

JONES DAY

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WATER QUALITY
 CONTROL BOARD

2009 APR 24 PM 3:09

April 23, 2009

Rebecca Stewart
 Sanitary Engineering Associate
 California Regional Water Quality Control Board
 San Diego Region
 9174 Sky Park Court, Suite 100
 San Diego, California 92123-4340

In Reply to: CA:245791:rstewart

Subject: Complaint for Administrative Civil Liability - No. R9-2008-0161
 Order No. R9-2005-0015
Mountain Water Ice Company, Oceanside, California 92054

Dear Ms. Stewart:

I am writing as a follow up to our recent discussions regarding the above-referenced Complaint for Administrative Civil Liability (the "ACL Complaint"). As we discussed, without admitting any liability, Mountain Water Ice Company ("Mountain Water Ice") has decided to waive its right to the public hearing before the California Regional Water Quality Control Board, currently scheduled for May 13, 2009, with respect to the violations alleged in the ACL Complaint and agree to remit payment of the proposed assessment of mandatory minimum penalties in the amount of \$243,000.

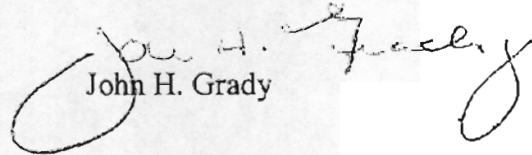
As you know, Mountain Water Ice has been shut down since December 2008, the date of the issuance of the initial ACL Complaint. As you also know, several of the alleged violations relate to excess discharge of total dissolved solids ("TDS"), and the source of the TDS is the intake water from the City of Oceanside. Mountain Water Ice cannot control or predict the TDS levels in the City water. Out of concern of continued non-compliance of TDS limits, Mountain Water Ice shut down in December 2008. Thus, the Company has had no cash flow since that time. Mountain Water Ice is developing a treatment plan for TDS which it hopes to implement as soon as possible. Mountain Water Ice has requested the issuance of a Time Schedule Order with Interim Effluent Limitations for TDS to be approved by the Regional Water Quality Control Board at the May 13, 2009 hearing.

Please contact me at your earliest convenience to discuss this matter or if you have any questions or comments. I thank you for your assistance.

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On behalf of Mountain Water Ice Company
By its attorney,


John H. Grady

cc: Christian Carrigan, Esq.
Brett Willberg