

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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 to Executive Director

RESOLUTION NO. W-3352

EVALUATION & COMPLIANCE DIVISION
 BRANCH/SECTION: Water Utilities
 DATE: March 6, 1987

 Director

 Numerical File

 Alphabetical File

 Accounting Officer

R E S O L U T I O N

SANTA CLARITA WATER COMPANY (SCWC). ORDER AUTHORIZING
 APPROVAL OF AN AGREEMENT BETWEEN NEWHALL COUNTY WATER
 DISTRICT (DISTRICT) AND SCWC FOR EXCHANGE AND RESALE
 OF WATER SERVICE.

By Advice Letter No. 47, (Exhibit A) filed December 4, 1986, SCWC requests authority under Section X of General Order No. 96-A for approval of a contractual agreement (Exhibit B) with District, a governmental agency, forexchange and resale of water not to exceed 700 acre feet per year.

The exchange of water for resale has been requested by the District to enhance its water supply capabilities to an isolated service area of approximately 910 acres known as Pinetree located adjacent to SCWC's service area in the Santa Clarita Valley, Los Angeles County. District's existing wells in Pinetree area are incapable of delivering adequate water supply to meet the growing demand of this isolated area and no other source except from SCWC is available.

SCWC is capable of delivering up to 700 acre feet of water to District for resale at a point close to Pinetree service area provided District supplies SCWC an equal amount of water from a new well known as Well No. 12 to be completed not later than July 1, 1987. SCWC has service areas near Well No. 12 which need a water supply. Excess or deficiency in balancing these deliveries will be billed by either party at the price per acre foot established by Castaic Lake Water Agency, a wholesale supplier of state project water to District and SCWC.

Water Utilities Branch (Branch) of the Evaluation and Compliance Division has reviewed this agreement and concludes that this agreement would put no financial burden on SCWC's present or future customers. The staff of the Legal Division has reviewed the agreement as to form. The Branch considers this request to be just and reasonable, and recommends that it be approved.

The Commission's opinion, after investigation by its staff, is that the proposed agreement for exchange and resale of water between SCWC and District is just and reasonable and in the public's interest.

IT IS RESOLVED that:

1. Authority is granted under Section X.A. of General Order No. 96-A for Santa Clarita Water Company to carry out the terms of the proposed agreement with the Newhall County Water District as set forth in Exhibit B of this resolution.

2. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on March 6, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners



VICTOR R. WEISSER
Executive Director

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SANTA CLARITA WATER COMPANY



10022 MISS SOLERA CANYON ROAD • PO BOX 8 • SAUGUS CA 91350-0008 • 805 259 2737

December 1, 1986

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Advice Letter No. 47

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SANTA CLARITA WATER COMPANY hereby transmits for filing in accordance with General Order No. 96-A, Section X.B., the agreement dated November 18, 1986 providing for the exchange of water between Newhall County Water District (District) and Santa Clarita Water Company.

Section X.B. of General Order No. 96-A states that where a contract has been entered into with a governmental agency, the utility shall promptly advise the Commission thereof by Advice Letter and submit four copies of the contract and Advice Letter for filing.

The exchange of water has been requested by District to enable it to supply water to present and future customers in the non-contiguous community of Pinetree, an area of approximately 907 acres, for which District otherwise would not have an adequate supply. Santa Clarita Water Company is to supply water to District at District's Honby pump station. District intends to supply Santa Clarita Water Company with an equal amount of water from a well near Santa Clarita Water Company's Newhall service area. Excess or deficiency in balancing these deliveries will be billed by either party at the price per acre foot established by Castaic Lake Water Agency (CLWA), the supplier of State Project Water, under its contract with the parties. Both parties will purchase water from CLWA and pump groundwater from wells, but District cannot produce sufficient water from wells at Pinetree. District has an annual entitlement to purchase only 250 acre feet of water from CLWA. The agreement calls for Santa Clarita Water Company to deliver to District up to 700 acre feet annually. Santa Clarita Water Company in 1985 purchased 6910 acre feet from CLWA and pumped from wells 6242 acre feet.

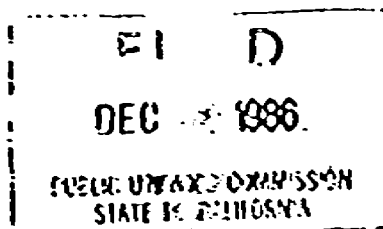
Santa Clarita Water Company hereby requests the Commission to accept for filing the attached agreement with Newhall County Water District.

In compliance with Section III, Paragraph G of General Order No. 96-A, a copy of this Advice Letter is being mailed to Newhall County Water District and Valencia Water Company.

SANTA CLARITA WATER COMPANY

W. J. Manetta, Jr.
President

WJM/naf
Enclosures



AGREEMENT FOR EXCHANGE OF WATER BETWEEN
NEWHALL COUNTY WATER DISTRICT AND
SANTA CLARITA WATER COMPANY

THIS AGREEMENT is made and entered into this 18
day of November, 1986 by and between NEWHALL COUNTY WATER
DISTRICT (Water District) and SANTA CLARITA WATER COMPANY,
a California corporation (Santa Clarita).

R E C I T A L S

THIS AGREEMENT IS MADE WITH RESPECT TO THE FOLLOW-
ING FACTS:

A. Each of the parties hereto are purveyors of
water in the Santa Clarita Valley, Los Angeles County,
California.

B. Each of the parties hereto has executed a
contract with the Castaic Lake Water Agency (Water Agency)
for the delivery of State Project water. Under the terms
of their contracts with Water Agency, the parties hereto
are entitled to the following quantities of State Project
water in 1986:

<u>NAME OF PARTY</u>	<u>ANNUAL ENTITLEMENT IN ACRE FEET</u>
Santa Clarita	8,375
Water District	250

C. Each of the parties hereto also pumps ground-
water from wells drilled into the alluvium in the vicinity
of their service areas. Water District also pumps ground-
water from a water bearing formation known as the Saugus
Formation.

D. Water District serves water to a community of

10/9/86
6/17/86
4/28/86

homes sometimes referred to as Pinetree. Pinetree is located within Improvement District No. 2-W of Water District and consists of approximately 907 acres. Pinetree is presently being served with water pumped from alluvial deposits in the Santa Clara River southerly of the Antelope Valley Freeway. Water District needs an additional supply of water to serve present and future customers in Pinetree and in the adjacent areas. The Santa Clara River is not, in this area, a reliable source of supply for such water service on a long term basis.

E. Water District has constructed delivery facilities which it refers to as the Honby Pumping Station and the Honby Line. Said facilities were constructed for the purpose of receiving State Project water from Water Agency. The Honby Line extends from Honby to Pinetree. Santa Clarita has wells and other water facilities near the Honby Pumping Station, and Santa Clarita is willing to deliver up to 700 acre feet of water annually to Water District at the Honby Pumping Station if Water District constructs the necessary interconnecting delivery structures, and delivers or makes available to Santa Clarita, at least a like amount of water at its Well No. 12.

F. Water District has wells in the Saugus Formation and is now constructing its Well No. 12 which is intended to take water from the Saugus Formation. Santa Clarita has service areas near Well No. 12 which need a water supply, and Water District is willing to deliver to Santa Clarita up to 700 acre feet of water annually at its Well No. 12 if Santa Clarita constructs the

necessary interconnecting delivery structures, and deliver up to 700 acre feet of water per year, as requested by Water District, at Water District's said Honby Pumping Station.

IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. Recitals.

The Recitals hereinabove set forth are true and correct.

2. Delivery of Water by Santa Clarita to Water District and Cost Thereof.

Commencing July 1, 1987 Santa Clarita agrees to deliver water to Water District's Honby Pumping Station. The amount of water to be so delivered under this agreement shall be determined by Water District but shall not exceed 700 acre feet per year. Water District shall pay Santa Clarita for each acre foot of water so taken an amount equal to the price per acre foot established by Water Agency under its contract with Santa Clarita.

3. Delivery of Water by Water District to Santa Clarita and Cost Thereof.

Upon completion of its Well No. 12, Water District agrees to deliver up to 700 acre feet of water per year to Santa Clarita at Water District's Well No. 12, but in no event later than July 1, 1987. The amount of water to be so delivered shall be determined by Santa Clarita. Upon Santa Clarita's request, Water District will deliver to Santa Clarita quantities of water in excess of 700 acre feet per year if, in Water District's sole discretion, surplus water to its needs is available. Santa Clarita shall pay Water District for each acre foot of water so taken an amount equal to the price per acre foot established by Water Agency under its contract with Water District.

4. Schedules for Delivery of Water.

The amounts, times and rates of delivery of water by each party to the other in any one year shall be in accordance with a water delivery schedule, which schedule shall be determined and established as follows:

4.1 At least thirty (30) days prior to January 1 of each year, each party shall submit to the other party a written preliminary estimate of the amount of water to be delivered by the other party during the twelve (12) month period commencing the following January 1.

4.2 Not less than sixty (60) days before March 1 and September 1 of each year, each party shall submit to the other party a written statement indicating the amount of water to be delivered by the other party during the six (6) month period following March 1 and September 1. The parties submitting the written statements shall be bound to accept and pay for the amount of water set forth in the said written statement.

4.3 The total amount of water to be delivered by Santa Clarita to Water District shall not exceed the amount set forth in Section 2. The total amount of water to be delivered by Water District to Santa Clarita shall not exceed the amount set forth in Section 3. The amount of water to be delivered by one party to the other party in any one month shall not exceed the lesser of the following:

- (a) One-eighth (1/8) of the parties

preliminary estimate (Section 4.1 above).

(b) One-fourth (1/4) of the amount of water set forth in the parties written statement (Section 4.2 above).

5. Temporary Discontinuance or Reduction in Delivery.

It is expected that each party will, in the future, make water delivery commitments to developers, homeowners and others, based upon the water to be delivered by one party to the other under this agreement. Each party agrees to maintain and operate their respective water systems in a manner which will reduce, as much as possible, the necessity to temporarily discontinue or temporarily reduce water deliveries to the other party. Such temporary discontinuance or temporary reduction may be unavoidable in connection with the maintenance, repair or replacement of water facilities. Each party shall notify the other party as far in advance as possible of any discontinuance or reduction, except in cases of emergency, in which case prior notice need not be given. The party discontinuing or reducing delivery water to the other party shall diligently undertake all reasonable steps to eliminate the discontinuance or reduction of water deliveries. If one party is unable to deliver all of the water the other party is entitled to under this agreement (for example, because of a drought or destruction/damage of water production facilities) the burden resulting from said inability to deliver shall not be born entirely by the party entitled to receive water

hereunder, but rather the party obligated to deliver shall apportion the burden so that each party (and the customers of each party) bear the burden in an equal manner.

6. Delivery Structures.

Water District and Santa Clarita shall each, at their own expense, construct and own the interconnecting delivery structures needed to take water from the other.

7. Measurement of Deliveries.

All water delivered by the parties hereto shall be measured by measuring devices and equipment installed at the interconnecting delivery structures. Devices and equipment for measuring water delivered by Santa Clarita shall be owned by Santa Clarita; devices and equipment for measuring water delivered by Water District shall be owned by Water District. Santa Clarita and Water District shall have the right at any time to require that the measuring devices and equipment regarding water delivered to them be tested. Should such test disclose an error exceeding two (2%) percent, a corrected billing to correct that error shall be made; such adjustment should cover the known or estimated period of duration of such error, but in no event exceeding six (6) months. All costs of testing shall be born by the party requesting the test, unless the test results in an error exceeding two (2%) percent, in which case the testing costs shall be born by the non-requesting party. Each party shall maintain and make available for inspection by the other accurate records pertaining to the times and amount of water delivered.

8. Use of Water Within Boundaries of Agency.

Water delivered under this agreement shall not be sold or otherwise disposed of for use outside the boundaries of the Castaic Lake Water Agency without the prior written consent of said Agency.

9. Payment.

Each party shall render a bill monthly to the other party for water delivered under this agreement. The bill shall be immediately due and payable, and shall be delinquent thirty (30) days after receipt. Bills not paid within thirty (30) days shall bear interest at the rate of ten (10%) percent per annum.

10. Term.

The obligations of the parties under this Agreement shall terminate on December 31, 2015, or prior thereto by written mutual agreement. If additional quantities of State Project water are made available to both parties from the Castaic Lake Water Agency, it is probable that both parties will agree to a termination of this Agreement.

11. Arbitration.

11.1 Any controversy or claim arising out of or related to the performance of the obligations imposed by this Agreement shall be settled in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association (the "AAA") and judgment upon the award rendered by the arbitrators shall be entered in any court having jurisdiction thereof.

11.2 The remedy of arbitration shall be the

sole and exclusive remedy for the aforementioned contro-
versies or claims, and any party who proceeds with a judicial
action before complying with the requirements of arbitration
shall be liable to the other party for costs and attorney's
fees incurred by it in compelling arbitration.

11.3 The parties hereto further agree that,
notwithstanding anything to the contrary which may not or
hereafter be contained in the rules of the AAA:

11.3.1 Water District and Santa Clarita
shall each appoint one person to hear and determine
the dispute (a "party-appointed arbitrator") who shall
not be a member, officer, director or employee of
either party, or person with a financial or personal
interest in the outcome of the arbitration, which
appointment shall be made within twenty (20) days after
receipt of a Notice of Arbitration (Demand) from the
noticing party. The two persons so chosen shall,
within twenty (20) days after their appointment,
appoint a third impartial arbitrator (who shall be a
member of the Bar of the State of California and be
familiar with the water industry in California) and
the final decision of the majority of the three arbi-
trators shall be final and conclusive upon the
parties hereto. Each appointment of an arbitrator
shall be deemed complete upon delivery of written
notice of appointment of that arbitrator to the Los
Angeles Regional Office of the AAA with a copy thereof
delivered to the opposing party. In the event the

the party-appointed arbitrators are unable to appoint an impartial arbitrator, an impartial arbitrator shall be appointed in accordance with the Construction Industry Arbitration Rules. If the parties are unable to agree on the rate of compensation for the impartial arbitrator, he shall be compensated for his services at a rate to be determined by the AAA.

11.3.2 The arbitrators shall not have the power to amend, alter or modify the terms of this Agreement or to make any award which contravenes the terms of this Agreement, but shall have the power to interpret its provisions in accordance with the evidence presented thereupon.

11.3.3 The arbitrators will, upon the request of either party, issue a written opinion of their findings of fact and conclusions of law.

11.3.4 Within forty-five (45) days after issuance and delivery of said written opinion, either party shall have the right to file with the arbitrators a motion to reconsider the issues raised by said motion and the arbitrators shall either confirm or change their majority decision which will then be final and conclusive upon both parties hereto.

11.3.5 It is specifically contemplated and agreed by the parties hereto that the provisions of Section 1283.05 of the California Code of Civil Procedure be incorporated into, made a part of and made applicable to the arbitration provisions of this

Agreement.

11.3.6 The arbitrators shall award to the prevailing party its costs and expenses of arbitration, including but not limited to, compensation for party-appointed and impartial arbitrators and reasonable attorney's fees and costs in connection with the arbitration and preparation therefor. If there is no prevailing party, the arbitrators shall allocate such costs and expenses as they find just and equitable.

11.3.7 At the option of either Water District or Santa Clarita, the above provisions of this Section 11 shall not apply to a controversy or claim arising out of claims asserted by or litigation prosecuted by a third party.

12. No Benefits for Third Parties.

This Agreement is made for the benefit of Water District and Santa Clarita only. There are no third party beneficiaries of this Agreement.

13. Force Majeure.

If the performance, in whole or in part, of the obligations of the parties under this Agreement is hindered, interrupted or prevented by wars, strikes, lock-outs, fires, acts of God, acts of civil or military authority, or by any cause beyond the control of the respective parties hereto, such obligations of the respective parties hereto shall be suspended to the extent and for the time the performance thereof is affected by any such act. Upon the cessation of any such hindrance, interruption or prevention,

the parties shall be obligated to resume and continue performance of their respective obligations under this Agreement. Notwithstanding any act described in this section, the parties shall diligently undertake all reasonable efforts to perform this Agreement.

14. Waivers.

The waiver or breach of any provisions of this Agreement shall not be deemed to be a waiver of any other provisions hereof, or of a subsequent breach of such provisions.

15. Assignment.

No assignment or transfer of any right under this Agreement shall be valid or enforceable unless to a successor in interest who is acquiring all or substantially all of the party's water distribution system, or until it is approved by the other party. No assignment shall be valid unless the assignee assumes, in writing, all of the obligations of the assignor and delivers a copy of said assumption to the non-assigning party.

16. California Public Utilities Commission.

16.1 This Agreement shall not become effective until authorization of the Public Utilities Commission of the State of California is first obtained.

16.2 This Agreement shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its discretion.

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17. Water District's Termination of Agreement.

Notwithstanding any other provision in this Agreement to the contrary, in the event the California Public Utilities Commission directs that changes or modifications be made in this Agreement pursuant to the provisions of Section 16.2 above, Water District may terminate this Agreement; said termination shall be effective ninety (90) days after Water District delivers to Santa Clarita a written notice of termination. Water District shall not give said written notice of termination unless Water District's Board of Directors has determined that the changes or modifications to this Agreement, as directed by the California Public Utilities Commission, are unacceptable to Water District.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

NEWHALL COUNTY WATER DISTRICT

By: Jure Herrington, President

By: James E. Oinks, Secretary

SANTA CLARITA WATER COMPANY

By: William Manetta, Its President

By: Robert L. Borell, Its Secretary