

SF, BB, MRS

WATER SALES CONTRACT

This Contract, dated as of July 1, 2009, is entered into by and between the City and County of San Francisco ("San Francisco") and California Water Service Company ("Customer"). This agreement covers Customer's Bear Gulch and Bayshore Service Areas as shown in Exhibits A-1 and A-2.

RECITALS

San Francisco and the Customer have entered into a Water Supply Agreement ("WSA"), which sets forth the terms and conditions under which San Francisco will continue to furnish water for domestic and other municipal purposes to Customer and to other Wholesale Customers. The WSA contemplates that San Francisco and each individual Wholesale Customer will enter into an individual contract describing the location or locations at which water will be delivered to each customer by the San Francisco Public Utilities Commission ("SFPUC"), the customer's service area within which water so delivered is to be sold, and other provisions unique to the individual purchaser. This Water Sales Contract is the individual contract contemplated by the WSA.

AGREEMENTS OF THE PARTIES

1. Incorporation of the WSA

The terms and conditions of the WSA are incorporated into this Contract as if set forth in full herein.

2. Term

Unless explicitly provided to the contrary in Article 9 of the WSA, the term of this Contract shall be identical to that provided in Section 2.01 of the WSA.

3. Service Area

Water delivered by San Francisco to the Customer may be used or sold within the service area shown on the maps designated Exhibit A-1 and A-2 attached hereto. Except as provided in Section 3.03 of the WSA, Customer shall not deliver or sell any water provided by San Francisco outside of this area without the prior written consent of the General Manager of the SFPUC. San Francisco consents to deliveries to the customers listed on Exhibits D-1 and D-2.

4. Location and Description of Service Connections

Sale and delivery of water to Customer will be made through a connection or connections to the SFPUC Regional Water System at the location or locations listed, with the applicable present account number, service location, service size, and meter size shown on Exhibits B-1 and B-2 attached hereto.

5. Interties With Other Systems

Customer maintains interties with neighboring water systems at the location or locations and with the connection size(s) as shown on Exhibits C-1 and C-2 attached hereto.

6. Billing and Payment

San Francisco shall compute the amounts of water delivered and bill Customer therefor on a monthly basis. The bill shall show the separate components of the charge (e.g., service, consumption, demand). Customer shall pay the amount due within thirty (30) days after receipt of the bill.

If Customer disputes the accuracy of any portion of the water bill it shall (a) notify the General Manager of the SFPUC in writing of the specific nature of the dispute and (b) pay the undisputed portion of the bill within thirty (30) days after receipt. Customer shall meet with the General Manager of the SFPUC or a delegate to discuss the disputed portion of the bill.

7. Quantity of Water Delivered

The total quantity of water delivered by the SFPUC to Customer shall be in accordance with Section 9.02.B of the WSA.

8. Palo Alto Pipeline

Nothing in this Contract is intended to modify the commitment for service by the SFPUC to Customer from the Palo Alto Pipeline set forth in those certain agreements between the SFPUC and Customer dated April 10, 1939, August 28, 1939, January 2, 1947, and September 22, 1950, respectively, and in that certain letter from J.H. Turner, then General Manager and Chief Engineer of the San Francisco Water Department, to F.L. Dodge, then President of Customer, dated April 12, 1962, attached hereto as Exhibit F.

9. Free and Reduced-Priced Water

Pursuant to rights heretofore granted to Customer, and in accordance with Section 9.02.F of the WSA, the SFPUC is obligated to deliver to Customer daily in its Bayshore District 300,000 gallons of free water and 75,000 gallons of water at a rate of \$0.05 per 1,000 gallons. Such deliveries are currently made to Customer through Account No. 010071-01-7 (Crystal Springs and El Cerrito) in accordance with the procedure set forth in an exchange of correspondence between Customer and San Francisco attached hereto as Exhibit G, including the letter from F.L. Dodge to James H. Turner dated March 28, 1962, the letter from J.H. Turner to F.L. Dodge dated May 18, 1962, and the letter from John E. O'Marie to A.L. Stulp dated May 31, 1962. San Francisco and Customer recognize that daily water deliveries by the SFPUC to Customer's Bayshore District exceed 375,000 gallons by a substantial amount. A billing allowance for such free and reduced water is currently made and shall continue to be made as follows: (a) the service charge for the equivalent of a four-inch meter shall be subtracted from the total bill; (b) the minimum block quantity rate charge for 300,000 gallons of water for each day of the billing period shall be subtracted from the total bill; (c) the minimum block rate charge less \$0.05 per 1,000 gallons for 75,000 gallons delivered each day of the billing period shall be

subtracted from the total bill; and (d) all demand charges for 375,000 gallons for each day of the billing period shall be subtracted from the total bill. The allowance shall be calculated each billing period before the bill for said account is delivered to Customer. In the event of the adoption of a new tariff schedule by the SFPUC, appropriate calculations made in an equivalent manner shall be allowed on future bills.

10. Payment of Bay Area Water Supply and Conservation Agency (BAWSCA)

SFPUC will continue to collect the assessments that Customer is required to pay to the Bay Area Water Supply and Conservation Agency ("BAWSCA") and forward them to BAWSCA. The arrangement will continue as follows:

- a. BAWSCA will provide the SFPUC with an official statement of Customer's membership assessment for the July 1 through June 30 fiscal year, based on its adopted budget and the applicable formulas in Water Code Section 81460.
- b. The SFPUC will include 1/12th of the annual assessment as a separate line item in its monthly bills to Customer. The monthly amount will be apportioned among Customer's districts as follows:
 - 32% to the Bear Gulch District
 - 68% to the Bayshore District reapportioned as follows:
 - San Carlos 12%
 - San Mateo 35%
 - South San Francisco 21%
- c. SFPUC will include an administrative charge of 2% of the total monthly BAWSCA assessment and apportioned per No. 2 above.
- d. Customer will include the amount of the BAWSCA assessment and administration charge in its payment to SFPUC.

e. SFPUC will forward Customer's assessment payment to
BAWSCA.

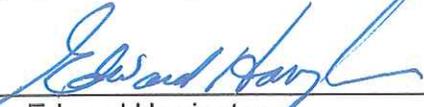
f. Commencing in June 2014 and at five year intervals thereafter during the term of the WSA, either party may provide 30 days' written notice of termination to the other party that it will no longer participate in the process for collection of Customer's BAWSCA assessment set forth in this paragraph 10.

11. Water Stored in Southern Westside Basin

Under amendments to the 1984 individual water sales contract for the South San Francisco portion of Customer's Bayshore service area, Customer has accepted deliveries of supplemental water advanced by the SFPUC as part of a study program to determine whether the Southern Westside Basin can be operated conjunctively with SFPUC surface water supplies. Customer agrees that the balance of all volumes of water placed in underground storage as a result of the delivery of supplemental surface water by the SFPUC for study purposes are carried forward into this contract, and that the proposed Agreement for Groundwater Storage and Recovery from the Southern Portion of the Westside Basin, if finally approved by the SFPUC and Customer, will contain the correct volume of banked water using the same methodology employed under amendments to Customer's 1984 individual water sales contract. The SFPUC agrees that the extraction of such stored water is conditioned on the successful completion of CEQA review for the conjunctive use program and the installation and operation of proposed program wells.

IN WITNESS WHEREOF, the parties hereto have executed this Contract, to become effective upon the effectiveness of the WSA, by their duly authorized representatives.

CITY AND COUNTY OF SAN FRANCISCO
Acting by and through its Public Utilities Commission

By: 
Edward Harrington
General Manager

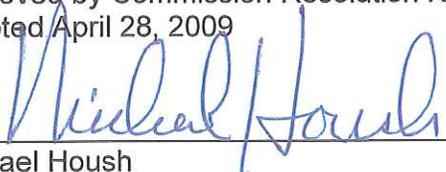
Date: June 24, 2009

CALIFORNIA WATER SERVICE COMPANY

By: 
Name: Peter C. Nelson
Title: President and Chief Executive Officer

Date: June 15, 2009

Approved by Commission Resolution No. 09-0069,
adopted April 28, 2009


Michael Housh
Secretary to Commission

By: 
Name: Lynne P. McGhee
Title: Corporate Secretary

Date: June 15, 2009

Approved as to form:

DENNIS J. HERRERA
City Attorney

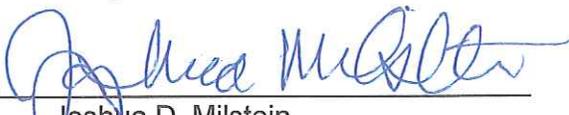
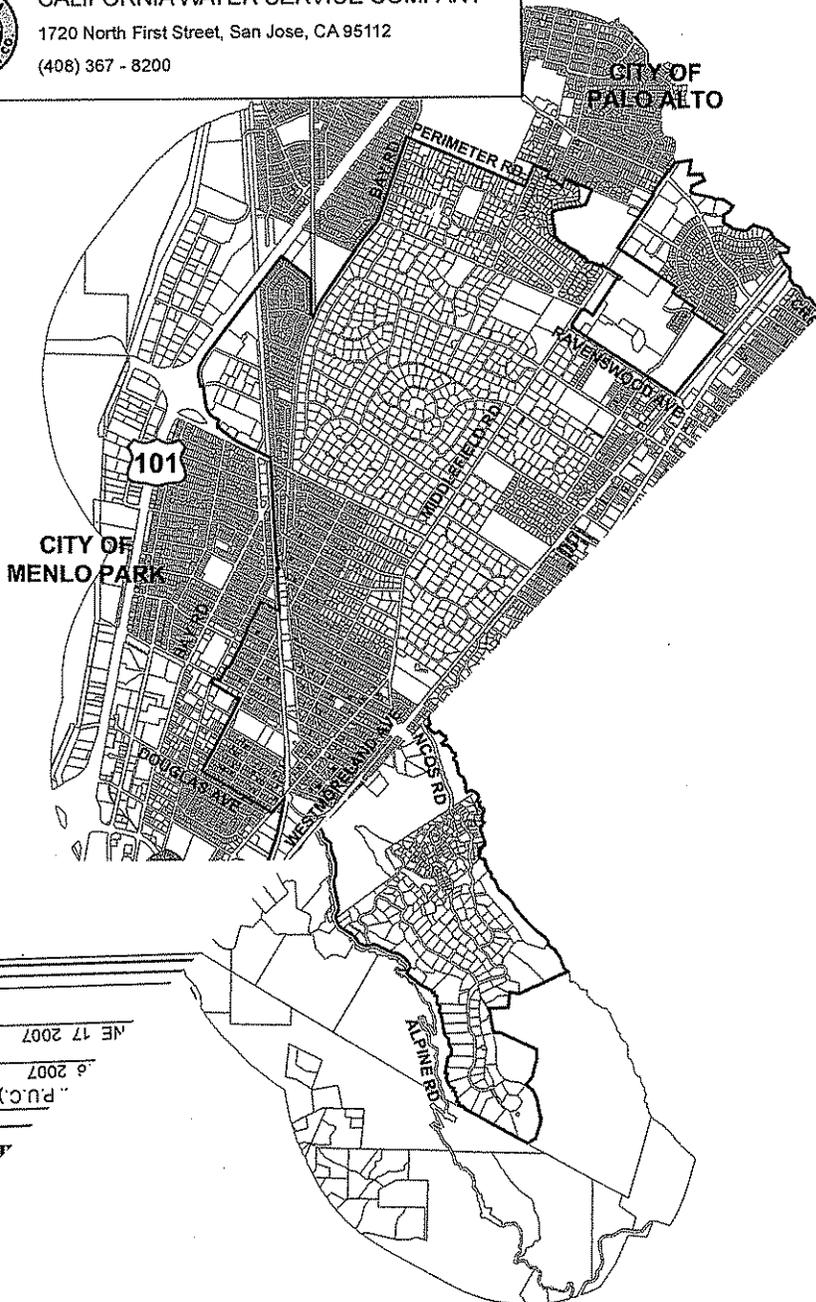
By: 
Joshua D. Milstein
Deputy City Attorney

Exhibit A-1

Service Area Map Bear Gulch



CALIFORNIA WATER SERVICE COMPANY
1720 North First Street, San Jose, CA 95112
(408) 367 - 8200



Revised _____ Cal. P.U.C. Sheet No. 6819 - W
Revised _____ Cal. P.U.C. Sheet No. 6135 - W

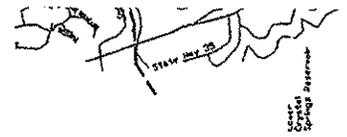
CT
A 2007
P.U.C.)
d 2007
NE 17 2007

Exhibit A-2

Service Area Map Bayshore

CALIFORNIA WATER
1720 North F
San Jose, Calif
(408) 29

BYRON STATE



**Exhibit B-1
Bear Gulch**

**Location and Description of Service Connections
to the SFPUC Regional Water System**



**Exhibit B-2
Bayshore**

**Location and Description of Service Connections
to the SFPUC Regional Water System**

South San Francisco

**Exhibit C-1
Bear Gulch**

Exhibit C-2

**Emergency Connections with Other Water Systems
Bayshore**



**Exhibit D-1
Bear Gulch**

Exhibit D-2

**Areas Service Outside Service Boundary
Bayshore**

**Exhibit E-1
Bear Gulch**

Third Party Wheeling Agreements

Exhibit F

CITY AND COUNTY OF SAN FRANCISCO
PUBLIC UTILITIES COMMISSION

SAN FRANCISCO WATER DEPARTMENT

425 HASON STREET, ZONE 1
TELEPHONE PROSPECT 5-7000

OFFICE OF
GENERAL MANAGER & CHIEF ENGINEER

April 12, 1962

SUBJECT: Water Service from
Palo Alto Pipe Line

Mr. F. L. Dodge
President
California Water Service Company
374 West Santa Clara Street
San Jose, California

Dear Mr. Dodge:

This will acknowledge receipt of your letter of April 6, 1962 concerning increased capacity in the Palo Alto Pipe Line.

The San Francisco Water Department has spent considerable sums toward improving the capacity of the Palo Alto Pipe Line and has estimated that its present capacity is in the neighborhood of 28 million gallons daily or an increase of some 110 percent over that for which it was originally built. The Department is willing to pro-rate this increased capacity, as required, among those who paid for the original capacity without further charge for the improvements. In the case of California Water Service the pro-rata capacity should now be in the neighborhood of some 8½ million gallons daily.

It must be understood, however, that the terms of the Agreement of September 22, 1950 will remain in full force and effect except as to the quantity of water which is modified by this letter but only to the extent that no surcharge will be made for quantities taken in excess of the 4 million gallons daily. It must be further understood that, should the Department be unable to supply the presently estimated pro-rata increase to any others who so desire and who have purchased capacity rights, then such pro-rata increases shall be modified by the Department at any time so that all those desiring such increases will be equitably served and, in any event, the Department will not be obligated to furnish more than the capacity called for in the Agreement.

Subject to the foregoing and to the other provisions of the Agreement of September 22, 1950 there is no objection to your taking the quantities desired.

Very truly yours

J. H. Turner
J. H. TURNER

General Manager & Chief Engineer

Exhibit G

March 28, 1962

Mr. James H. Turner
General Manager and Chief Engineer
San Francisco Water Department
425 Mason Street
San Francisco 1, California

Dear Mr. Turner:

At present you are making deliveries to us in our San Mateo District under Account No. 805-8030 at several different places: through four 2 inch meters at the screen house at the old Crystal Springs reservoir, through two 16 inch meters at Crystal Springs Road and through three 6 inch meters at 36th Avenue and Pacific Boulevard, the latter being service from your Alameda pipeline. We understand that service through the meters at 36th Avenue and Pacific Boulevard will be discontinued when the Alameda pipeline is removed from service later this year and that water now being delivered at this point will be delivered through the metering facilities at Crystal Springs Road. We understand also that your lateral pipeline which brings the free and five cent water which we have been taking under the Spring Valley instruments from Crystal Springs Road to the screen house is getting in a condition which may require its removal from service. Rather than replace this lateral, it would be a convenience to you to make the free and five cent water deliveries under Account No. 805-8030 through your regular metering facilities at Crystal Springs Road. Since the amount of water taken by us in this area is always very much in excess of the daily amount of 375,000 gallons which we are entitled to receive under the free and five cent rights, we suggest that it would also be convenient to discontinue the practice of separately metering the delivery of that water, and instead simply to credit our monthly statement with the full value of the two rights.

As a convenience to you and to ourselves, we are agreeable to your removing the four 2 inch meters at the

Mr. James H. Turner

-2-

March 28, 1962

screen house from service, discontinuing the separate metering of the free and five cent water (which would be delivered to us through your regular metering facilities at Crystal Springs Road) and crediting our monthly statement for the full value of the two rights as indicated above.

I will appreciate your advising me whether the foregoing is a correct statement of our understanding with respect to delivery and billing practices under Account No. 805-8030 and performance under the free and five cent rights.

Very truly yours,

FLD:red

CITY AND COUNTY OF SAN FRANCISCO
PUBLIC UTILITIES COMMISSION

SAN FRANCISCO WATER DEPARTMENT

448 MASON STREET, ZONE 1
TELEPHONE PROSPECT B-7000

May 18, 1962

OFFICE OF
GENERAL MANAGER & CHIEF ENGINEER

SUBJECT:

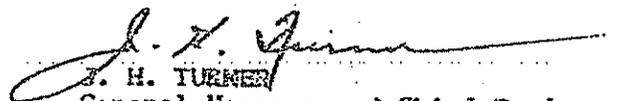
Mr. F. L. Dodge, President
California Water Service Company
San Jose, California

Dear Mr. Dodge:

In your letter of March 28, 1962 you advised it would be more convenient if we discontinued supplying the 375,000 gallon daily commitments, under existing agreements, from the present source of delivery at the "Screen House", and, instead, delivered the water through the larger metering facilities at Crystal Springs Road.

This change in delivery point will be satisfactory to the Department and we are therefore instructing Mr. John E. O'Marie, Superintendent, Peninsula Division, to effect the change at a date mutually agreeable.

Very truly yours,


J. H. TURNER
General Manager and Chief Engineer

SAN FRANCISCO WATER DEPARTMENT
PUBLIC UTILITIES COMMISSION

Peninsula Division 1000 El Camino Real, Millbrae, Calif.

May 31, 1962

Mr. A. L. Stolp, District Manager
California Water Service Company
365 B Street
San Mateo, California

Dear Sir:

Pursuant to Mr. Dodge's letter to Mr. Turner, Dated March 28, and Mr. Turner's reply, dated May 18, relative to the abandonment of the screen house on Crystal Springs Road, please be advised as follows:

On the next reading date - which is June 8, 1962 - we will put through a shutoff and issue a closing bill on this account 805-8030.

On the following reading date, which will be July 10, 1962, the water formerly delivered at the screen tank will be delivered through your service at Crystal Springs & El Cerrito Road.

Acct. 805-8030-1

Respectfully,

John E. O'Maris
Manager

JEO:M:ADO
cc: J J Lyons
Stolp