

A G R E E M E N T

THIS AGREEMENT, entered into this 12 day of November, 1971, by and between PACIFIC GAS AND ELECTRIC COMPANY (hereinafter called "Pacific"), and HAROLD DAWSON, ARAM VANESIAN, and VARTKES BARSAM, or their successors (hereinafter collectively called "Dawson"),

W I T N E S S E T H:

WHEREAS, Pacific owns and operates the Lime Saddle powerhouse penstock (hereinafter called "said penstock") as part of its hydroelectric development of the West Branch Feather River; and

WHEREAS, a portion of said penstock crosses land (hereinafter called "said land") to which Dawson holds title; and

WHEREAS, Dawson now receives, and wishes to continue to receive under the terms and conditions hereinafter set forth, water from said penstock for use on said land;

NOW, THEREFORE, the parties agree as follows:

1. Pacific shall make water available to Dawson from said penstock during the term of this agreement from a two-inch outlet at the point on said penstock where Dawson presently is receiving water, as shown on the drawing attached as Exhibit "A"; provided, that the maximum total annual amount

of water to be delivered to Dawson hereunder shall be 2,592,000 cubic feet.

2. (a) Dawson shall pay Pacific for all water delivered hereunder at the rate of \$0.10 per 1000 cubic feet; provided, that Pacific shall have the right, upon giving at least 30 days' advance written notice to Dawson, to revise the above rate effective as of the date set forth in such notice, provided, further, that Dawson shall have the right, by giving written notice to Pacific within 15 days after the date he received notice of such revision, to terminate this agreement as of the date such revision was to become effective. Any such termination shall not affect Pacific's rights under the right-of-way referred to in paragraph 3 below.

(b) Bills shall be submitted to Dawson by Pacific on or before the 15th days of January and July for all water delivered during the preceding six calendar months. Such bills shall be paid by Dawson within 15 days after receipt. If Dawson should be in default with respect to any such payment for a period of more than 15 days, Pacific may terminate this agreement and may take whatever measures are necessary to provide for the discontinuance of deliveries of water hereunder. Any

such termination shall not affect Pacific's rights under the right-of-way referred to in paragraph 3 below.

3. Within ten days following the execution of this agreement, Dawson shall convey to Pacific a right-of-way, in the form attached as Exhibit "B", for that portion of said penstock which crosses said land.

4. (a) Pacific, at Dawson's expense, shall furnish, install at the location shown in Exhibit "A", and maintain a suitable device or devices, together with any necessary housing, to measure the amount of water delivered to Dawson hereunder. Upon installation of such device or devices and payment by Dawson therefor, such device or devices shall become the property of Dawson. Such device or devices shall be read by Pacific as often as Pacific determines is necessary. Pacific or Dawson shall have the right to inspect and test the accuracy of such device or devices at any time in the presence of a representative of the other. Corrections in the records of the amount of water delivered shall be made to adjust for any inaccuracy disclosed by any such inspection or test; provided, that such corrections, and the resulting adjustments in billings shall be limited to the immediately preceding twelve-month period. If for

any reason any such device fails to register during any period of time, the amount of water delivered to Dawson during such period shall be estimated by Pacific from the best information available.

(b) Dawson hereby grants to Pacific a right-of-way during the term of this contract to enter upon and use his land for all purposes reasonably necessary for the installation, maintenance, reading, and testing of the device or devices referred to in subparagraph (a) above. Dawson, in any deed or other instrument by which he conveys a portion or portions of said land to another or others, shall expressly make such conveyance of land subject to the right-of-way described in this subparagraph.

5. Dawson shall construct, install, own, operate, and maintain at no expense or risk to Pacific all facilities required to convey water delivered hereunder from the point of delivery referred to in paragraph 1 above to his place of use. Dawson shall be deemed to have received all water delivered hereunder at such point of delivery and, thereafter, all risk of delivery of said water to his place of use, whether due to seepage or other conveyance loss, misappropriation by others, or any other cause, shall be borne by him.

6. Dawson at his risk and expense shall install adequate water storage facilities to supply his essential requirements during periods of interruption or curtailment of the supply of water hereunder.

7. It is understood and agreed that the water to be delivered hereunder is untreated water and that Pacific does not represent or guarantee it fit for domestic purposes. If any of such water is used or made available by Dawson for such purposes, Pacific shall assume no risk or liability in the event Dawson should fail to make such water potable.

8. Pacific makes no warranty, guarantee, or representation as to its right to deliver water as provided herein, and nothing contained herein shall obligate Pacific to defend such right, or to take any other legal action to insure a water supply for Dawson hereunder.

9. Subject to the limitations set forth in paragraphs 1 and 8 above, Pacific shall use due diligence to make sufficient water available at the delivery point to meet Dawson's requirements; provided, that notwithstanding any such requirements and without incurring liability to Dawson, Pacific may schedule outages in any of its facilities which in its sole judgment are necessary or desirable for the purpose of cleaning, repair, maintenance, or construction therefor even though Pacific thereby renders itself unable to meet any such requirements; provided, further, that Pacific shall incur

no liability to Dawson for any interruption or reduction in the delivery of water to Dawson which is attributable to an unavoidable accident, act of God, fire, flood, strike or other labor disturbance, riot, war, storm, earthquake, sabotage, act or order of any court or other public authority, or any other condition or situation beyond Pacific's control; and provided, further, that nothing contained in this agreement shall obligate Pacific to continue in operation any facilities required to make deliveries of water to Dawson hereunder. In the event Pacific shall find it necessary or desirable to discontinue, temporarily or permanently, the operation of any such facilities, Pacific shall be excused from its obligations under this agreement during the period of such discontinuance without liability to Dawson.

10. Dawson shall indemnify Pacific, its officers, agents, and employees, against all loss, damage, expense, or liability incurred by Pacific arising out of or in any way connected with the performance of this agreement (including but not limited to all loss, damage, or expense claimed or incurred (a) by other water users who assert a claim to, or a right to receive, all or a portion of the water delivered to Dawson under this agreement; or (b) by persons who use such water, for death, injuries, or sickness resulting from such use), except for any loss, damage, expense, or liability that is caused by the sole negligence or willful misconduct

of Pacific. Dawson shall, upon Pacific's request, defend any suit asserting a claim covered by this indemnity. Dawson shall pay all costs, including reasonable attorneys' fees, that may be incurred by Pacific in enforcing this indemnity.

11. It is understood and agreed that water delivered hereunder is provided by Pacific solely as an accommodation and not as a public utility service, and that Pacific, by executing and performing this agreement, does not intend to dedicate to public use any of its property or any water to which it is entitled, or hold itself out to furnish like or similar service to any other person or entity. It is understood and agreed by Dawson that such rights as he may have to the delivery of water by Pacific at the point of delivery are as the result of this agreement and not otherwise

12. Dawson's right to receive water hereunder, as limited by the terms and conditions of this agreement, is intended by the parties to be, and shall be, in full satisfaction and discharge of any other right that Dawson may have had prior to the execution of this agreement to receive water from Pacific from the Lime Saddle powerhouse penstock or elsewhere for use on said land, even though this agreement should be terminated prior to December 31, 1995, pursuant to paragraph 2 above.

13. This agreement shall not be assigned by any party without the prior written consent of the others.

14. This agreement shall be effective as of its date and, subject to the provisions of paragraph 2 above, shall continue in effect until December 31, 1995.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first above written.

PACIFIC GAS AND ELECTRIC COMPANY

By H.P. Brown

Harold Dawson
HAROLD DAWSON

Aram Vanesian
ARAM VANESIAN

Vartkes Barsam
VARTKES BARSAM

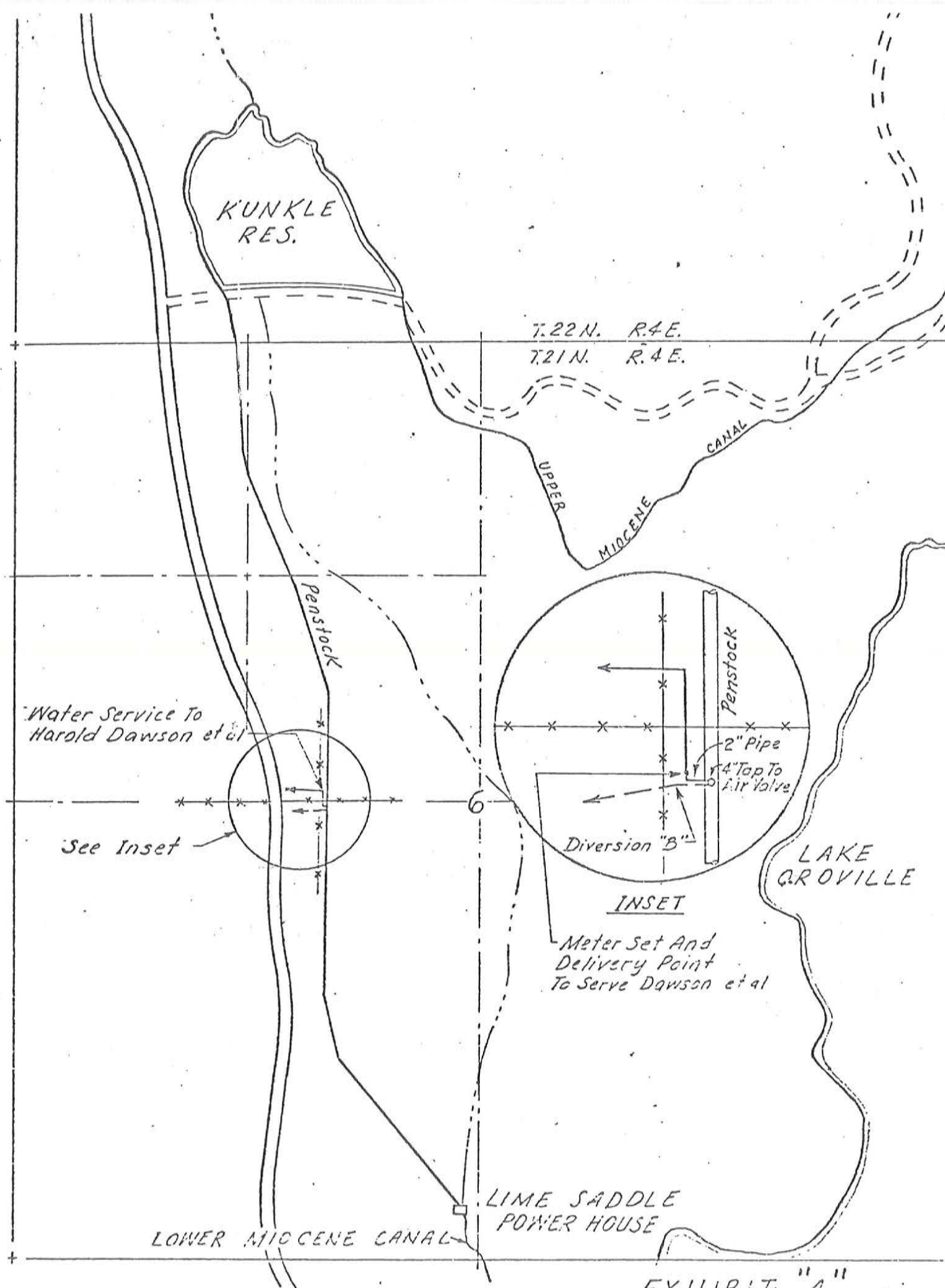


EXHIBIT "A"