

**2017 COOPERATIVE AGREEMENT  
FOR LONG-TERM WHEELING AND SURPLUS WATER SALES**

**BETWEEN**

**CITY OF RIVERSIDE**

**AND**

**WESTERN MUNICIPAL WATER DISTRICT**

**RIVERSIDE – WESTERN  
2017 COOPERATIVE AGREEMENT FOR  
LONG-TERM WHEELING AND SURPLUS WATER SALES**

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**RIVERSIDE – WESTERN**  
**2017 COOPERATIVE AGREEMENT FOR**  
**LONG-TERM WHEELING AND SURPLUS WATER SALES**

1. **PARTIES:** This Cooperative Agreement for Long-Term Wheeling and Surplus Water Sales (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2017, by and between the **City of Riverside** (“Riverside”), a California charter city and municipal corporation, and the **Western Municipal Water District** (“Western”), a public agency. Both parties are organized and existing under the laws of the State of California and are hereinafter sometimes referred to jointly as the “Parties” or individually as a “Party.”

2. **RECITALS:**

2.1 Riverside operates a municipal utility providing wholesale water and electric services to entities located within and outside of its service territory, and retail water and electric service to its customers located within its service territory.

2.2 Western operates a municipal water district providing wholesale and retail water and wastewater services to entities located within its service territory.

2.3 Each Party is subject to the terms of the judgment in *Western Municipal Water District v. East San Bernardino County Water District* (Riverside County Superior Court No. 78426) governing, among other things, the Parties’ respective rights and obligations related to the beneficial use and maintenance of the Bunker Hill Basin, Rialto/Colton Basin, Riverside North Basin, and Riverside South Basin (collectively, the “Water Basins”).

2.4 Pursuant to periodic agreement between Western and the Riverside Highland Water Company, Western has from time to time in the recent past secured the right to produce and export groundwater annually from the Bunker Hill Basin. Western is seeking to secure a long-term agreement and to make said supply available for the production, treatment, and conveyance services under this Agreement.

1           2.5     Pursuant to an August 23, 2001 "Reciprocal Use Agreement" between Western  
2 and the Elsinore Valley Municipal Water District, Western has the right to produce and export  
3 groundwater annually from the Bunker Hill Basin.

4           2.6     Western, from time to time, may have access to additional water which may or  
5 may not be stored or conserved groundwater in the Water Basins and would be subject to the  
6 production, treatment and/or conveyance services under this Agreement.

7           2.7     Riverside, from time to time, may have unused capacity in its groundwater  
8 production, treatment, water transmission, and/or water distribution facilities.

9           2.8     On March 30, 2009, the Parties entered into that certain Cooperative Agreement  
10 for Water Production and Conveyance ("2009 Agreement"), wherein Riverside agreed to  
11 operate its unused capacity in its groundwater production, treatment, water transmission, and/or  
12 water distribution facilities to produce and convey Western's annually allocated, stored, or  
13 conserved groundwater in the Water Basins to points of interconnection between the Parties'  
14 water utility systems. The Parties hereby agree that except for provisions in the 2009  
15 Agreement, as amended, which apply to non-potable water, the balance of the provisions of the  
16 2009 Agreement are amended and restated by this Agreement, meaning that the potable water  
17 provisions in the 2009 Agreement, as amended, shall be of no further force or effect.

18          2.9     Western, from time to time, may request that Riverside provide Production  
19 Services, Treatment Services and/or Conveyance Services, and Riverside shall provide such  
20 services using its water extraction, treatment and conveyance facilities to the extent that the  
21 provision of such services will not, in Riverside's sole judgment which shall not be  
22 unreasonably exercised, (i) adversely affect the quality, reliability or cost of service related to  
23 water deliveries by Riverside to its retail or wholesale customers and/or (ii) cause Riverside to  
24 violate the terms of any binding obligations existing as of the date of this Agreement with  
25 respect to the production, treatment or delivery of water.  
26

1           2.10 The Parties desire to enter into this Agreement in order to: (a) provide for a new  
2 long-term wheeling agreement for the production, treatment and conveyance of a firm annual  
3 volume of Western-acquired water by Riverside (referred to herein as “wheeling”); (b) develop  
4 the pricing of Riverside’s adjusted annual water right from the San Bernardino Basin Area  
5 (“SBBA”) which is determined to be surplus to Riverside’s retail needs (referred to herein as  
6 “Surplus Water Sales”); and (c) obtain system capacity to move local groundwater to Western  
7 customers.

8           2.11 The Parties agree to begin investigating ways to develop and deliver supplies from  
9 the Riverside Basin, as provided for in the 1969 Judgment, to maximize the benefit for users  
10 within Western while ensuring all provisions of the 1969 Judgment are up-held.

11           2.12 The Parties agree to meet and confer, in good faith, as to the provision of recycled  
12 water and non-potable water by Riverside to Western.

13 **3. AGREEMENT:** In consideration of the foregoing Recitals that are incorporated herein by  
14 this reference and the mutual terms and conditions herein, the Parties agree as follows:

15 **4. DEFINITIONS:** Terms used herein with initial capitalization, whether in singular or  
16 plural, shall have the following meanings:

17           4.1 1969 Judgment: The judgment rendered by the court in *Western Municipal*  
18 *Water District v. East San Bernardino County Water District* (Riverside County Superior Court  
19 No. 78426) and governing, among other things, the Parties’ respective rights and obligations  
20 related to the beneficial use and maintenance of the Bunker Hill Basin, Rialto/Colton Basin,  
21 Riverside North Basin and Riverside South Basin.

22           4.2 AFY: Acre-feet per year.

23           4.3 Authorized Representative: The representative or their designee identified by  
24 each Party, in accordance with Section 12, to act on such Party's behalf with respect to those  
25 matters specified herein to be the functions of such Authorized Representative.  
26

1           4.4    Bunker Hill Basin: The groundwater basin so defined and described in the 1969  
2 Judgment.

3           4.5    Bunker Hill Export Allocation: Riverside's annual volumetric export right of  
4 groundwater from the Bunker Hill Basin as defined in the 1969 Judgment as amended from  
5 time to time.

6           4.6    Capital Recovery Component: The component of the Service Rate intended to  
7 recover Riverside's capital cost of providing Production, Treatment, and/or Conveyance  
8 Services along the flow path to Western.

9           4.7    Conveyance Services: Riverside's use of its water treatment, transmission and  
10 distribution systems to convey water from a Point of Receipt to a Point of Delivery.

11          4.8    Commodity Price: This term shall have the meaning set forth in Section 10.2.

12          4.9    Curtailment: Any shortage of water delivery relative to the Operating Plan as  
13 defined in Section 4.18. Curtailment is measured on a monthly basis and is assigned to  
14 Riverside (if unable to deliver water) or Western (if unable to receive water). The Curtailments  
15 for both Parties are summed at the end of the calendar year. Western's annual obligation to  
16 receive water is reduced by Riverside's Curtailment, and vice-versa. In any given month,  
17 where feasible and practical, Riverside may deliver more water and Western may receive more  
18 water than what is specified in the Operating Plan. These excesses are summed and will reduce  
19 any applicable Curtailment. If Riverside and Western agree to Make-Up water as defined in  
20 Section 4.38, any applicable Curtailment will be reduced by that amount.

21          4.10   Curtailment Payment: If Western has a Curtailment for any given year, Western  
22 shall make payment to Riverside as set forth in Sections 6.1.2 and 6.2.2.

23          4.11   Delivery Month: A month for which Western has requested Production,  
24 Treatment, Conveyance and/or Services in the Operating Plan.

25          4.12   Fiscal Year: The twelve (12) month period commencing each July 1 during the  
26 term of this Agreement and ending the following June 30.

1           4.13   Make-Up Water: By mutual consent of the Operating Committee, up to 500  
2 AFY of Western Water and/or Riverside Water that is not delivered in the current calendar year  
3 may be eligible to be delivered the following calendar year. Make-up water is intended to be  
4 used during the following calendar year. Make-up water shall not be available in consecutive  
5 years unless approved by Riverside. Make-up water is not subject to Curtailment Payment.  
6 Non-delivered Western water shall be used for Make-Up Water before non-delivered Riverside  
7 Water, unless the Parties mutually agree otherwise for any given year.

8           4.14   MWD: The Metropolitan Water District of Southern California.

9           4.15   MWD Tier 1 cost: The published volumetric rate charged by MWD for full-  
10 service potable water supply. If MWD amends its rates such that the MWD Tier 1 cost is no  
11 longer applicable to the pricing under this Agreement, the parties agree to meet and confer and  
12 amend this Agreement to include an appropriate pricing reference.

13          4.16   Operation & Maintenance Component: The component of the Service Rate  
14 intended to recover Riverside's operating and maintenance cost of providing Production,  
15 Treatment, and/or Conveyance Services.

16          4.17   Operating Committee Meeting: The work group referenced in Section 6.4.

17          4.18   Operating Plan: The written plan, developed collaboratively by Western and  
18 Riverside, as set forth in Section 6.3. Attached hereto as Exhibit A and incorporated herein by  
19 reference is an example Operating Plan.

20          4.19   Point of Delivery: The Point of Interconnection where water is delivered to  
21 Western by Riverside in connection with Conveyance Services provided hereunder.

22          4.20   Point of Interconnection: A point where the water transmission and/or  
23 distribution systems of Riverside and Western interconnect.

24          4.21   Point of Receipt: The Point of Interconnection where water is delivered to  
25 Riverside by Western, or on Western's behalf, in connection with Conveyance Services  
26 provided hereunder. With respect to Riverside's simultaneous provision of both Production



Services and Conveyance Services, the well head discharge block valve shall be deemed to be the Point of Receipt.

4.22 Production Services: Riverside's extraction of groundwater for the benefit of Western using Riverside's water well(s) in the Water Basins.

4.23 Prudent Utility Practice: Any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts (including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the water utility industry prior thereto) known at the time the decision was made, which would have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety, and expedition, taking into account the fact that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result. Prudent Utility Practice includes due regard for manufacturers' warranties and requirements of agencies of competent jurisdiction.

4.24 Rialto/Colton Basin: The groundwater basin so defined and described in the 1969 Judgment.

4.25 Riverside North Basin: The groundwater basin so defined and described in the 1969 Judgment.

4.26 Riverside South Basin: The groundwater basin so defined and described in the 1969 Judgment.

4.27 Riverside Water: The portion of Riverside's Bunker Hill Basin Export Allocation under the 1969 Judgment that in Riverside's sole judgment, which shall not be unreasonably exercised, is surplus to Riverside's retail and wholesale customer demand which is made available for purchase by Western.

4.28 SBBA: The groundwater basin defined and described in the 1969 Judgment.

1           4.29   Service Rate: The rate, expressed in dollars per acre-foot and rounded to  
2 nearest cent, to be paid by Western to Riverside in connection with Riverside's provision of  
3 Production, Treatment, and/or Conveyance Services.

4           4.30   Shared Benefit Methodology: This methodology shall have the meaning set  
5 forth in Exhibit D, attached hereto and incorporated by reference.

6           4.31   Storage Services: The retention and storage of water using Riverside's reservoir  
7 capability for later delivery of such water to Western.

8           4.32   Surplus Water Sales: This term shall have the meaning set forth in Section 2.12  
9 herein.

10          4.33   Treatment Services: The use and operation of water treatment such as, but not  
11 limited to, ion exchange, granular activated carbon, membrane filtration, and/or blending to  
12 achieve compliance with State drinking water standards.

13          4.34   Uncontrollable Force: Any cause or event which is beyond the control of the  
14 Party affected, including, but not restricted to, failure of or threat of failure of facilities, flood,  
15 earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor  
16 dispute or strike, labor or material shortage, sabotage, restraint by court order or public  
17 authority and action or non-action by or failure to obtain the necessary authorizations or  
18 approvals from any governmental agency or authority which by exercise of due diligence  
19 such Party could not reasonably have been expected to avoid and which by exercise of due  
20 diligence it shall be unable to overcome.

21          4.35   Water Basins: This term shall have the meaning set forth in Section 2.3 herein.

22          4.36   Western Water: Any water secured by Western through separate agreement  
23 that is intended to be produced, treated and/or conveyed through Riverside's system.

24          4.37   Willful Misconduct: This term shall have the meaning set forth in Section  
25 13.4 herein.

1 **5. EFFECTIVE DATE AND TERM:**

2 5.1 This Agreement shall be effective July 1, 2017. The terms of this Agreement  
3 pertaining to the production, treatment and/or conveyance of Western Water shall remain in  
4 effect until June 30, 2037, and the terms of this Agreement pertaining to Riverside Water shall  
5 remain in effect until June 30, 2027, unless earlier terminated as follows:

6 5.1.1 Upon advance written notice by either Party at least two (2) years prior  
7 to the specified date of termination; or

8 5.1.2 Upon ten (10) days advance written notice by the non-defaulting Party to  
9 the defaulting Party following a material breach of this Agreement.

10 5.2 Obligations incurred hereunder but not satisfied prior to termination of this  
11 Agreement shall survive such termination until fully discharged, including any payments due  
12 by one Party to the other Party hereunder.

13 5.3 Beginning upon expiration/termination of the terms of this Agreement  
14 pertaining to Riverside Water, Riverside shall make a reasonable good faith effort, subject to  
15 governing body approvals, to deliver up to 2,000 AFY of Riverside Water to Western in times  
16 of emergency shortage that may be caused by drought or infrastructure outage that negatively  
17 impacts Western's imported water supply. The price of this water will be based on the "Shared  
18 Benefit Methodology" described in this Agreement.

19 **6. PRODUCTION, TREATMENT AND CONVEYANCE SERVICES:**

20 6.1 Western Water:

21 6.1.1 Riverside shall utilize its water production, treatment and conveyance  
22 facilities during each Delivery Month as required to deliver Western Water to Western in  
23 accord with the duly approved Operating Plan established pursuant to Section 6.3. Riverside  
24 shall provide up to 5,408 AFY of Western Water over the next 20 years. For each acre-foot of  
25 Western Water so delivered by Riverside to Western, Western shall pay Riverside at the rate  
26 calculated in Section 10.

1           6.1.2 Western shall have the right to curtail delivery of the Western Water at  
2 any time and of the duration specified by Western by providing 30-days' notice for non-  
3 emergency curtailments and notice as soon as practically possible for emergency curtailments.  
4 However, Western agrees that if delivery is curtailed by Western, Western shall pay Riverside a  
5 Curtailment Payment equal to the Capital Recovery Component, as defined in 10.1.3,  
6 multiplied by the acre-feet of curtailed Western Water as compensation to Riverside for  
7 Riverside's commitment to annually provide to Western up to 5,408 AFY of production,  
8 treatment and conveyance capacity. Make-Up Water may be applied towards the amount of  
9 deliveries curtailed by Western in order to reduce or eliminate the amount of the Curtailment  
10 Payment. Should Riverside be unable to deliver any portion of the 5,408 AFY of Western  
11 Water during any year of this Agreement, Western shall not be obligated to such curtailment  
12 payment for that portion of the Western Water that Riverside is not able to deliver for that year.

13           6.1.3 Western is working to secure long-term arrangements for 5,408 AFY of Western  
14 Water. Should Western be unable to secure Western Water equal to 5,408 AFY for the term of  
15 this Agreement, Western agrees to notify Riverside in advance of an annual Operating  
16 Committee Meeting and the applicable Operating Plan shall reflect the actual volume of  
17 secured Western Water. Riverside agrees to modify the Curtailment Payment provision to  
18 match the actual volume of secured Western Water for the following calendar year and beyond.

19           6.1.4 In any calendar year, all Western Water shall be conveyed prior to any Riverside  
20 Water.

21           6.2     Riverside Water:

22           6.2.1 Riverside shall deliver a minimum of 2,000 AFY of Riverside Water to  
23 Western, over the next ten-years. If, in its sole judgment, Riverside has additional water in  
24 excess of the 2,000 AFY in a given year, Riverside will notify Western prior to the  
25 development of the Operating Plan. If Western is interested in purchasing some or all of the  
26 excess supplies and has the ability to receive it, those excess supplies will be incorporated

1 into the Operating Plan. The Western Water to be delivered to Western under this Agreement  
2 shall take delivery priority over Riverside Water, as set forth in the applicable Operating  
3 Plan. Supplies in excess of 2,000 AFY will not be subject to the curtailment payment set  
4 forth in Section 6.2.2. Delivery of Riverside Water in excess of 2,000 AFY will not require  
5 modification or amendment of this Agreement. For each acre-foot of Riverside Water  
6 extracted by Riverside on Western's behalf, Western shall pay Riverside the rate determined  
7 in accordance with Section 10.

8               6.2.2 Western shall have the right to curtail delivery of the Riverside Water at  
9 any time and of the duration specified by Western by providing 30-days' notice for non-  
10 emergency curtailments and notice as soon as practically possible for emergency curtailments.  
11 However, Western agrees that if delivery is curtailed, Curtailment Payment shall be equal to the  
12 Commodity Price, as defined in Section 10.2, multiplied by acre-feet of Curtailed Riverside  
13 Water, as compensation for Riverside's commitment to annually provide to Western a  
14 minimum of 2,000 AFY of production, treatment and conveyance capacity. Make-Up Water  
15 may be applied towards the amount of deliveries curtailed by Western in order to reduce or  
16 eliminate the amount of the Curtailment Payment. Should Riverside be unable to deliver any  
17 portion of the 2,000 AFY of Riverside Water during any year of this Agreement, Western shall  
18 not be obligated to such curtailment payment for that portion of the Western Water that  
19 Riverside is not able to deliver for that year.

20               6.2.3 Riverside Water shall not be subject to Curtailment Payment until  
21 January 1, 2018.

### 22               6.3 Operating Plan:

23               6.3.1 Western and Riverside will work collaboratively to develop a mutually  
24 agreeable Operating Plan, in the format of the example in Exhibit A. Two (2) original copies  
25 of the initial Operating Plan setting forth the services requested, signed by Western's  
26 Authorized Representative, shall be submitted to Riverside's Authorized Representative no

1 later than November 1 of each year for the following calendar year and shall specify the  
2 services requested by Western, including, but not limited to, the date(s) of service, the  
3 quantities of water involved, the origin of any water to be conveyed by Riverside, the  
4 groundwater basin of origin in the case of Production Services, and the Points of Receipt and  
5 Points of Delivery. The Operating Plan can be adjusted monthly by mutual agreement.

6           6.3.2 If Riverside's Authorized Representative reasonably determines that  
7 Western's initial proposed Operating Plan is feasible and consistent with Prudent Utility  
8 Practice and the operation of Riverside's water extraction, transmission, distribution and  
9 treatment systems, Riverside's Authorized Representative shall countersign both copies of the  
10 proposed Operating Plan and return one (1) fully executed copy to Western. Unless otherwise  
11 communicated in writing to Western, Riverside shall provide the Production, Treatment and  
12 Conveyance Services specified in the fully executed Operating Plan, subject to the terms of this  
13 Agreement. In the event Riverside reasonably determines that an Operating Plan is not feasible  
14 and/or is not consistent with Prudent Utility Practice, Riverside shall provide such notice to  
15 Western within 30 days and the Parties shall then engage in good faith negotiations to resolve  
16 said issues and to develop a mutually agreeable Operating Plan. The failure of Riverside to  
17 provide an executed copy of the Plan, or to provide notice within 30 days that a Plan is  
18 infeasible, shall constitute Riverside's approval of the Plan.

19           6.3.3 If an Operating Plan has not been countersigned by Riverside in  
20 accordance with Section 6.3.2, and Riverside has sent the notice in accordance with section  
21 6.3.2, the General Managers from Western and Riverside will meet and confer to forge a  
22 compromise by January 1. Should the General Managers be unable to reach a resolution by  
23 January 1, both Parties agree to mediation and shall share the expense of mediation equally.  
24 Such mediation shall be completed by March 1, unless the Parties mutually agree to an  
25 extension.  
26

1                   6.3.4 Riverside shall provide Production, Treatment and Conveyance Services  
2 from October 1 through May 31 and shall make diligent good faith efforts to provide such  
3 services every month of the year.

4           6.4   Operating Committee Meetings: The Authorized Representatives shall  
5 annually conduct at least one coordination meeting during the term of this Agreement. It is  
6 anticipated that said meeting will take place in the fall of each year prior to November 1 and  
7 may include, for example and not by way of limitation, the following agenda items:

8                   (a) Actual energy and Operations and Maintenance costs as well as  
9 reconciliation of payments for the previous year;

10                   (b) Calculation of the Commodity Charge for Riverside Water;

11                   (c) Operational challenges of the past year;

12                   (d) Projected costs for the upcoming year;

13                   (e) Operational planning for the upcoming year;

14                   (f) A 5-year projection of capital improvements that may be necessary to  
15 fulfill deliveries to Western;

16                   (f) Review components of and the cost calculation of the Capital Recovery  
17 Component; and

18                   (g) Other items necessary to ensure successful fulfilment of the terms of this  
19 Agreement as determined in the discretion of each Party.

20 **7. MEASUREMENT OF WATER PRODUCED OR CONVEYED:**

21           7.1   Any metering devices used to measure the delivery of water under this  
22 Agreement at a Point of Interconnection shall be owned by Riverside and shall be installed,  
23 operated, calibrated, and maintained in accordance with Riverside's standard requirements.  
24 Any such metering devices shall be maintained directly by Riverside or by agents or  
25 subcontractors directly under Riverside's control.  
26

1           7.2     Riverside shall inspect and test the metering devices at least once per calendar  
2 year, unless more frequent testing and inspection is appropriate as a result of repairs to or  
3 replacements of a metering device. Riverside shall provide reasonable advance notice to  
4 Western of any such testing or inspection in order to permit a representative of Western to  
5 witness such activities, and shall provide Western with copies of any periodic or special  
6 inspection or testing reports relating to the metering devices upon request by Western.  
7 Western, at its own expense, may request in writing that Riverside initiate additional testing  
8 and inspection of the metering devices, and Riverside shall comply with any such request as  
9 soon as practical after the request is made.

10           7.3     As part of this agreement, Riverside shall recalibrate or replace all existing  
11 metering devices prior to December 1, 2017.

12     **8. [RESERVED]**

13     **9. CONTINUITY OF SERVICE:**

14           9.1     Riverside reserves the right to curtail Production, Treatment and Conveyance  
15 Services hereunder; (i) upon reasonable advance notice to Western to make repairs,  
16 replacements, modifications, or to perform maintenance work, all for the purpose of  
17 maintaining continuity of Production, Treatment and Conveyance Services, or (ii) without  
18 notice to Western because of an existing or impending Uncontrollable Force, as determined in  
19 Riverside's sole judgment which shall not be unreasonably exercised.

20           9.2     Notwithstanding the provisions of Section 9.1, Riverside may interrupt or curta  
21 Production, Treatment, and Conveyance Services to the extent that the continued provision of  
22 such services could, in Riverside's sole judgment which shall not be unreasonably exercised,  
23 adversely affect the quality, reliability or cost of service related to water deliveries by Riversi  
24 to its retail customers, (ii) cause Riverside to violate the terms of any rule, regulation, or  
25 binding obligation it may otherwise have with respect to the production, treatment or deliver  
26 of water, (iii) Riverside experiences a significant loss of extraction capacity, export rights,



1 treatment capacity, and/or conveyance capacity in any portion of its water system, or (iv) in  
2 accordance with Prudent Utility Practice.

3 **10. RATES AND CHARGES:**

4 10.1 Western Water: For Western Water Production, Treatment and Conveyance  
5 Services rendered by Riverside to Western hereunder, Western shall pay the following rate(s)  
6 per acre-foot of water, or portion thereof, applicable to the service provided.

7 10.1.1 Energy Component: The Energy Component of the rates for Western  
8 Water Services shall be in accord with the pricing sheets referenced in Section 10.6 below.  
9 For fiscal year 2017-18, a single average energy unit cost of \$115 per acre-foot will be used  
10 for the monthly energy costs. Prior to each November 1 of the Agreement term, the actual  
11 costs per Section 10 shall be reconciled against the prior invoiced costs and the difference  
12 shall be invoiced or credited in accordance with Section 10.4. Each subsequent year, the  
13 prior year's actual average unit costs for energy will be used in the monthly billing for the  
14 following 12-months until a new reconciliation occurs.

15 10.1.2 O&M Component: The O&M Component of the rates for Western  
16 Water shall be in accord with the pricing sheets referenced in Section 10.6 below. For fiscal  
17 year 2017-18, a single average O&M unit cost of \$142 per acre foot will be used for the  
18 monthly O&M costs. Prior to each November 1 of the Agreement term, the actual costs per  
19 Section 10 shall be reconciled against the prior invoiced costs and the difference shall be  
20 invoiced or credited in accordance with Section 10.4. Each subsequent year, the prior year's  
21 actual average unit costs for O&M will be used in the monthly billing for the following 12-  
22 months until a new reconciliation occurs.

23 10.1.3 Capital Recovery Component: The Capital Recovery Component of  
24 the rates for Western Water shall be in accord with the pricing sheets referenced in Section  
25 10.6 below. The Capital Recovery Component will be comprised of costs for the  
26 conveyance of Western Water, including but not limited to Riverside's Waterman Wells,

1 Waterman Supply Transmission Pipeline, Distribution System Transmission Lines, and  
2 Booster Stations, as further described and identified on the schematic illustration included in  
3 Exhibit C and incorporated herein by reference. For fiscal year 2017-18, an average blended  
4 rate of \$260 per acre-foot will be used. The Capital Recovery Component shall be annually  
5 adjusted to reflect the percentage increase, if any, in the Consumer Price Index for all Urban  
6 Consumers for the Los Angeles-Anaheim-Riverside area published by the United States  
7 Department of Labor, Bureau of Labor Statistics (1982/84=100) ("CPI"). The Parties agree  
8 to annually review the cost elements and, if warranted by mutual consent of the Parties, reset  
9 the Capital Recovery Component to reflect then current costs. New or upgraded facilities that  
10 are constructed after the date of this agreement, which are clearly shown to benefit the  
11 Production, Treatment and Conveyance Services provided to Western, will be added to and  
12 incorporated into the Capital Recovery Component. Riverside shall only include costs for  
13 new or upgraded facilities which are used to convey water to Western.

14 10.2 Riverside Water: Western agrees to pay Riverside the Energy, O&M, and  
15 Capital Recovery Component charges, as described in Section 10.1, and a Commodity Price.  
16 Both Parties agree to use a "Shared Benefit Methodology" to calculate the Commodity Price  
17 of the Riverside Water and the savings to Western in relation to the MWD Tier 1 cost. The  
18 Shared Benefit Methodology is intended to establish an all-inclusive price that equally splits  
19 the difference between Riverside's rate to deliver Western Water, less Western's weighted  
20 average transmission and delivery costs at all current and future interconnections, and the  
21 MWD Tier 1 cost for that applicable year. The difference between the calculated all-inclusive  
22 price and Riverside's rate to deliver Western Water will be deemed to be the commodity  
23 price ("Commodity Price"). An example of said calculation and escalation is set forth below:

24 10.2.1 Example - If Riverside's cost to deliver Western Water is \$517 per  
25 acre-foot, Western's pumping cost is \$60 per acre-foot and the MWD Tier 1 cost is \$979 per  
26 acre-foot, then the total cost to deliver Riverside Water to Western would be  $(\$517 - \$60 +$

1 \$979) / 2) = \$718. MWD Tier 1 cost for the applicable year is \_\_\_\_\_.

2 10.2.2 The price would be set for fiscal year 2017-18 and calculated annually  
3 prior to November 1, through 2026 based on the cost structure described above.

4 10.2.3 Reconciliation: Prior to each November 1 of the Agreement term, the  
5 actual Commodity Price will be determined based on actual costs per Section 10.2 and the  
6 costs shall be reconciled against the prior invoiced costs and the difference shall be invoiced  
7 or credited in accordance, with Section 10.4. Each subsequent year, the prior year's actual  
8 average unit costs for energy and O&M, along with the Capital Recovery Component and the  
9 published MWD Tier 1 costs for the coming year will be used in the monthly billing for the  
10 following 12-months; or, until a new reconciliation occurs.

11 10.3 Basis of Billing: All costs shall be accrued based on the reading of  
12 Riverside's meter(s); all water produced and conveyed through Riverside's water system  
13 shall be billed based on the meter reading at the Point of Interconnection.

14 10.4 Invoicing and Reconciliation of Costs: For each monthly billing cycle,  
15 Riverside shall invoice Western in accordance with Section 11 of this Agreement for the  
16 costs detailed in this Section 10. Prior to each November 1 of the Agreement term, the actual  
17 costs per Section 10 shall be reconciled against the prior invoiced costs and the difference  
18 shall be invoiced or credited. Each subsequent year, the prior year's actual average unit costs  
19 for energy and O&M will be used in the monthly billing for the following 12-months; or,  
20 until a new reconciliation occurs.

21 10.5 Pricing Sheets: The pricing sheet for the Energy, Operations & Maintenance  
22 ("O&M") and Capital Recovery components to be charged by Riverside are set forth in  
23 Exhibit "B" attached hereto and incorporated herein by reference. The pricing sheet for the  
24 Western Water and the Riverside Water, including the Shared Benefit Methodology to be  
25 charged by Riverside, are set forth in Exhibit "D" attached hereto and incorporated herein by  
26 reference.

1 **11. BILLING AND PAYMENT:**

2 11.1 Riverside shall bill Western for charges due hereunder by the fifteenth (15<sup>th</sup>)  
3 day of each month for services rendered during the prior month, including any required  
4 adjustments to bills previously paid by Western. Western shall pay such bills not later than  
5 the fifth (5<sup>th</sup>) day of the month following the month in which bill is issued, or on the first  
6 business day thereafter if the fifth (5<sup>th</sup>) day falls on a Saturday, Sunday, or holiday. Payments  
7 which are not made in full by said due dates shall thereafter accrue interest at the lesser of (i)  
8 one percent (1%) per month of the unpaid balance, or (ii) the maximum rate otherwise  
9 permitted by law applicable to this Agreement, prorated by days until payment is sent by  
10 Western.

11 11.2 In the event any portion of any bill is disputed, Western shall pay the bill,  
12 including the disputed amount, under protest when due. If the protested portion of the  
13 payment is found to be incorrect, Riverside shall promptly refund the protested portion,  
14 including interest at the lesser of (i) one percent (1%) per month, or (ii) the maximum rate  
15 otherwise permitted by law applicable to this Agreement, prorated by days from the date of  
16 payment by Western to the date the refund check is sent or the refund payment is otherwise  
17 made by Riverside.

18 11.3 If Western does not dispute in writing any billing within one hundred eighty  
19 (180) days after the bill was rendered by Riverside, Western shall be deemed to have waived  
20 any further or continuing right to dispute such bill.

21 11.4 Unless otherwise agreed by the Authorized Representatives, bills shall be  
22 rendered and remittances made by their submission to the following addresses:

23 Bills rendered by Riverside to Western:

24 Western Municipal Water District  
25 14205 Meridian Parkway  
26 Riverside, CA 92518

Payments made by Western to Riverside:

City of Riverside  
Accounts Receivable  
3900 Main Street  
Riverside, CA 92522

11.5 If the Parties are each required to pay an amount to each other in the same calendar month under this Agreement, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting of the respective amounts due, in which case the Party, if any, owing the greater aggregate amount may pay to the other Party the difference between the amounts owed.

11.6 The Parties shall conduct an audit at least once every five (5) years during the term of this Agreement in order to determine the accuracy of the calculations required to be performed for the costs and cost escalators under this Agreement. The Parties shall each pay one-half of the cost of said audits.

**12. AUTHORIZED REPRESENTATIVES:** The Parties warrant that their Authorized Representatives have the authority to bind the respective Party to all relevant commitments under this Agreement. Initially, the Parties' Authorized Representatives shall be the individuals holding the positions set forth in the notice provisions of Section 29. Any Party may at any time change the designation of its Authorized Representative by written notice to the Authorized Representatives of the other Party. Each Party's Authorized Representative is authorized to act on its behalf in the implementation of this Agreement and with respect to those matters contained herein which are the functions and responsibilities of the Authorized Representatives. Each Authorized Representative may delegate actual performance of such functions and responsibilities; provided, that any agreement of the Authorized Representatives required to be in writing shall be signed by the Authorized Representatives.

**13. LIABILITY AND INDEMNIFICATION:**

13.1 Limitation of Liability: Except as to the gross negligence or Willful

1 Misconduct of a Party, each Party shall release and hold harmless the other Party from and  
2 against any and all liability, loss, damage, and expense arising from, alleged to arise from, in  
3 connection with, or incident to the services rendered under this Agreement.

4 13.2 Limitation on Damages: No Party shall be liable for any consequential,  
5 incidental, punitive, special, or exemplary damages or lost opportunity costs, lost profit, or  
6 other business interruption damages, by statute or in tort or contract, under any provision of  
7 this Agreement.

8 13.3 Indemnification: Notwithstanding Section 13.1, each Party shall indemnify,  
9 defend, and hold harmless the other Party, its directors, members, officers, employees, and  
10 agents from and against any and all third-party claims, suits, or actions instituted on account  
11 of personal injuries or death of any person (including but not limited to workers and the  
12 public) or physical damage to property resulting from or arising out of the indemnitor's  
13 Willful Misconduct or grossly negligent act or omission while engaged in the performance of  
14 obligations or exercise of rights under this Agreement.

15 13.4 Definition of Willful Misconduct: For purposes of this Agreement, Willful  
16 Misconduct shall be defined as:

17 13.4.1 Action taken or not taken by a Party at the direction of its directors or  
18 other governing body, officers, or employees having management or administrative  
19 responsibility affecting its performance under this Agreement, which:

20 13.4.1.1 Is knowingly or intentionally taken or not taken with  
21 conscious indifference to the consequences thereof or with intent that injury or damage would  
22 result or would probably result therefrom;

23 13.4.1.2 Has been determined by final arbitration award or judgment  
24 or judicial decree to be a material default under this Agreement, and which action occurs or  
25 continues beyond the time specified in such arbitration award or judgment or judicial decree  
26 for curing such default, or, if no time to cure is specified therein, occurs or continues

thereafter beyond a reasonable time to cure such default; or

13.4.1.3 Is knowingly or intentionally taken or not taken with the knowledge that such action taken or not taken is a material default under this Agreement.

13.4.2 As used in this definition:

13.4.2.1 Willful Misconduct does not include any act or failure to act which is merely involuntary, accidental, or negligent.

13.4.2.2 The phrase "employees having management or administrative responsibility" means those employees of a Party who are responsible for one or more of the executive functions of planning, organizing, coordinating, directing, controlling, and supervising such Party's performance under this Agreement, with responsibility for results.

**14. RELATIONSHIP OF THE PARTIES:** The covenants, obligations, and liabilities of the Parties are intended to be several and not joint or collective, and nothing herein contained shall ever be construed to create an association, joint venture, trust, or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regard to any Party. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as herein provided. No Party shall be under the control of or shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party without such other Party's express written consent, except as provided in this Agreement.

**15. UNCONTROLLABLE FORCES:** If the existence of an Uncontrollable Force disables a Party from performing its obligations under this Agreement (except for such Party's obligations to make payments hereunder), such Party shall not be considered to be in default in the performance of any such obligations while such disability of performance exists. A Party rendered unable to fulfill any of its obligations under this Agreement by reason of an Uncontrollable Force shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein shall be construed so as to require a Party

1 to settle any strike or labor dispute in which it may be involved.

2 **16. AUDITS:** Each Party shall have the right to audit any costs, payments, settlements,  
3 or other supporting information pertaining to this Agreement. Any such audit shall be  
4 undertaken by the requesting Party or its representative at reasonable times and in  
5 conformance with generally accepted auditing standards. The audited Party shall fully  
6 cooperate with any such audit, the cost of which shall be paid by the requesting Party. The  
7 right to audit a billing shall extend for a period of three (3) years following the rendering of  
8 the bill. Each Party shall retain all necessary records or documentation for the entire length  
9 of such three (3) year period and shall, to the extent permitted by law, take all steps  
10 reasonably available to assure the confidentiality of the audited Party's accounting records  
11 and supporting documents.

12 **17. THIRD PARTY BENEFICIARIES:** Unless otherwise specified in this Agreement,  
13 there are no third party beneficiaries to this Agreement. This Agreement shall not confer any  
14 right or remedy upon any person or entity other than the Parties and their respective successors  
15 and assigns permitted under Section 19. This Agreement shall not release or discharge any  
16 obligation or liability of any third party to any Party or give any third party any right of  
17 subrogation or action over or against any Party.

18 **18. DISPUTE RESOLUTION:**

19 18.1 The Parties' Authorized Representatives shall attempt to amicably and  
20 promptly resolve any dispute arising between the Parties under this Agreement. Nothing in  
21 this Agreement shall preclude either Party from taking any lawful action it deems appropriate  
22 to enforce its rights under this Agreement.

23 18.2 Any action at law or in equity brought by either of the parties hereto for the  
24 purpose of enforcing a right or rights provided for by this Agreement shall be tried in the  
25 Superior Court of the County of Riverside, State of California, and the parties hereby waive  
26 all provisions of law providing for a change of venue in such proceedings to any other



1 county. This agreement shall be governed, construed, and enforced in accordance with the  
2 laws of the State of California, without regard to its conflict of laws rules.

3 18.3 In the event either party hereto shall bring suit to enforce any term of this  
4 Agreement or to recover any damages for and on account of the breach of any term or  
5 condition of this Agreement, it is mutually agreed that each party will bear their own attorneys'  
6 fees and costs.

7 **19. ASSIGNMENT OF INTERESTS:**

8 19.1 Neither Party shall assign this Agreement without the prior written consent of  
9 the other Party, which consent shall not be unreasonably withheld or delayed. Western  
10 expressly understands and agrees that it shall not be unreasonable for Riverside to withhold or  
11 delay its consent to any proposed or purported assignment by Western to any person or entity  
12 ("Assignee") that has not demonstrated to Riverside's reasonable satisfaction that Riverside's  
13 interests as contemplated herein will not be adversely effected thereby.

14 19.2 Any assignment by a Party of its interest in this Agreement which is made  
15 without the prior written consent of the other Party shall not relieve the assigning Party from  
16 primary liability for any of its duties and obligations under this Agreement, and in the event of  
17 any such assignment, the assigning Party shall continue to remain primarily liable for payment  
18 of any and all money due the other Party as provided under this Agreement, and for the  
19 performance and observance of all covenants, duties, and obligations to be performed and  
20 observed under this Agreement by the Party to the same extent as though no assignment had  
21 been made.

22 19.3 Whenever an assignment of a Party's interest in this Agreement is made with  
23 the written consent of the other Party, the assigning Party's assignee shall expressly assume in  
24 writing the duties and obligations under this Agreement of the assigning Party and, within  
25 thirty (30) days after any such assignment and assumption of duties and obligations, the  
26 assigning Party shall furnish, or cause to be furnished, to the other Party a true and correct

copy of such assignment and assumption of duties and obligations. Upon the effective date of such assignment, the assigning Party shall be relieved of its obligations and duties under this Agreement.

19.4 Subject to the foregoing restrictions on assignment, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

**20. NO DEDICATION OF FACILITIES:** Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the system, or any portion thereof, of that Party to the public or to the other Party, nor affect the status of that Party as an independent system.

**21. COMPLETE AGREEMENT:** This Agreement contains the entire agreement and understanding between the Parties as to the subject matter of this Agreement and supersedes all prior commitments, representations, and discussions between the Parties.

**22. CONSTRUCTION OF AGREEMENT:** Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against either Party, but shall be construed in a manner that most accurately reflects the intent of the Parties when this Agreement was executed and is consistent with the nature of the rights and obligations of the Parties with respect to the matter being construed.

**23. NONDISCRIMINATION:** During the performance of this Agreement, neither Party shall deny the Agreement's benefits to any person, nor shall either Party discriminate unlawfully against any employee or applicant for employment, on the ground or because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, marital status, or disability including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

**24. EVENTS OF DEFAULT:** In the event that a Party shall materially default in the

1 performance of its obligations under this Agreement, the Authorized Representative of the  
2 non-defaulting Party may give written notice of the default to the Authorized Representative of  
3 the defaulting Party. If within thirty (30) days after the non-defaulting Party's Authorized  
4 Representative shall have given such written notice to the defaulting Party's Authorized  
5 Representative, the defaulting Party shall have failed to cure the default in its performance of  
6 this Agreement, or if such default requires more than thirty (30) days to cure and the defaulting  
7 Party fails to commence such cure and diligently prosecute such cure to completion, in  
8 addition to any other remedies provided by law, the non-defaulting Party may terminate this  
9 Agreement by written notice of termination as provided for in Section 5.2.2. In addition to any  
10 other cause of default arising hereunder, a Party shall be in default if:

11 24.1 It becomes insolvent; or

12 24.2 It makes a general assignment of substantially all of its assets for the benefit of  
13 its creditors, files a petition for bankruptcy or reorganization or seeks other relief under any  
14 applicable insolvency laws; or

15 24.3 It has filed against it a petition for bankruptcy, reorganization or other relief  
16 under any applicable insolvency laws and such petition is not dismissed within sixty (60) days  
17 after it is filed.

18 **25. AMENDMENTS:** This Agreement may be modified, supplemented or amended  
19 only by a writing duly executed by the Parties.

20 **26. WAIVERS:** Any waiver at any time by any Party of its rights with respect to a  
21 default under this Agreement, or with respect to any other matter arising in connection with  
22 this Agreement, shall not be deemed a waiver with respect to any subsequent default or other  
23 matter arising in connection therewith. Any delay, short of the statutory period of limitation  
24 in asserting or enforcing any right, shall not be deemed a waiver of such right.

25 **27. SECTION HEADINGS:** All captions and headings appearing in this Agreement are  
26 inserted to facilitate reference and shall not govern, except where logically necessary, the

1 interpretations of the provisions hereof.

2 **28. GOVERNING LAW:** This Agreement shall be interpreted, governed by, and  
3 construed under the laws of the State of California or the laws of the United States as  
4 applicable, as if executed and to be performed wholly within the state of California.

5 **29. NOTICES:**

6 29.1 Any notice, demand or request provided for in this Agreement, or served,  
7 given or made in connection with it, shall be in writing and shall be deemed properly served,  
8 given or made if delivered in person or sent by United States mail, postage prepaid, to the  
9 persons specified below, unless otherwise provided for in this Agreement:

10 **To City of Riverside:**

11 City of Riverside  
12 Public Utilities Department  
13 3750 University Ave., 3<sup>rd</sup> floor  
Riverside, CA 92501  
Attn: General Manager

**To Western:**

Western Municipal Water District  
14205 Meridian Parkway  
Riverside, CA 92518  
Attn: General Manager

14 29.2 Either Party may at any time, by written notice to the other Party, change the  
15 designation or address of the person so specified as the one to receive notices pursuant to this  
16 Agreement.

17 **30. SIGNATURE CLAUSE:** The signatories hereto represent that they have been  
18 appropriately authorized to enter into this Cooperative Agreement for Water Production and  
19 Conveyance on behalf of the Party for whom they sign.

20 (signatures on following page)

1 **CITY OF RIVERSIDE,**  
2 A California Charter City and  
3 Municipal Corporation

**WESTERN MUNICIPAL WATER DISTRICT**

4 By: \_\_\_\_\_  
5 John A. Russo  
6 City Manager

By: \_\_\_\_\_  
John V. Rossi  
General Manager

7 Date: \_\_\_\_\_

Date: \_\_\_\_\_

8  
9 Attest:

10 By: \_\_\_\_\_  
11 Colleen J. Nicol  
12 City Clerk

13 Date: \_\_\_\_\_

14  
15 APPROVED AS TO FORM  
16 CITY ATTORNEY'S OFFICE

17 BY   
18 Deputy City Attorney

**RIVERSIDE – WESTERN  
2017 COOPERATIVE AGREEMENT FOR  
LONG-TERM WHEELING AND SURPLUS WATER SALES**

## EXHIBIT A

## EXAMPLE OPERATING PLAN

**CALENDAR YEAR 2018 OPERATING PLAN**

**FOR**

**COOPERATIVE AGREEMENT FOR LONG-TERM WHEELING AND SURPLUS WATER SALES**

**BETWEEN THE CITY OF RIVERSIDE AND WESTERN MUNICIPAL WATER DISTRICT**

The Operating Committee, comprised of representatives from the City of Riverside (Riverside) and Western Municipal Water District (Western) agree to the delivery schedule in Table 1 for Calendar Year 2018.

Table 1. Calendar Year 2018 Delivery Schedule (acre-feet)

Source Water	Jan	Feb	Mar	Apr	May	Jun*	Jul*	Aug*	Sep*	Oct	Nov	Dec	TOTAL
Western Water	925	925	925	925	925		*No guaranteed deliveries.			775	-	-	5400
Riverside Water	-	-	-	-	-		*If capacity exists, deliveries may occur.			150	925	925	2000
<b>TOTAL</b>	<b>925</b>	<b>925</b>	<b>925</b>	<b>925</b>	<b>925</b>					<b>925</b>	<b>925</b>	<b>925</b>	<b>7408</b>

Per the Cooperative Agreement, if the delivery schedule above is unattainable, the Operating Committee has the ability to, upon mutual agreement to adjust monthly delivery targets and/or make-up up to 500 acre-feet of deliveries in the next calendar year.

**City of Riverside Authorized Designee**

**Western Municipal Water District Authorized Designee**

Signature:

Signature:

Title:

Title:

**RIVERSIDE – WESTERN  
2017 COOPERATIVE AGREEMENT FOR  
LONG-TERM WHEELING AND SURPLUS WATER SALES**

## EXHIBIT B

## PRICING SHEETS FOR ELECTRICITY, O&M AND CAPITAL RECOVERY COMPONENTS



**EXHIBIT 'B'**  
**EXAMPLE PRICING SHEET FOR THE RIVERSIDE -WESTERN WHEELING & SURPLUS WATER SALES AGREEMENT**  
(Electricity, O&M, and Capital Recovery Components)

Not Part of the Agreement. For Example Only.

Electricity	Escalator	Mockingbird PS (Van Buren Highline)	Whitegates (Green Orchard BS)	Blended Rate
		\$/AF	\$/AF	\$/AF
Average Electrical Pumping Cost Estimate <sup>1</sup>	Based on	\$94	\$157	\$115
Operations & Maintenance (O&M)	Actuals			
Supply Operations Cost <sup>2</sup>		\$62	\$62	\$62
Distribution Operations Cost <sup>3</sup>	Based on	\$42	\$42	\$42
Supply & Distribution Maintenance Cost <sup>4</sup>	Actuals	\$2	\$2	\$2
Average Capitalized Pump & Well Maintenance Cost <sup>5</sup>		\$36	\$36	\$36
Capital Recovery		\$142	\$142	\$142
Waterman Wells <sup>6</sup>				
Waterman Supply Transmission Pipeline <sup>7</sup>		\$44	\$44	\$44
Distribution System Transmission Lines <sup>8</sup>	ENR LA Metro	\$105	\$105	\$105
Reservoir Storage <sup>9</sup>	CCI	\$66	\$133	\$89
Booster Stations <sup>10</sup>		\$0	\$0	\$0
		\$12	\$42	\$22
Capital Recovery Subtotal:		\$227	\$324	\$260
		\$463	\$623	\$517
Capital Recovery Subtotal:		4,908	2,500	

Notes: (Capital Recovery & Maintenance costs related only to RPU Water Facilities along hydraulic path to Western Delivery Points.)

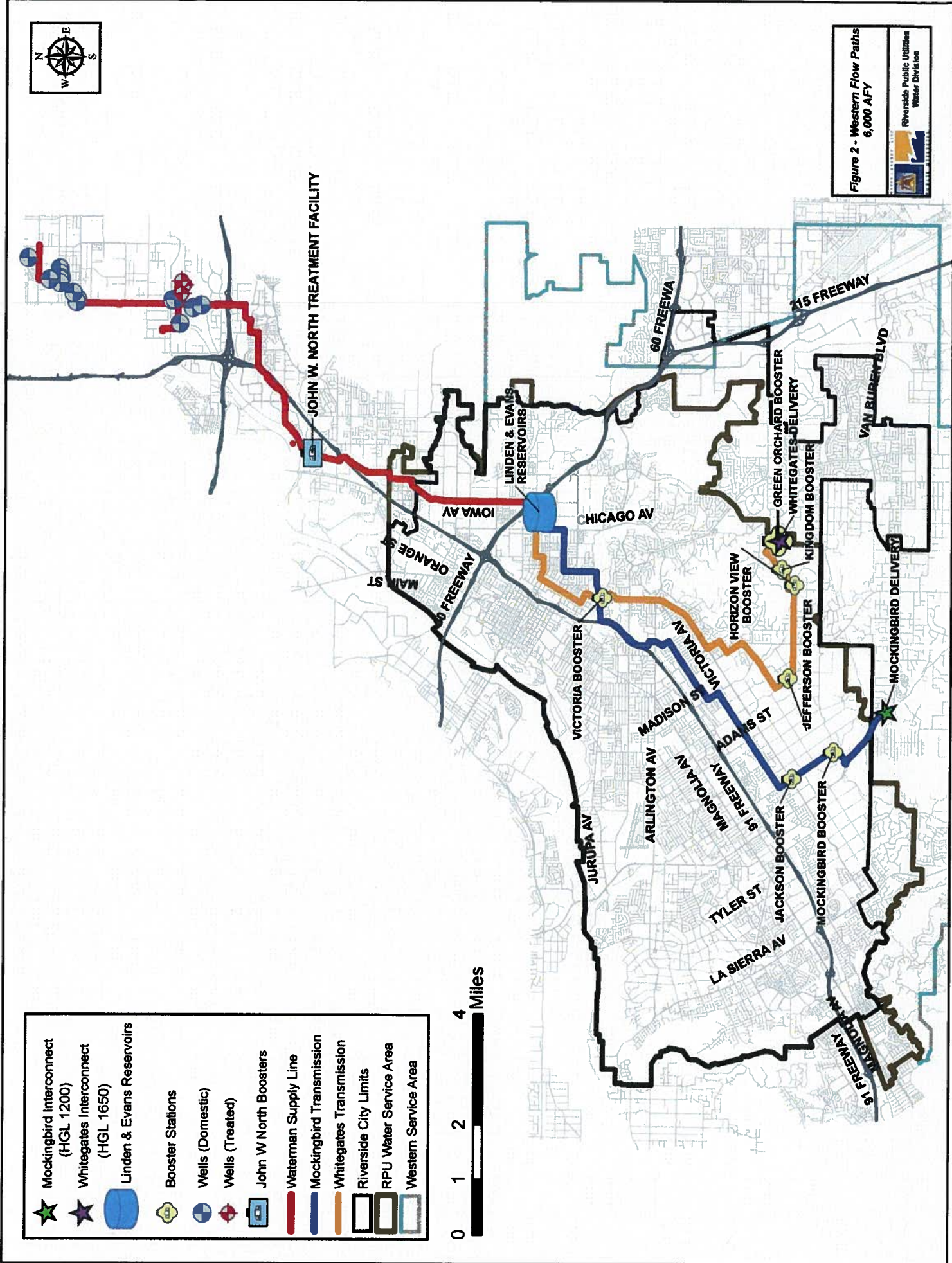
1. Average annual electrical unit cost for water delivery to Mockingbird & Whitegates Western Delivery Points based on actual electrical billings in 2015. Used average electrical cost from Amendment 1 as presented in Energy Cost Sheet. Electrical Charge, will be trued up at the end of each year. The previous years information will be used to establish a baseline for the coming year.  
At the end of each year, the costs will be trued-up based on actuals and a debit/credit will be issued.
2. Operations \$/AF Unit Cost for Bunker Hill Basin (Waterman Supply Transmission Pipeline) Water Production. Calculated in Operations & Maint. Sheet, under Exhibit C.  
Water Fund Cost Center total spending proportional to share of power cost for water production of Waterman wells for FY 2013-2014.  
FY 2013-2014 Water Fund Cost Center 6200000 (Water Production & Operations) [41, 42, & 88 Only] Less Line Item Accounts:  
a. Settlement Reimbursements b. 422200 (Power Costs) c. 422923 (Capacity/Standby Charges) d. 447100 (Taxes and Assessments)  
The sum of the cost components divided by the total production of Waterman wells (including production associated with Western acquired supplies) will be the basis for the Supply Operations Cost.
3. Operations \$/AF Unit Cost for Linden/Evans Reservoir (Potable Water System) Water Distribution. Calculated in Operations & Maint. Sheet, under Exhibit C.  
Water Fund Cost Center total spending proportional to share of power cost for water distribution for FY 2013-2014.  
FY 2013-2014 Water Fund Cost Center 6200000 (Water Production & Operations) [41, 42, & 88 Only] Less Line Item Accounts:  
a. 422200 (Power Costs) b. 422923 (Capacity/Standby Charges) c. 447100 (Taxes and Assessments)  
The sum of the cost components divided by the total potable water sales (including Western acquired supplies) will be the basis for the distribution Operations Cost.
4. Maintenance \$/AF Unit Cost for Bunker Hill Basin (Waterman Supply Transmission Pipeline) Production and Linden/Evans Reservoir (Potable Water System) Distribution. Calculated in Operations & Maint. Sheet, under Exhibit C.  
Water Fund Cost Center total spending proportional to RPU retail water sales for FY 2013-2014.  
1a. Total capital replacement cost of Bunker Hill Basin (Waterman Supply Transmission Pipeline) production system divided by total water production from Waterman Wells (including Western acquired supplies)  
2a. Total capital replacement cost of Linden/Evans Reservoirs to 1200 Zone Mockingbird and 1700 Zone Whitegates Deliveries divided by total potable water sales (including Western acquired supplies)  
FY 2013-2014 Water Fund Cost Center 6205000 (PU Water Field Operations/Maintenance) divided by total RPU Water System capital replacement cost, equated to 0.58%  
1b. Resulting capital replacement cost (\$/AF) multiplied by 0.58% for apportioned production system maintenance cost  
2b. Resulting capital replacement cost (\$/AF) multiplied by 0.58% for apportioned distribution system maintenance cost  
Western's wheeled water flow weighted proportional unit cost obtained from resulting apportioned production & distribution system maintenance cost  
O&M, will be trued up at the end of each year. The previous years information will be used to establish a baseline for the coming year.  
At the end of each year, the costs will be trued-up based on actuals and a debit/credit will be issued.

5. Average Capitalized Maintenance Unit Cost for all RPU Pumps & Wells. Calculated in Operations & Maint. Sheet, under Exhibit C.  
FY 2013-2014 Water Fund Cost Center 6200000 (Facility Rehabilitation, 470803).  
Total Facility Rehab cost for FY 2013-2014 divided by the total potable water sales will be the basis for the Pump & Well Maintenance Cost.
6. \$/AF Unit cost for replacement of existing RPU wells over 100 year life cycle at 5% interest. Calculated in Capital Recovery Sheets, under Waterman Wells.
7. \$/AF Unit cost for replacement of existing RPU Waterman Supply Transmission Pipeline over 120 year life cycle at 5% interest. Calculated in Capital Recovery Sheets, under Waterman Supply Line.
8. \$/AF unit cost for replacement of existing RPU Distribution System Transmission waterlines over 120 year life cycle at 5% interest. Calculated in Capital Recovery Sheets, under Distribution System Transmission Lines.
9. Reservoir usage not critical during non-firm deliveries. During high demands, reservoir capacity reserved for RPU Customers. During high demands, reservoir capacity reserved for RPU Customers.
10. \$/AF unit cost for replacement of existing RPU Booster Stations over 60 year life cycle at 5% interest. Calculated in Capital Recovery Sheets, under Pump Stations.

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### FLOW PATH SCHEMATIC

# Exhibit C – Flow Path Schematic



1                                   **RIVERSIDE – WESTERN**  
2                                   **2017 COOPERATIVE AGREEMENT FOR**  
3                                   **WATER PRODUCTION AND CONVEYANCE**

4                                   **EXHIBIT D**

5  
6                                   **WHEELING, SHARED SAVINGS AND SHARED BENEFIT METHODOLOGY**  
7  
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EXHIBIT 'D'

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