

PURCHASE ORDER FOR IMPORTED WATER SUPPLY TO BE PROVIDED BY CALLEGUAS MUNICIPAL WATER DISTRICT

PURCHASER: CALIFORNIA WATER SERVICE COMPANY	TERM 10 years
INITIAL BASE DEMAND: 9,481.2 acre-feet	EFFECTIVE DATE: January 1, 2003
INITIAL TIER 1 ANNUAL MAXIMUM: 8,533.1 acre-feet	
PURCHASE ORDER COMMITMENT: 56,887.2 acre-feet	

Definitions of capitalized terms used in this Purchase Order are provided in Attachment 1. Terms used in this Purchase Order and not defined in Attachment 1 are defined in Metropolitan's Administrative Code.

COMMITMENT TO PURCHASE

In consideration of Purchaser's commitment to purchase System Water pursuant to this Purchase Order, Calleguas agrees to sell such System Water to Purchaser at the Tier 1 Supply Rate each year in an amount up to the Tier 1 Annual Maximum. System Water sold to Purchaser (excluding deliveries of System Water made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service) in an amount greater than the Tier 1 Annual Maximum shall be sold to the Purchaser at the Tier 2 Supply Rate. In connection with the receipt of System Water, the Purchaser also agrees to pay all other applicable rates and charges, as established by Calleguas from time to time. The rates and charges applicable to System Water as of the Effective Date are shown in Attachment 2.

Purchaser agrees to purchase System Water from Calleguas during the Term in an amount (excluding deliveries of System Water, made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service) not less than the Purchase Order Commitment.

Purchaser recognizes and agrees that Calleguas has relied and will, during the term of this Purchase Order, rely on this commitment by Purchaser in setting its rates and charges, planning and providing its capital facilities and developing its water supply, management and reliability programs. If Purchaser's applicable System Water purchases during the Term are less than the Purchase Order Commitment, Purchaser agrees to pay Calleguas an amount equal to the difference between the Purchase Order Commitment and Purchaser's applicable System Water purchases during the Term times the average of the Tier 1 Supply Rate in effect during the Term. The Purchaser agrees to pay such amount to Calleguas within the next regular billing cycle following the reconciliation of all certifications for special programs that the

Purchaser may participate in (e.g. Interim Agricultural Water Program, Long-term Seasonal Storage Service). The Purchaser may elect to pay such amount in twelve equal monthly payments over the course of the next twelve months beginning with the first regular billing cycle following the reconciliation of all outstanding certifications for special programs. If the Purchaser elects to pay such amount over the course of the next twelve months following the regular billing cycle any outstanding balance shall bear interest at Calleguas' then current investment portfolio average yield. All other amounts payable under this Purchase Order shall be billed and paid in accordance with Ordinance 12.

RENEWAL

Prior to but not later than December 31, 2010, the Purchaser may provide a non-binding written notice to Calleguas of the Purchaser's determination to extend this Purchase Order. Upon the receipt of such notice, the Board of Directors of Calleguas (the "Board") shall determine whether Calleguas will continue to provide System Water to retail purveyors by Purchase Order. If the Board so determines, the Purchaser and Calleguas shall amend this Purchase Order to include an extended term and/or to include such other terms and conditions as may be mutually agreed by the parties. If the Purchaser elects not to renew this Purchase Order it will terminate upon the expiration of the Term.

WATER SERVICE

Conditions of water service by Calleguas to the Purchaser, including but not limited to (i) delivery points, (ii) water delivery schedules, and (iii) water quality, will be determined in accordance with Ordinance 12.

In accordance with its Ordinance 12, Calleguas shall use its reasonable best efforts to supply System Water in the quantities requested by the Purchaser, but is not obligated to dedicate any portion of System capacity for the conveyance, distribution, storage or treatment of System Water for the benefit of the Purchaser or any other retail purveyor. Calleguas shall use its reasonable best efforts to deliver the Base Demand when needed by the Purchaser during the Term; provided however, there shall be no default under this Purchase Order if Calleguas fails to deliver water to the Purchaser in accordance with any such schedule of deliveries during the Term.

By execution of this Purchase Order, the Purchaser recognizes and agrees that it acquires no interest in or to any portion of the System or any other Calleguas facilities, or any right to receive water delivered through the System, excepting the right to purchase up to Purchaser's Tier 1 Annual Maximum at the Tier 1 Supply Rate provided that System Water is available. This Purchase Order governs pricing of the System Water delivered to the Purchaser pursuant to this Purchase Order and does not confer any entitlement to receive System Water.

System Water provided to the Purchaser under the terms of this Purchase Order shall be subject to reduction in accordance with the shortage allocation provisions as adopted by the Board.

In the event that Calleguas' Board determines to reduce, interrupt or suspend deliveries of System Water (excluding deliveries of System Water made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service) any outstanding balance of the

Purchase Order Commitment at the end of the Term shall be reduced by the reduction in System Water made available to the Purchaser under this Purchase Order.

MISCELLANEOUS

This Purchase Order will be interpreted, governed and enforced in accordance with the laws of the State of California.

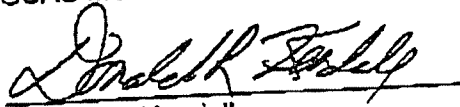
This Purchase Order will apply to and bind the successors and assigns of the Purchaser and Calleguas.

No assignment or transfer of the rights of the Purchaser under this Purchase Order will be valid and effective against Calleguas or the Purchaser without the prior written consent of Calleguas and the Purchaser. In the event that a Calleguas purveyor is acquired by another Calleguas purveyor, the Purchase Order commitment of the acquiree will transfer to the acquirer.

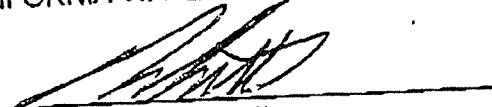
If at any time during the Term, by reason of error in computation or other causes, there is an overpayment or underpayment to Calleguas by the Purchaser of the charges provided for under this Purchase Order, which overpayment or underpayment is not accounted for and corrected in the annual re-determination or reconciliation of said charges, the amount of such overpayment or underpayment shall be credited or debited, as the case may be, to the Purchaser. Calleguas will notify the Purchaser in writing regarding the amount of such credit or debit, as the case may be. In no case will credits or debits for charges provided for under this Purchase Order be administered beyond the limit for billing adjustments as specified in Metropolitan's Administrative Code.

IN WITNESS WHEREOF, this Purchase Order is executed by the duly authorized officers of the Calleguas Municipal Water District and California Water Service Company, to be effective January 1, 2003.

CALLEGUAS MUNICIPAL WATER DISTRICT

By: 
Donald R. Kendall
General Manager


CALIFORNIA WATER SERVICE COMPANY

By: 
Robert R. Guzzetta
Vice-President
Engineering and Water Quality

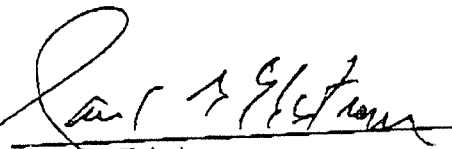
APPROVED AS TO FORM AND CONTENT:

General Counsel

By:


Douglas E. Kuper

By:


Paul G. Eckstrom
Corporate Secretary

Attachment 1
Purchase Order for Imported Water Supplies
DEFINITIONS

"Base Demand" means the greater of (i) the Initial Base Demand or (ii) the ten-year rolling average of the Purchaser's Firm Demand, measured on a fiscal year basis.

"Calleguas" means Calleguas Municipal Water District.

"Effective Date" means the effective date of this Purchase Order as specified above.

"Firm Demand" means the Purchaser's purchases of non-surplus System Water supplies, including full-service and seasonal shift deliveries.

"Initial Base Demand" means the Purchaser's highest annual Firm Demand on Calleguas in any fiscal year during the period from fiscal year 1989/90 through fiscal year 2001/02.

"Metropolitan" means The Metropolitan Water District of Southern California.

"Purchase Order Commitment" means 60% of the initial Base Demand times 10. Deliveries of System Water made under the Agricultural Water Program and Long-term Seasonal Storage Service, will not count toward the Purchase Order Commitment.

"Purchase Order" means this Purchase Order.

"Purchaser" means the retail purveyor specified above, the Westlake District of the California Water Service Company.

"System" means the properties, works and facilities of Calleguas necessary for the supply, development, storage, conveyance, distribution, treatment or sale of water.

"System Water" means water supplies developed by Calleguas and delivered to the Purchaser through the System or other means (e.g. conjunctive use storage).

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

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

"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 Rate is \$73/AF.

"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 Rate is \$154/AF.

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Attachment 2
Purchase Order for Imported Water Supplies
METROPOLITAN RATES AND CHARGES
(as adopted by MWD Board)

Effective January 1, 2003	
Tier 1 Supply Rate (\$/af)	\$73
Tier 2 Supply Rate (\$/af)	\$154
System Access Rate (\$/af)	\$141
System Power Rate (\$/af)	\$ 89
Water Stewardship Rate (\$/af)	\$ 23
Long-term Storage Water Rate (\$/af)	\$290
Interim Agricultural Water Program (\$/af)	\$294
Treatment Surcharge (\$/af)	\$ 82
Readiness-to-Serve Charge (\$millions)	\$ 80.0
Capacity Reservation Charge (\$/cfs)	\$6,100
Peaking Surcharge (\$/cfs)	\$18,300

CALLEGUAS MUNICIPAL WATER DISTRICT

RATES AND CHARGES

Effective January 1, 2003

RATES				
	MWD Rates \$/AF	CMWD Rates \$/AF	TOTAL RATE \$/AF	
TIER 1 RATE	\$ 408	\$ 74	\$ 482	
TIER 2 RATE	\$ 489	\$ 74	\$ 563	
LONG-TERM SEASONAL RATE	\$ 290	\$ 74	\$ 364	
INTERIM AGRICULTURAL PROGRAM	\$ 294	\$ 74	\$ 368	

CHARGES	
READINESS-TO-SERVE (Detail by Purveyor on attached Exhibit A)	\$ 2,748,490
CAPACITY RESERVATION CHARGE (\$/cfs) (cfs to be provided by purveyor)	\$ 19,500