

COPY

INTERCONNECTION AGREEMENT

This Interconnection Agreement ("Agreement") is entered into between Sweetwater Springs Water District, a California special water district (SSWD) and California Water Service Company, a California corporation (Cal Water).

RECITALS

WHEREAS, SSWD provides treated potable water to approximately 3,800 customers located in the community of Rio Nido and in the towns of Guerneville and Monte Rio in Sonoma County, California; and

WHEREAS, Cal Water is an investor-owned public utility which operates a water system that services approximately 60 customers in the Rancho Del Paradiso community of Sonoma County (Rancho Del Paradiso); and

WHEREAS, a portion of the Rancho Del Paradiso community lies within SSWD's service area and Cal Water's service area; and

WHEREAS, Cal Water has experienced difficulties providing its Rancho Del Paradiso customers with a reliable potable water supply; and

WHEREAS, Cal Water wishes to receive a reliable potable water supply at an existing point-of-interconnection located within SSWD's service area (Interconnection); and

WHEREAS, SSWD desires to provide Cal Water with a reliable potable water supply at the Interconnection; and

WHEREAS, SSWD is willing to provide Cal Water with potable water as a multi-family customer, at the Interconnection in accordance with the rates and charges set forth below; and

WHEREAS, Cal Water has previously agreed to and has paid all costs and expenses related to the design and construction of the main line extension and the metered Interconnection necessary to allow for delivery of potable water to Cal Water at the point of Interconnection; and

WHEREAS, on August 4, 2004, SSWD and Cal Water entered into an agreement titled "Interconnection And Change Of Ownership Agreement" pursuant to which SSWD provided potable water to Cal Water at the point of Interconnection in exchange for the transfer of Cal Water's water rights in Freezeout Creek to SSWD; and

WHEREAS, SSWD and Cal Water subsequently prepared and executed an amendment to the "Interconnection And Change Of Ownership Agreement" in August 2005 which provided that Cal Water would pay SSWD's costs incurred in seeking an

SSWD and Cal Water Interconnection Agreement

additional water allocation from the State Water Resources Control Board to pump up to an additional 20-acre feet of water from SSWD's existing wells; and

WHEREAS, SSWD and Cal Water by execution of this Agreement mutually agree and intend to rescind the "Interconnection And Change Of Ownership Agreement" and its associated amendment; and

NOW, THEREFORE, in consideration of the foregoing recitals, which shall be deemed a relative part of this Agreement, and the mutual covenants, promises, agreements, representations and warranties contained herein, for good and valuable consideration, the parties agree as follows:

1. Interconnection Relationship: SSWD has constructed a main line extension and a metered Interconnection tie which costs have been paid for by Cal Water. The Interconnection lies within the allocated service area of SSWD. Cal Water is connected to the Interconnection and will be hereinafter designated as a multi-family service customer upon execution of this Agreement, and will be billed at rates as are now and as may be in the future so allocated to such customers including the Flat Charge which will be invoiced annually, and the Base Charge, Water Use Charge and Capital Debt Reduction Charge which will be invoiced bimonthly. SSWD will own, operate, and maintain the connection from the SSWD water main up to the interconnection tie, and Cal Water will own, operate and maintain the connection from the Cal Water main up to the interconnection tie. SSWD will maintain the meter at the interconnection tie.

2. Multiple Unit Charges: Cal Water will pay the multiple unit charges based on the number of separate living units connected to the Cal Water system. Multiple units within the Cal Water system, such as duplexes, will be counted and charged as separate living units. Cal Water will notify the District upon any changes to the number of living units.

3. Cross Connection Device: Cal Water has installed an approved cross connection device and shall comply with all SSWD requirements regarding that device, including annual certification and fees. It is further agreed that since the pressures in each water system are sufficiently close to allow direct meter connection, pressure reducing or regulating equipment is not needed to protect each system from variations in pressure between and within the other system.

4. Rescission: SSWD and Cal Water mutually agree and intend by execution of this Agreement herewith to rescind the agreement titled "Interconnection And Change Of Ownership Agreement", and the first amendment to the "Interconnection And Change Of Ownership Agreement", attached as Exhibits A and B respectively to this Agreement

5. Indemnification: Cal Water shall indemnify SSWD for all costs and expenses incurred by SSWD relating to its designation of multi-family status to Cal Water and for the delivery of potable water to Cal Water at the Interconnection.

SSWD and Cal Water Interconnection Agreement

6. Attorney's Fees and Costs: In any action brought by either party to enforce or interpret any term, condition or provision of this Agreement, the prevailing party in such action, as determined by the court or arbitrator, shall be entitled to recover all costs incurred in such action, including, without limitation, reasonable attorney's fees.

7. Miscellaneous: This Agreement represents the entire agreement between SSWD and Cal Water. The terms of this Agreement may only be modified or amended in writing by the mutual agreement of the parties.


8. Service areas. Nothing herein shall be deemed to constitute a change in the respective service areas of Cal Water or SSWD.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it as of the 19th day of March 2009.

SWEETWATER SPRINGS WATER DISTRICT

By: 
Steve Mack, General Manager

CALIFORNIA WATER SERVICE COMPANY

By:  3/6/09
Mike Rossi, Vice President, Engineering & Water Quality



1179364.1