

SUMMARY OF TERMS
PROPOSED AGREEMENTS WITH CALIFORNIA-AMERICAN WATER COMPANY

SIGNIFICANT TERMS	CURRENT AGREEMENTS	PROPOSED AGREEMENTS
Water Rate	\$1.20 / HCF	\$1.36 - \$1.71 / HCF thru FY 2007 & adjusted thereafter
Rate Basis Methodology	Subject to periodic negotiation	Defined cost allocation method
Franchise Fee	None	2% with initial lump sum payment of \$1,250,000
Minimum Purchase	750 Acre feet / year	7,716, Acre feet / year and adjusted annually
Maximum Purchase	None	15,431 Acre feet / year and adjusted annually
Purchases Over Maximum	Not Limited	Subject to availability at full retail cost
Term of Supply Agreement	None	25 years and subject to negotiation thereafter
Term of Franchise Agreement	Non-Competition by City expires July 1, 2004	25 years and subject to negotiation thereafter
Corporate Control	Undefined	Requires local control
Service Territory	Specific defined area	Specific defined area
Effect of Prior Agreements	Subject to interpretation	Applicable provisions defined for 25 years
Reclaimed Water	Not Addressed	City has right to market and sell reclaimed water in Cal Am territory