

West Basin Municipal Water District

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CONTRACT
DOCUMENT TRANSMITTAL

DATE: January 18, 2005

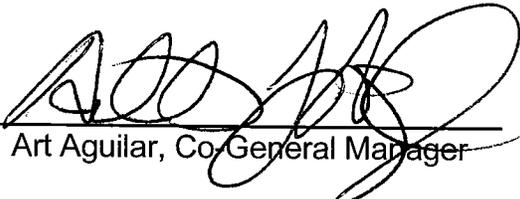
TO: Los Angeles County, Waterworks District #29
Waterworks & Sewer Maintenance Division
Attn David Rydman
P.O. Box 1480
Alhambra, CA 91802-1460

SUBJECT: Imported Water Purchase Agreement – Amendment No. 2

Enclosed is a fully executed original of the above-mentioned Agreement.

(X) For your files

() Per our discussion

By 
Art Aguilar, Co-General Manager

By 
Richard Nagel, Co-General Manager

Enc.

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

PURCHASER: Los Angeles County Waterworks District #29

BASE ALLOCATION: 11,587 acre-feet

TIER 1 ANNUAL MAXIMUM (90% of Base Allocation): 10,428 acre-feet

PURCHASE COMMITMENT : 34,380 acre-feet

TERM: 5 years from January 1, 2003

EFFECTIVE DATE: January 1, 2004

THIS AMENDMENT TO THE PURCHASE AGREEMENT FOR IMPORTED WATER TO BE PROVIDED BY WEST BASIN MUNICIPAL WATER DISTRICT, dated as of January 1, 2004, is entered into on JANUARY 21, 2004 between West Basin Municipal Water District and Los Angeles County Waterworks District #29.

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

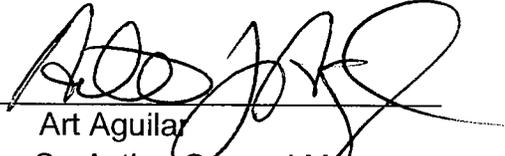
- A. Base Allocation is increased from 11,270 acre-feet to 11,587 acre-feet, as shown above under "BASE ALLOCATION"
- B. Tier 1 Annual Maximum is increased from 10,143 acre-feet to 10,428 acre-feet, as shown above under TIER 1 ANNUAL MAXIMUM (90% of Base Allocation)"
- C. Purchase Commitment is increased from 33,809 acre-feet to 34,380 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 January 1, 2004, as shown above under "EFFECTIVE DATE".

WEST BASIN MUNICIPAL
WATER DISTRICT

Los Angeles County Waterworks District
#29

By: 
Richard Nagel
Co-Acting General Manager

By: 
Title: Prin. CIVIL Eng.

By: 
Art Aguilar
Co-Acting General Manager

Date: 1/21/05

Date: 1/5/05

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 \$457 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 \$538 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 \$154 per acre-foot.

Exhibit 2
Imported Water Purchase Agreement
BASE REALLOCATION PROCESS

Background

In order to receive a greater amount of Tier 1 water for its customers, the District will commit to purchasing supply from Metropolitan. It is the District's goal that the sum of Purchase Commitments of the District's customer agencies must always equal the District's commitment to Metropolitan.

The Base Allocations and the Reallocation process are intended to maintain a full allocation of the District's Tier 1-priced water to all Purchasers (customer agencies that have entered into Purchase Agreements with the District) in an objective manner.

The Base Allocation determines the Purchase Commitment (60% of Base Allocation times five) and Tier 1 Annual Maximum (90% of Base Allocation) for the Purchaser.

Reallocation Process Outline

- District considers Purchasers' requests for adjustment annually and must receive requests by August 1.
- After August 1, District will compare any request(s) for increase in Base Allocation to any request(s) for decrease. The District will accommodate requests to the extent that the total of base allocation increases does not exceed the total of base allocated decreases (see General Notes 1,2 above). If more than one Purchaser requests an increase or decrease, adjustments will be made on pro-rata basis according to each Purchaser's relative share of the total request (see Reallocation Example below).
- District will respond in writing to a Purchaser's request by October 31. The Purchaser could receive less as an adjustment than what was requested.

Reallocation Example

	Initial Base (AF)	Request (AF)	Rel. Share	Adjustment (AF)	New Base (AF)
Purchaser A	3,000	-500	58.8%	-382	2,618
Purchaser B	1,700	-350	41.2%	-268	1,432
Total of Requests for Decrease = -850			100%	-650	
Purchaser C	500	+100	15.4%	+100	600
Purchaser D	650	+250	38.5%	+250	900
Purchaser E	420	+300	46.1%	+300	720
Total of Requests for Increase = +650			100%	+650	
Total Base	6,270				6,270