

**AMENDMENT NO. 4
TO
AGREEMENT NO. W1917**

**PURCHASE AGREEMENT FOR IMPORTED WATER
TO BE PROVIDED BY
WEST BASIN MUNICIPAL WATER DISTRICT**

PURCHASER: California Water Service Co.

TIER 1 ANNUAL MAXIMUM: 70,000 acre-feet

PURCHASE COMMITMENT: 210,000 acre-feet

INITIAL TERM: 5 Years - January 1, 2003 through December 31, 2007

SECOND TERM: 5 Years – January 1, 2008 through December 31, 2012

EFFECTIVE DATE OF THIS AMENDMENT: January 1, 2008

THIS AMENDMENT TO THE PURCHASE AGREEMENT FOR IMPORTED WATER TO BE PROVIDED BY WEST BASIN MUNICIPAL WATER DISTRICT is entered into on January 31, 2008 between West Basin Municipal Water District and California Water Service Co.

It is mutually agreed that the following changes and additions are hereby made to the Agreement:

- A. Base Allocation has been eliminated.
- B. Tier 1 Annual Maximum is increased from 67,311 acre-feet to 70,000 acre-feet, as shown above under "TIER 1 ANNUAL MAXIMUM".
- C. Purchase Commitment is decreased from 218,838 acre-feet to 210,000 acre-feet, as shown above under "PURCHASE COMMITMENT".
- D. Initial Term is five (5) years commencing on January 1, 2003 and concluding December 31, 2007, as indicated by "INITIAL TERM" above, and reflects the original term of this agreement.
- E. Second Term is five (5) years commencing on January 1, 2008 and concluding December 31, 2012, as indicated by "SECOND TERM" above, and reflects the extension of term incorporated by this amendment.
- F. Effective date of the modifications to the Tier 1 Annual Maximum and Purchase Commitment is January 1, 2008, as shown above under "EFFECTIVE DATE OF THIS AMENDMENT".
- G. For administrative purposes, an agreement number has been assigned to this agreement as indicated above by "AGREEMENT NO.".

WEST BASIN MUNICIPAL
WATER DISTRICT

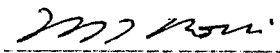
By: 
Richard Nagel
General Manager

Date: 1/30/08

CALIFORNIA WATER SERVICE CO.

By: 
Title: DISTRICT MANAGER

Date: 1/23/08

By: 
Mike Rossi

Title: Vice President Engineering
and Water Quality

Date: 1/25/08

Exhibit 1
Imported Water Purchase Agreement
DEFINITIONS

“Imported Water” means imported water supplied by Metropolitan and sold by the District to Purchaser. Imported Water does not include Long-Term Seasonal Storage Service and other surplus categories of supplies.

“Purchaser” means a customer of the District that has entered into a Purchase Agreement with the District.

“Purchase Commitment” means the amount of Imported Water that Purchaser agrees to purchase from District. Deliveries of surplus imported water supplies, including but not limited to Long-Term Seasonal Storage Service, will not count towards the Purchase Commitment.

“Initial Term” reflects the original term of this agreement.

“Second Term” reflects the extension of term incorporated by this amendment.

“Tier 1 Annual Maximum” means the allowable purchase of Imported Water in a given year at the Tier 1 Rate.

“Tier 1 Rate” means the price charged by the District for deliveries of Imported Water to Purchaser in an amount up to the Tier 1 Annual Maximum. The initial Tier 1 Rate is \$606 per acre-foot. Tier 1 Rates are subject to change on an annual basis.

“Tier 2 Rate” means the price charged by the District for deliveries of Imported Water to Purchaser in an amount greater than the Tier 1 Annual Maximum. The initial Tier 2 Rate is \$704 per acre-foot. Tier 2 Rates are subject to change on an annual basis.

“Tier 1 Supply Rate” means Metropolitan's per acre-foot Tier 1 Supply Rate, as determined from time to time by Metropolitan's Board of Directors. The initial Tier 1 Supply Rate is \$73 per acre-foot. Tier 1 Supply Rates are subject to change on an annual basis.

“Tier 2 Supply Rate” means Metropolitan's per acre-foot Tier 2 Supply Rate, as determined from time to time by Metropolitan's Board of Directors. The initial Tier 2 Supply Rate is \$171 per acre-foot. Tier 2 Supply Rates are subject to change on an annual basis.

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**THIRD AMENDMENT
TO
PURCHASE AGREEMENT FOR IMPORTED WATER TO BE PROVIDED BY
WEST BASIN MUNICIPAL WATER DISTRICT**

PURCHASER: California Water Service Co.

BASE ALLOCATION: 74,790 acre-feet

TIER 1 ANNUAL MAXIMUM (90% of Base Allocation): 67,311 acre-feet

PURCHASE COMMITMENT : 218,838 acre-feet

TERM: 5 years from January 1, 2003

EFFECTIVE DATE: December 1, 2006

THIS AMENDMENT TO THE PURCHASE AGREEMENT FOR IMPORTED WATER TO BE PROVIDED BY WEST BASIN MUNICIPAL WATER DISTRICT, dated as of December 1, 2006, is entered into on 1/4/07, ~~2006~~ between West Basin Municipal Water District and California Water Service Co.

It is mutually agreed that the following changes and additions are hereby made to the Agreement:

- A. Base Allocation is increased from 73,990 acre-feet to 74,790 acre-feet, as shown above under "BASE ALLOCATION"
- B. Tier 1 Annual Maximum is increased from 66,591 acre-feet to 67,311 acre-feet, as shown above under TIER 1 ANNUAL MAXIMUM (90% of Base Allocation)"
- C. Purchase Commitment is increased from 217,878 acre-feet to 218,838 acre-feet, as shown above under "PURCHASE COMMITMENT"
- D. Term is five (5) years from January 1, 2003, as shown above under "TERM" to clarify that the term of the original agreement has not changed.
- E. Effective date of the increases in Base Allocation, Tier 1 Annual Maximum and Purchase Commitment is December 1, 2006, as shown above under "EFFECTIVE DATE".

WEST BASIN MUNICIPAL
WATER DISTRICT

California Water Service Co.

By: 
Richard Nagel
General Manager

Date: 1/9/07

By: 
Title: DISTRICT MANAGER

Date: 12/26/06

Exhibit 1
Imported Water Purchase Agreement
DEFINITIONS

"Base Allocation" means the Purchaser's share of the District's base amount with Metropolitan (defined as the "Initial Base Demand" in the District's purchase order with Metropolitan). The Purchaser's Base Allocation is used to calculate both the Tier 1 Annual Maximum (90% of Base Allocation) and the Purchase Commitment (60% of Base Allocation times five). Initially, the Base Allocation is determined as the five-year average of Purchaser's non-surplus imported water purchases from District, from fiscal years ending 1997 through 2001, plus a prorated adjustment to account for the District's Initial Base Demand. As described in the Adjustments and Renewals section above, Base Allocation may be increased or decreased if the District can accommodate a Purchaser's request.

"Imported Water" means imported water supplied by Metropolitan and sold by the District to Purchaser. Imported Water does not include Long-Term Seasonal Storage Service and other surplus categories of supplies.

"Purchaser" means a customer of the District that has entered into a Purchase Agreement with the District.

"Purchase Commitment" means the amount of Imported Water that Purchaser agrees to purchase from District. Purchase Commitment must be at least 60% of the Base Allocation times five. Deliveries of surplus imported water supplies, including but not limited to Long-Term Seasonal Storage Service, will not count towards the Purchase Commitment.

"Term" means the term of this Purchase Agreement as specified above.

"Tier 1 Annual Maximum" means an amount equal to 90% of the Base Allocation.

"Tier 1 Rate" means the price charged by the District for deliveries of Imported Water to Purchaser in an amount up to the Tier 1 Annual Maximum. The initial Tier 1 Rate is \$547 per acre-foot.

"Tier 2 Rate" means the price charged by the District for deliveries of Imported Water to Purchaser in an amount greater than the Tier 1 Annual Maximum. The initial Tier 2 Rate is \$643 per acre-foot.

"Tier 1 Supply Rate" means Metropolitan's per acre-foot Tier 1 Supply Rate, as determined from time to time by Metropolitan's Board of Directors. The initial Tier 1 Supply Rate is \$73 per acre-foot.

"Tier 2 Supply Rate" means Metropolitan's per acre-foot Tier 2 Supply Rate, as determined from time to time by Metropolitan's Board of Directors. The initial Tier 2 Supply Rate is \$169 per acre-foot.

WEST BASIN MUNICIPAL WATER DISTRICT

DECEMBER 5, 2006 – Water Resources

Little, Dear

DECEMBER 21, 2006 – Sp. Board Meeting

Prepared by: Fernando Paludi

Submitted by: Paul Shoenberger

Approved by: Rich Nagel

ACTION CALENDAR

2006 IMPORTED WATER PURCHASE AGREEMENT AMENDMENT

SUMMARY:

Each West Basin Municipal Water District (District) customer agency voluntarily entered into an Imported Water Purchase Agreement with the District in 2003. The Purchase Agreements entitle them to purchase a certain amount of imported water at a lower tier rate (Tier 1) before being assessed the higher tier rate (Tier 2). Under the Agreement, each agency is also committed to purchase a set quantity of water from the District over five years (Purchase Commitment). According to the District's Tier 1 Allocation Policy, each customer agency has the option, under certain conditions, to adjust their purchase agreement terms each year.

In September 2006, California American Water Company (Cal-Am) determined that their total cumulative purchases of imported water over the five-year term will not meet the necessary amount required under the purchase commitment (7,500 AF) by the end of December 31, 2007. Cal-Am is projecting total purchases of approximately 6,500 AF by the end of 2007; 1,000 AF short of their commitment. Cal-Am's shift of imported water to groundwater for the past couple of years has resulted in low imported water purchases from the District.

According to the Purchase Agreement, if the total amount of imported water purchased by the end of the term is "less than the purchase commitment amount, the purchaser (Cal-Am) agrees to pay the District the undelivered balance of the purchase commitment at the average of the Tier 1 Supply Rate in effect during the Term." The Tier 1 Supply Rate is currently \$73 acre-foot (AF), resulting in a potential financial penalty of \$73,000.

However, the Tier 1 allocation policy also allows a customer agency to decrease their purchase commitment as long as there is another agency requesting an increase of an equivalent amount. Cal-Am has submitted such a request for a decrease to their Purchase Commitment so they can meet their obligation to the District by 2007, and California Water Service Company (Cal Water) has agreed to an equivalent increase in their purchase commitment. The exchange in purchase agreement commitment agreed to by Cal Water and Cal-Am is shown below:

West Basin MWD 2006 Reallocation
(In Acre-Feet)

Customer Agencies	Initial Purchase Commitment	Amount Requested	New Purchase Commitment
California American Water Co.	7,500 AF	-960 AF	6,540 AF
California Water Service Co.	217,878 AF	+ 960 AF	218,838 AF

Staff recommends amending Cal-Am's and Cal-Water's purchase agreements effective December 1, 2006.

**SECOND AMENDMENT
TO
PURCHASE AGREEMENT FOR IMPORTED WATER TO BE PROVIDED BY
WEST BASIN MUNICIPAL WATER DISTRICT**

PURCHASER: California Water Service Co.

BASE ALLOCATION: 73,990 acre-feet

TIER 1 ANNUAL MAXIMUM (90% of Base Allocation): 66,591 acre-feet

PURCHASE COMMITMENT : 217,878 acre-feet

TERM: 5 years from January 1, 2003

EFFECTIVE DATE: December 1, 2005

THIS AMENDMENT TO THE PURCHASE AGREEMENT FOR IMPORTED WATER TO BE PROVIDED BY WEST BASIN MUNICIPAL WATER DISTRICT, dated as of December 1, 2005, is entered into on April 13, 2006 between West Basin Municipal Water District and California Water Service Co.

It is mutually agreed that the following changes and additions are hereby made to the Agreement:

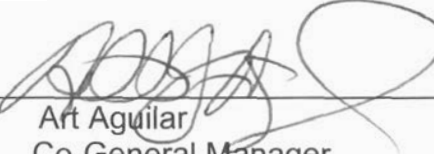
- A. Base Allocation is increased from 71,790 acre-feet to 73,990 acre-feet, as shown above under "BASE ALLOCATION"
- B. Tier 1 Annual Maximum is increased from 64,611 acre-feet to 66,591 acre-feet, as shown above under TIER 1 ANNUAL MAXIMUM (90% of Base Allocation)"
- C. Purchase Commitment is increased from 212,466 acre-feet to 217,878 acre-feet, as shown above under "PURCHASE COMMITMENT"
- D. Term is five (5) years from January 1, 2003, as shown above under "TERM" to clarify that the term of the original agreement has not changed.
- E. Effective date of the increases in Base Allocation, Tier 1 Annual Maximum and Purchase Commitment is December 1, 2005, as shown above under "EFFECTIVE DATE".

WEST BASIN MUNICIPAL
WATER DISTRICT

California Water Service Co.

By: 
Richard Nagel
Co-General Manager

By: Jim Mori
Title: Vice President

By: 
Art Aguilar
Co-General Manager

Date: 4/13/06

Date: 4/5/06

Exhibit 1
Imported Water Purchase Agreement
DEFINITIONS

“Base Allocation” means the Purchaser’s share of the District’s base amount with Metropolitan (defined as the “Initial Base Demand” in the District’s purchase order with Metropolitan). The Purchaser’s Base Allocation is used to calculate both the Tier 1 Annual Maximum (90% of Base Allocation) and the Purchase Commitment (60% of Base Allocation times five). Initially, the Base Allocation is determined as the five-year average of Purchaser’s non-surplus imported water purchases from District, from fiscal years ending 1997 through 2001, plus a prorated adjustment to account for the District’s Initial Base Demand. As described in the Adjustments and Renewals section above, Base Allocation may be increased or decreased if the District can accommodate a Purchaser’s request.

“Imported Water” means imported water supplied by Metropolitan and sold by the District to Purchaser. Imported Water does not include Long-Term Seasonal Storage Service and other surplus categories of supplies.

“Purchaser” means a customer of the District that has entered into a Purchase Agreement with the District.

“Purchase Commitment” means the amount of Imported Water that Purchaser agrees to purchase from District. Purchase Commitment must be at least 60% of the Base Allocation times five. Deliveries of surplus imported water supplies, including but not limited to Long-Term Seasonal Storage Service, will not count towards the Purchase Commitment.

“Term” means the term of this Purchase Agreement as specified above.

“Tier 1 Annual Maximum” means an amount equal to 90% of the Base Allocation.

“Tier 1 Rate” means the price charged by the District for deliveries of Imported Water to Purchaser in an amount up to the Tier 1 Annual Maximum. The initial Tier 1 Rate is \$545 per acre-foot.

“Tier 2 Rate” means the price charged by the District for deliveries of Imported Water to Purchaser in an amount greater than the Tier 1 Annual Maximum. The initial Tier 2 Rate is \$641 per acre-foot.

“Tier 1 Supply Rate” means Metropolitan’s per acre-foot Tier 1 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The initial Tier 1 Supply Rate is \$73 per acre-foot.

“Tier 2 Supply Rate” means Metropolitan’s per acre-foot Tier 2 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The initial Tier 2 Supply Rate is \$169 per acre-foot.