

WATER PRODUCTION AND DELIVERY AGREEMENT

1. IDENTIFICATION

THIS WATER PRODUCTION AND DELIVERY AGREEMENT ("Agreement") is entered into on the latest of the dates shown opposite the signatures of the Parties to this Agreement (which date is referred to herein as the "Effective Date"), by and between CALIFORNIA DOMESTIC WATER COMPANY (Cal. Domestic), a California corporation, and ROWLAND WATER DISTRICT, a county water district formed under Division 12 of the California Water Code ("Rowland"). Cal. Domestic and Rowland are referred to together as the "Parties," and individually as a "Party." This Agreement is based upon the recitals stated below.

2. RECITALS

2.1 Under the Judgment for the Main San Gabriel Basin, Los Angeles County Superior Court Case No. 924128, (the "Judgment"), Cal. Domestic possesses pumping rights to produce groundwater in the Main San Gabriel Basin (the "Basin").

2.2 Under the Judgment for the Central Basin, Los Angeles County Superior Court Case No. 786656 (the "Central Basin Judgment"), Cal. Domestic possesses Allowed Pumping Allocation to produce groundwater in the Central Basin ("Central Basin"), and Rowland has acquired Allowed Pumping Allocation to produce groundwater in the Central Basin. Rowland and Cal. Domestic are desirous of acquiring the use of transmission facilities to deliver Central Basin groundwater to their respective service areas.

2.3 Cal. Domestic is a mutual water company that has historically provided and currently provides water service to its shareholders, both within and outside of the Basin, and to some customers situated within Rowland's boundaries.

2.4 Rowland provides domestic water service to customers both within and outside of the Basin, but Rowland presently has no pumping rights under the Judgment.

2.5 Rowland presently relies on groundwater and cleanup water for non-potable uses and relies solely on imported water supplies to provide potable water service to its customers and, in light of the ongoing water supply shortages facing Southern California, the environmental burden that results from bringing imported water into Southern California, the increasing costs of such imported water and the lack of reliability of such imported supplies, desires to utilize groundwater from the Basin and the Central Basin as alternate water sources, particularly to enhance the reliability of Rowland's water supply and allow Rowland to better control its supply costs.

2.6 Rowland is seeking to acquire pumping rights in the Basin and additional pumping rights in the Central Basin to provide alternate water sources, but lacks the facilities in the Basin area and Central Basin area to produce and convey that water to its distribution system

2.7 Rowland and Cal. Domestic desire to enter into an agreement under which Cal. Domestic, subject to the terms and conditions set forth herein, will produce groundwater on Rowland's behalf and convey that groundwater to Rowland's water distribution system, in accordance with the terms and conditions of this Agreement.

2.8 Rowland is willing and able to act as lead agency for the purpose of complying with the California Environmental Quality Act in connection with any environmental review that may be required in connection with this Agreement and the transactions contemplated hereunder.

3. AGREEMENTS

In consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by each Party, it is agreed as follows:

3.1 Production and Conveyance

3.1.1 Subject to the terms hereof and to satisfaction or waiver of the conditions precedent to the effectiveness of this Agreement, upon written request from Rowland setting forth the quantity of water to be delivered and the duration for such delivery, Cal. Domestic will produce and convey to Rowland, groundwater produced by Cal. Domestic from the Basin, the Central Basin or from other sources. Cal. Domestic shall deliver such groundwater so produced as set forth in Section 3.5, below.

3.1.2 Any water to be provided by Cal. Domestic to Rowland under Paragraph 3.1.1 shall be "surplus water", which is defined as groundwater that Cal. Domestic is able to produce and convey to Rowland only after Cal. Domestic has satisfied the demands of its shareholders, and Cal. Domestic shall be under no obligation hereunder to provide water to Rowland prior to full satisfaction of its shareholders' demands. After satisfaction of the full demands of Cal. Domestic's shareholders, Rowland shall have the first priority in any such surplus water.

3.2 Term

This Agreement shall have an initial term of approximately thirty (30) years from the Effective Date, terminating on December 31, 2040. After the expiration of the initial term, unless terminated by either Party in accordance with Paragraph 3.3, below, the Agreement shall renew for subsequent five (5) year periods.

3.3 Termination

After expiration of the initial term under Paragraph 3.2, above, this Agreement may be terminated by either Party by giving written notice to the other at least sixty (60) days prior to the expiration of the then existing term. Notwithstanding any provision of Paragraph 3.2 or this Paragraph 3.3 to the contrary, either Party may terminate this Agreement in the event the other Party commits a breach of any material term of this Agreement, which breach remains uncured for at least fourteen (14) calendar days after the Party desiring to terminate the Agreement provides written notice to the breaching Party of such breach.

3.4 Effective Date

The Effective Date of this Agreement shall be January 11, 2011.

3.5 Facilities

3.5.1 Water produced and conveyed pursuant to this Agreement shall be delivered to Rowland through facilities (the "Delivery Facilities") to be constructed which are necessary to connect Cal Domestic's production facilities with Rowland's distribution system. In connection therewith, Cal. Domestic shall lease to Rowland at an annual rent of \$1.00 per year, for construction of certain of the Delivery Facilities, that certain real property described in the Lease attached hereto as Exhibit A, into which the Parties shall enter concurrently with the

execution of this Agreement. Such Delivery Facilities shall include piping, valves and a meter to measure the quantity of water flowing into Rowland's distribution system, which meter shall be installed with testing capabilities (i.e., test taps) in accordance with AWWA standards. Rowland shall bear all costs involved in designing and constructing the Delivery Facilities (including, but not limited to, engineering costs, permitting costs, labor and material costs and inspection costs) and in connection with any legally required environmental review.

3.5.2 Rowland shall own all of the Delivery Facilities and the meter at any connection with Rowland's distribution system and shall be responsible for the maintenance and repair of those facilities. As further consideration for the water to be produced and transferred by Cal. Domestic under this Agreement, in addition to the design and construction of the Delivery Facilities, Rowland shall be responsible for the payment to Cal. Domestic, in accordance with the provisions of Paragraph 3.5.3, below, of two million dollars (\$2,000,000.00), as Rowland's contribution toward Cal. Domestic's expansion, rehabilitation and improvement of its water production facilities to enable Cal Domestic to produce surplus water to be delivered to Rowland under this Agreement. Some of the improvements contemplated by this provision have been commenced including the construction of an additional well (Well 10) at a cost of \$1.5 Million. An additional \$1.5 million will be used for equipping and piping associated with completing Well 10 and rehabilitation of an existing well. Cal Domestic has also scheduled to rehabilitate another existing well (Well 6) which will improve its groundwater production capacity. Cal. Domestic shall own such facilities that are constructed through the use of those monies and shall be responsible for the ongoing repair and maintenance of those water production facilities.

3.5.3 (a) Rowland shall pay Cal. Domestic the sum of six hundred sixty thousand dollars (\$660,000.00) upon the first to occur of the following: (i) (A) completion by Rowland of a transaction by which it acquires the real property necessary to construct a pump station to be used in connection with the transmission of water from the Delivery Facilities, and (B) completion of compliance with the California Environmental Quality Act in accordance with Paragraph 3.10(b), below; or (ii) the date which is one (1) year after the Effective Date. If Rowland fails to comply with its payment obligation under this subparagraph (a), then notwithstanding any other provision herein, this Agreement shall terminate immediately, and both parties shall be relieved of any further obligations hereunder. Any payment made by Rowland under this subparagraph (a) shall be non-refundable to Rowland.

(b) Provided that Rowland has made the payment under subparagraph (a) of this Paragraph 3.5.3, then Rowland shall pay to Cal. Domestic the sum of one million, three hundred forty thousand dollars (\$1,340,000.00) on the first to occur of: (i) the issuance of construction building permits for the facilities to be installed hereunder; or (ii) the date that is two (2) years after the date that the payment under subparagraph (a) is made. Rowland may pay that amount in installments. Any payment made by Rowland under this subparagraph (a) shall be non-refundable to Rowland.

3.6 No Warranty

To Cal. Domestic's best current, actual knowledge, the water to be supplied under this Agreement meets all applicable federal and state water quality standards. Notwithstanding the preceding sentence, Cal. Domestic makes no representation or warranty regarding the quality of

any water to be provided to Rowland hereunder. Cal. Domestic makes no guarantee regarding the pressures or flows of water delivered to Rowland hereunder.

3.7 Measurement of Amount of Water Provided; Disputes.

3.7.1 The amount of water provided through the connection shall be measured by a meter or meters to be installed pursuant to Paragraph 3.5.1, above. Cal. Domestic shall bill Rowland on a monthly basis for the water delivered, as reflected by the reading of any such meter. If within five (5) days after its receipt of the bill, Rowland disputes the accuracy of the bill with respect to the quantities set forth thereon, the Parties shall meet and confer to determine the accuracy of the bill. The Parties may thereafter test any meter to determine the accuracy of the meter. If the quantity of water recorded by the meter measures above 102 percent, or below 98 percent, of the actual water passing through the meter, then the bill shall be adjusted accordingly and the Parties shall equally divide all costs incurred in testing the meter. If the meter is found to be accurate, i.e., if the quantity of water recorded by the meter does not measure above 102 percent, or below 98 percent, of the actual water passing through the meter, then Rowland shall bear all costs incurred in testing the meter. If Rowland does not dispute the bill within five (5) days of receipt, the quantities set forth on the bill are deemed correct and Rowland waives any right to later dispute that bill. If a meter is discovered to have stopped, the Parties shall review pump hour meters, pertinent Southern California Edison electrical usage records and historical usage to determine the estimated flow of water through the subject meter, and to determine the length of time for which the meter has been stopped. If after thirty (30) days after discovery of the stopped meter, the parties are not able to agree on such an estimated flow and duration of the stopped meter, they shall each submit to the other their respective estimates of that flow and duration. Those

estimates shall then be submitted to Civiltec Engineering, who shall review the available information and, within seven (7) after receipt of that information, select one of the parties' estimates of flow and duration to be used to determine the quantity of water provided to Rowland through the subject meter. The parties shall equally divide the neutral's costs in evaluating and determining the flow and duration.

3.7.2 Notwithstanding the foregoing provisions of Paragraph 3.7.1, above, the meter to be installed pursuant to Paragraph 3.5.1, above, shall be tested at Rowland's expense at least every six (6) months, commencing on or about the date that is six (6) months from the Effective Date. Rowland shall oversee such testing and shall promptly provide a written copy of the results from that testing to Cal. Domestic. In addition to the foregoing periodic testing, Cal. Domestic may test that meter more frequently at its expense, upon at least two (2) days' written notice to Rowland, and shall promptly provide Rowland with a written copy of such test results.

3.8 Price; Billing.

3.8.1 Rowland shall pay Cal. Domestic for the water delivered hereunder at the following rates per acre-foot:

(a) for all water for which Rowland has purchased or leased the right to produce such water, the rate determined from time to time by Cal. Domestic's Board of Directors, which rate shall not exceed Cal. Domestic's 1(E) shareholder entitlement rate then in effect for water sales to its shareholders in the same vicinity in which water is delivered to Rowland hereunder, including all capital fees and other charges, surcharges and assessments imposed on those customers; and

(b) if Cal. Domestic delivers water to Rowland for which Rowland has not purchased or leased the right to produce such water, Rowland shall pay in addition to the rate determined under subdivision (a) of this Paragraph 3.8.1, the costs actually incurred by Cal. Domestic for Replacement Water Assessments, and any other applicable charges, imposed by the Main San Gabriel Basin Watermaster; and, as to any Central Basin groundwater, any replenishment assessments imposed by the Water Replenishment District of Southern California.

3.8.2 The amounts billed under Paragraph 3.8.1 shall be pro-rated for any portion of an acre-foot delivered. Cal. Domestic shall bill Rowland on a monthly basis for the water provided hereunder. Payment of such invoices shall be due by the last day of the month in which the invoice is rendered to Rowland; provided, however, that if the invoice is rendered after the fifteenth day of a month, payment will be due by the last day of the following month. Upon request by Rowland, Cal. Domestic shall invoice Rowland by electronic mail. The penalty for delinquent payment of any invoice after its due date is five percent of the unpaid balance on the account.

3.8.3 For any water produced from the Central Basin that Cal. Domestic transmits through its facilities to Rowland's service area, Cal. Domestic shall charge Rowland the same amount that it charges its shareholders for such transmission, as Cal. Domestic shall determine in its reasonable discretion. The billing and payment provisions of Section 3.8.2 shall also apply to those transmission charges.

3.9 No Damages

If Cal. Domestic is unable for any reason to deliver water to Rowland in the amount or in the manner specified herein, Cal. Domestic shall have no liability to Rowland for

consequential damages, incidental damages, special damages, or for any other damages arising from or relating to the delivery, non-delivery or use of water; provided, however, that this limitation of liability shall not apply in the event there is surplus water available under Paragraph 3.1.2 which Cal. Domestic fails to provide to Rowland after receiving Rowland's written request for such water.

3.10 Conditions Precedent

The obligations of Cal. Domestic to produce and deliver water and the resulting obligation of Rowland to accept and pay for deliveries are conditioned upon the satisfaction or waiver of the following conditions precedent:

(a) Rowland shall pursue acquisition, lease or other use of pumping rights under the Judgment and the Central Basin Judgment. Provided that Rowland has actively pursued acquisition of pumping rights under the Judgment and in the Central Basin, Rowland's lack of sufficient rights to produce the quantity of water requested shall not constitute a failure of this condition.

(b) To the extent required by law, full and complete compliance by Rowland, at Rowland's expense, with the requirements of the California Environmental Quality Act ("CEQA").

3.11 Effect of Failure of Condition

In the event both of the conditions in Paragraph 3.10 are not satisfied, then Cal. Domestic shall be under no obligation to produce or deliver water to Rowland in accordance with Paragraph 3.1, above.

3.12 Representations and Warranties

(a) Representations and Warranties of Rowland. Rowland makes the following representations, warranties and covenants to Cal. Domestic:

(i) Organization. Rowland is a county water district formed under Division 12 of the California Water Code.

(ii) Power and Authority to Execute and Perform this Agreement. Rowland has the right, power and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of Rowland has (have) the right, power and authority to do so.

(iii) Enforceability. This Agreement constitutes a legal, valid and binding obligation on Rowland, enforceable against Rowland in accordance with its terms.

(b) Representations or Warranties of Cal. Domestic. Cal. Domestic makes the following representations, warranties and covenants to Rowland:

(i) Organization. Cal. Domestic is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and is doing business in the State of California.

(ii) Power and Authority to Execute and Perform this Agreement. Cal. Domestic has the right, power and authority under this Agreement to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of Cal. Domestic has (have) the right, power and authority to do so.

(iii) Enforceability. This Agreement constitutes a legal, valid and binding obligation of Cal. Domestic, enforceable against Cal. Domestic in accordance with its terms unless Cal. Domestic is unable for any reason, outside of Cal. Domestic's control, to deliver water to Rowland in the amount or in the manner specified herein.

3.13 Cooperation

Cal. Domestic and Rowland agree to cooperate with each other in implementing the terms of this Agreement and achieving its objectives. The Parties also agree to share equally and jointly the cost of defending any litigation brought by any third party to challenge or prevent the implementation of this Agreement.

3.14 No Partnership or Joint Venture; No Stock Ownership

Nothing in this Agreement shall be construed to create a partnership or joint venture as between the Parties. The Parties further agree that this Agreement shall not be construed as granting Rowland any rights of ownership in Cal. Domestic or in any underlying shares of Cal. Domestic's common stock. Rowland further agrees that for so long as this Agreement remains in effect, Rowland shall not acquire, purchase or lease any stock in Cal. Domestic. The Parties intend that this Agreement shall solely be limited to Cal. Domestic's production of groundwater pursuant to Rowland's rights under the Judgment and, if applicable, the Central Basin Judgment, and as otherwise stated herein, the delivery of that groundwater by Cal. Domestic to Rowland's distribution system, and the related obligations of Rowland to construct the Delivery Facilities, pay the funds specified under Section 3.5.3, above, and pay for water delivered to it hereunder.

4. INDEMNITY

4.1 Force Majeure

Cal. Domestic shall not be liable to Rowland for any loss or damage to person or property caused by theft, fire, act of God, acts of a public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or other causes, or any damage or inconvenience which may arise from or relate to use of the water after delivered by Cal. Domestic.

4.2 Rowland's Indemnity

Rowland shall save, indemnify, hold harmless and defend (with counsel chosen by Cal. Domestic), Cal. Domestic, its successors, assigns and affiliates, and their respective officers, directors, controlling persons (if any), employees, attorneys, agents, consultants and shareholders (the "Cal. Domestic Indemnitees") from, against and in respect of any and all claims, suits, actions, proceedings (formal and informal), investigations, judgments, deficiencies, damages, settlements, liabilities and legal and other expenses (including legal fees and expenses) as and when incurred by any of the Cal. Domestic Indemnitees, arising out of or based upon any breach or alleged breach of any express representation, warranty, covenant, or agreement of Rowland contained in this Agreement, or any loss or damage or alleged loss or damage to person or property related in any way to the water delivered by Cal. Domestic pursuant to this Agreement after delivery thereof.

4.3 Cal. Domestic's Indemnity

Cal. Domestic shall save, indemnify, hold harmless and defend (with counsel chosen by Rowland), Rowland, its successors, assigns and affiliates, and their respective officers, council members, controlling persons (if any), employees, attorneys, agents, and consultants (the "Rowland Indemnitees") from, against and in respect of any and all claims, suits, actions, proceedings (formal and informal), investigations, judgments, deficiencies, damages, settlements, liabilities and legal and other expenses (including legal fees and expenses) as and when incurred by any of the Rowland Indemnitees, arising out of or based upon any breach or alleged breach of any express representation, warranty, covenant, or agreement of Cal. Domestic contained in this Agreement, or any loss or damage or alleged loss or damage to person or property related in any way to the water delivered by Cal. Domestic pursuant to this Agreement prior to delivery thereof.

4.4 Defense of Claims

No right to indemnification under this paragraph shall be available unless the Party seeking indemnification (the "Indemnified Party") shall have given to the Party obligated to provide indemnification (the "Indemnitor") to such Indemnified Party a notice (a "Claim Notice") describing in reasonable detail the facts giving rise to any claim for indemnification hereunder promptly after receipt of knowledge of the facts upon which such claim is based. Any delay or failure to so notify the Indemnitor shall relieve the Indemnitor of its obligations hereunder only to the extent, if at all, that it is prejudiced by reason of such delay or failure. Upon receipt by the Indemnitor of a Claim Notice from an Indemnified Party with respect to a claim of a third party, such Indemnitor may assume the defense thereof with counsel chosen by

the Indemnified Party, and the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information, and testimony and attend all such conference, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnitor in connection therewith. If the Indemnitor assumes such defense as provided above, then: (a) the Indemnified Party shall have the right, in its sole discretion, to settle any claim for which indemnification has been sought and is available hereunder, provided the Indemnified Party is fully released from all known and unknown claims of such third party and the Indemnified party is not obligated to perform any actions or pay any money on account of such settlement. If the Indemnitor does not assume such defense as provided above, then: (a) the Indemnified Party shall have the right to employ its own counsel in any such case, and the fees and expenses of such counsel shall be at the expense of Indemnitor; and (b) the Indemnified Party shall have the right, in its sole discretion, to settle any claim for which indemnification has been sought and is available hereunder, at the expense of Indemnitor.

5. MISCELLANEOUS PROVISIONS

5.1 Further Actions

At any time and from time to time after the date hereof, each Party agrees to take such actions and to execute and deliver such documents as the other Party may reasonably request to effectuate the purposes of this Agreement.

5.2 Amendment

Except as otherwise provided in this Agreement, neither this Agreement nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument in writing signed by the Party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such writing.

5.3 Entire Agreement

This Agreement constitutes the entire understanding between the Parties with respect to the matters set forth herein, and supersedes all prior or contemporaneous understandings or agreements between the Parties with respect to the subject matter hereof, whether oral or written.

5.4 Notices

Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon either Party in connection with this Agreement shall be in writing. Such notice shall be personally served, sent by facsimile, or sent prepaid by registered or certified mail with return receipt requested, or sent by reputable overnight delivery service, such as Federal Express, and shall be deemed given: (a) if personally served, when delivered to the Party to whom such notice is addressed; (b) if given by facsimile, when sent; (c) if given by prepaid or certified mail with return receipt requested, on the date of execution of the return receipt; or (d) if sent by reputable overnight delivery service, such as Federal Express, on the date of delivery. Such notices shall be addressed to the Party to whom such notice is to be

given at the Party's address set forth below or as such Party shall otherwise direct in a writing to the other Party delivered or sent in accordance with this paragraph.

If to Cal. Domestic: California Domestic Water Company
Attn: James Byerrum, General Manager
15111 Whittier Blvd., Suite 220
Whittier, CA 90603
Ph: (562) 947-3811; Fax: (562) 947-8843

If to Rowland: Rowland Water District
Attn: Ken Deek, General Manager
3021 South Fullerton Road
Rowland Heights, CA 91748
Ph: (562) 697-1726; Fax: (562) 697-6149

5.5 Controlling Law

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California, without giving effect to any choice-of-law or conflicts-of-laws rule or principle that would result in the application of any other laws.

5.6 Headings

Headings, titles and captions are for convenience only and shall not constitute a portion of this Agreement or be used for the interpretation thereof.

5.7 Cumulative Rights; Waiver.

The rights created under this Agreement, or by law or equity, shall be cumulative and may be exercised at any time and from time to time. No failure by either Party to exercise, and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by either Party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing, and any waiver by either Party of any breach of any provision

of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of either Party to insist upon strict adherence to any term of the Agreement on one or more occasions shall not be considered or construed or deemed a waiver of any provision or any breach of any provision of this Agreement or deprive that Party of the right thereafter to insist upon strict adherence to that term or provision or any other term or provision of this Agreement. No delay or omission on the part of either Party in exercising any right under this Agreement shall operate as a waiver of any such right or any other right under this Agreement.

5.8 Liberal Construction

This Agreement constitutes a fully negotiated agreement between commercially sophisticated Parties, each assisted by legal counsel, and the terms of this Agreement shall not be construed or interpreted for or against either Party hereto because that Party or its legal representative drafted or prepared such provision.

5.9 Severability

If any provision of this Agreement is invalid, illegal or unenforceable, such provision shall be deemed to be severed or deleted from this Agreement and the balance of this Agreement shall remain in full force and effect notwithstanding such invalidity, illegality or unenforceability.

5.10 No Third Party Beneficiaries

Subject to paragraph 4, this Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, limited liability company or other form of organization or association of any kind that is not a party to this Agreement.

5.11 No Assignment

Except for Cal. Domestic's assignment of its obligations hereunder to a subsidiary entity of which Cal. Domestic owns a majority of the voting stock of such entity, neither Party shall assign this Agreement nor any of its rights and duties hereunder and any purported impermissible assignment shall be void.

5.12 Execution in Counterparts; Facsimile Signatures

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto except for having an additional signature page executed by the other Party. Each Party agrees that the other Party may rely upon the facsimile signature of the other Party on this Agreement as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement as fully as if this Agreement contained the original ink signature of the Party supplying a facsimile signature.

5.13 Time of the Essence

Time is of the essence of each and every provision of this Agreement. Unless business days are expressly provided for, all references to "days" herein shall refer to consecutive calendar days. If any date or time period provided for in this Agreement is or ends on a Saturday, Sunday or federal, state or legal holiday, then such date shall automatically be extended to the next day which is not a Saturday, Sunday or federal, state or legal holiday.

5.14 Attorneys' Fees

In the event of any legal action to interpret or enforce this Agreement, or any provision hereof, the prevailing Party in such action shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing Party for all costs and expenses incurred, including without limitation all attorneys' fees and costs for services rendered to the prevailing Party and any attorneys' fees and costs incurred in enforcing any judgment or order entered. The prevailing Party shall be determined by the court (or arbitrator, if arbitration is agreed to by the Parties) in the initial or any subsequent proceeding.

[signature page follows]

Executed as of the dates set forth below.

"Cal. Domestic"

CAL. DOMESTIC WATER COMPANY

Date: FEBRUARY 2, 2011

By
Its


PRESIDENT

"Rowland"

ROWLAND WATER DISTRICT

Date: January 11, 2011

By


KEN DECK

Its

General Manager