, a large seismic event, major Delta levee failure,
7	or other catastrophic occurrence.
8	e. The fallowing of agricultural land will lead to soil erosion, wind-borne
9	particles causing air quality impacts, and public health impacts.
10	f. The loss of SWP water caused by implementation of the BiOp will
11	compromise water quality and quantity throughout the SWP service area, due to salt water
12	intrusion into coastal groundwater basins and elsewhere, as well as the loss of high quality
13	SWP water used for blending with lower quality water for water recycling projects to
14	meet water quality standards for the recharge of water to existing groundwater basins.
15	62. Defendants violated NEPA by undertaking no analysis of the BiOp's
16	environmental effects, and by issuing no environmental document.
17	63. Plaintiff has been adversely affected and aggrieved by Defendants' failure to
18	comply with NEPA. Among other adverse effects, Defendants' issuance of the BiOp without
19	complying with NEPA will result in:
20	a. The severe curtailment of water exports to Plaintiff's member agencies and
21	their more than 25 million customers;
22	b. Damage to the quality of water supplies delivered to Plaintiff's member
23	agencies;
24	c. Diminishment of Plaintiffs' ability to recycle water or utilize recycled
25	water;
26	d. Decreased groundwater recharge;
27	e. Lowered groundwater levels and concomitant increased energy use to
28	pump groundwater; and
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COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

f. A significantly increased potential for land subsidence resulting in a	ın
enhanced potential for soil compaction and loss of recharge capability as well as damage	d
levees, bridges, buildings, wells, and other improvements relied upon or operated b	y
Plaintiff's member agencies.	

- 64. Implementation of the BiOp will also result in significant impacts to other protected species, because water currently used for the benefit of those other species will be reallocated to maintaining flows purportedly for the benefit of delta smelt.
- 65. The State Contractors have exhausted their administrative remedies regarding Defendants' failure to comply with NEPA by submitting a comment letter to Defendants prior to their issuance of the BiOp. A true and correct copy of the State Contractors' comment letter is attached hereto as Exhibit "E."
- 66. Defendants' failure to prepare an adequate environmental document or undertake any environmental review at any time preceding the decision to issue the BiOp is arbitrary, capricious and an abuse of discretion and violates the Administrative Procedure Act. 5 U.S.C. § 706(2)(A). Unless Defendants' conduct is reviewed pursuant to 5 U.S.C. § 701 et seq. and restrained and enjoined, Defendants will continue to engage in a major federal action significantly affecting the quality of the human environment without having considered the environmental impacts of their action, in violation of NEPA and the APA.
- 67. Plaintiff has exhausted any and all administrative remedies required by law and has performed any and all conditions precedent to the filing of this action.
- 68. Plaintiff's interests have been, are, and will continue to be directly and adversely affected by Defendants' failures and unlawful actions.
- 69. Plaintiff has no plain, speedy or adequate remedy at law and, unless relief is granted as prayed, Plaintiff's interests in SWP water supplies will be adversely affected and irreparably injured by Defendants' unlawful acts.

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FIFTH CLAIM FOR RELIEF

Against All Defendants for Violation of Section 7 of the Endangered Species Act by Requiring a Reasonable and Prudent Alternative that Cannot be Implemented Consistently with the Scope of DWR's Legal Authority and Jurisdiction

- 70. Plaintiff realleges and incorporates, as if fully set forth herein, each and every allegation contained in paragraphs 1 through 69, inclusive, of this Complaint.
- Section 7 of the ESA (16 U.S.C. § 1536) and title 50, section 402.02 of the Code 71. of Federal Regulations require Defendants to ensure that any RPA they adopt is consistent with the scope of the action agency's legal authority and jurisdiction. Section 7 of the ESA and title 50, section 402.03 of the Code of Federal Regulations also provide that the consultation requirements of the ESA apply only to actions in which there is discretionary involvement or control, and do not extend to requirements that would compel agency action inconsistent with a nondiscretionary statutory mandate. See National Ass'n of Homebuilders v. Defenders of Wildlife, supra, 127 S.Ct. at 2534-2535. It is also the policy of Congress that "Federal agencies shall cooperate with State and local agencies to resolve water resource issues in concert with conservation of endangered species." 16 U.S.C. § 1531(c)(2). Further, Section 8 of the Reclamation Act of 1902 (43 U.S.C. § 383) requires the Bureau to operate the CVP in accordance with state water rights law, including proscriptions imposed on the CVP by the State Water Resources Control Board. See California v. United States, 438 U.S. 645, 675; National Ass'n of Homebuilders, supra, 127 S.Ct. at 2535 (stating that California v. United States holds that "a statutory requirement that federal operating agencies conform to state water usage rules applied only to the extent that it was not 'inconsistent with other congressional directives'").
- 72. Under California law, DWR and the Bureau have a non-discretionary duty to operate the SWP and the CVP in conformity with the requirements of Article X, Section 2 of the California Constitution which prohibits the unreasonable use or waste of water. More specifically, Article X, Section 2 of the California Constitution provides:

It is hereby declared that because of the conditions prevailing in this State, the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such

2.2.

waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare. The right to water or to the use of flow of water in or from any natural stream or water course in this State is and shall be limited to such water as shall be reasonably required for the beneficial use to be served, and such right does not and shall not extend to the waste or unreasonable use or unreasonable method of use or unreasonable method of diversion of water.

See also National Audubon Society v. Superior Court, 33 Cal. 3d 419, 443 (1983).

- 73. The California Supreme Court has explained that: "[W]hat is a reasonable use of water depends on the circumstances of each case, such an inquiry cannot be resolved *in vacuo* isolated from statewide considerations of transcendent importance. Paramount among these we see the ever increasing need for the conservation of water in this state, an inescapable reality of life quite apart from its express recognition in [Article X, § 2]." *Joslin v. Marin Municipal Water Dist.*, 67 Cal.2d 132, 140 (1967).
- 74. Defendants violated Section 7 of the ESA and Title 50, sections 402.02 and 402.03 of the Code of Federal Regulations by imposing an RPA upon DWR and the Bureau that violates the non-discretionary prohibition against the unreasonable use and waste of water set forth in Article X, Section 2 of the California Constitution and is thus inconsistent with the scope of the action agencies' legal authority and jurisdiction.
- 75. Implementation of the BiOp threatens to result in the unreasonable use, and waste, of hundreds of thousands, if not millions, of acre feet of water to which the SWP and CVP already have an entitlement. In times of severe drought, such as that which currently exists in California, water will be lost to the projects and the myriad public uses of water they support. Instead, this water will be re-allocated for the purported benefit of delta smelt and will, instead, be released downstream of the Delta to the Pacific Ocean, from where it cannot be recovered.
- 76. The RPA set forth in the BiOp requires such a re-allocation of water without any demonstration that the hundreds of thousands, and perhaps millions, of acre feet of water that will be taken from human consumptive purposes pursuant to its terms will provide any meaningful, population-level benefit to the delta smelt. Pursuant to the interim remedy already imposed by the federal district court at Defendants' request in *Kempthorne*, *supra*, the SWP was unable to

utilize more than 500,000 thousand acre-feet of water from December 2007 through December 2008 that would have otherwise been available for human consumptive purposes. Notwithstanding this commitment of hundreds of thousands of acre-feet of water to "benefit" delta smelt during a time of critical dry year hydrology, the Fall Midwater Trawl ("FMWT") Index for 2008 reported the lowest level of delta smelt abundance on record. Not only do the FMWT data from 2008 serve to reconfirm the lack of relationship between Project export pumping and OMR flow levels, on the one hand, and delta smelt abundance, on the other, they also show that Defendants' imposition of water supply restrictions on the Projects through the BiOp and its RPA is not in conformance with the constitutionally-based reasonable use requirements of California law.

- 77. Defendants' issuance of a BiOp with an RPA that compels the operators of the SWP and the CVP to undertake actions that are inconsistent with the non-discretionary mandate of Article X, Section 2 of the California Constitution and thus outside the scope of the agencies' legal authority and jurisdiction is arbitrary, capricious, and an abuse of discretion, and violates Section 7 of the ESA, the ESA implementing regulations adopted by Defendants, and the APA (5 U.S.C. § 706(2)(A)).
- 78. Defendants' failure to issue a BiOp with an RPA that complies with the waste and unreasonable use requirements of the California Constitution is arbitrary, capricious and an abuse of discretion and violates the APA. 5 U.S.C. § 706(2)(A). Unless Defendants' conduct is reviewed pursuant to 5 U.S.C. § 701 et seq. and restrained and enjoined, Defendants will continue to require the implementation of an RPA that violates Article X, Section 2 of the California Constitution, Section 7(a)(2) of the ESA and Title 50, sections 402.02 and 402.03 of the Code of Federal Regulations.

PRAYER

WHEREFORE, Plaintiff prays for relief against Defendants as follows:

A. That the Court invalidate the BiOp and find and declare that its issuance was arbitrary and capricious, an abuse of discretion, and not in accordance with the law, in violation of the Administrative Procedure Act, 5 U.S.C. § 706(2);

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- B. That the Court order the Secretary to comply with the law forthwith by withdrawing its BiOp, but not vacating it, and reinitiating consultation that includes future operations of the SWP, as well as other Delta water diverters and other stressors of the delta smelt;
- C. That the Court issue temporary, preliminary, and permanent injunctive relief enjoining Defendants from enforcing the Reasonable and Prudent Alternative adopted as part of the BiOp and from taking any action against the State Contractors or the SWP in reliance on the BiOp;
- D. That the Court order Defendants to perform adequate and complete environmental review of the BiOp pursuant to the provisions of the National Environmental Policy Act;
- E. That the Court declare the Reasonable and Prudent Alternative of the BiOp was adopted in violation of the requirements of Section 7 of the Endangered Species Act and title 50 of the Code of Federal Regulations;
- F. That the Court retain jurisdiction over this matter until such time as Defendants have fully complied with the Court's Orders;
- G. That the Court award Plaintiff its costs of litigation, including reasonable attorneys' fees and expert witness fees; and

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BEST BEST & KRIEGER LLP
ATTORNEYS AT LAW
RIVERSIDE

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1	H. That the Court grant Plaintiff such further and additional relief as the Court may		
2	deem just and proper.		
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6	Dated: March 4, 2009 BEST BEST & KRIEGER LLP		
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8	By: /s/ Gregory K. Wilkinson GREGORY K. WILKINSON	· -	
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