



**MOUNTAINVIEW
POWER COMPANY, LLC™**

A SOUTHERN CALIFORNIA EDISON® Company

September 14, 2005

**Municipal Utilities Director
City of Redlands
35 Cajon Street, Suite 15A
Redlands, CA 92373**

By US Mail

**Subject: Mountainview Power Company, LLC
Notice of Address Change and Contact Changes**

**Reference: Reclaimed Water Supply Agreement by and between Mountainview Power
Company, LLC and City of Redlands, June 3, 2003**

MVLN# 280

Dear Mr. Director:

As per the Reclaimed Water Supply Agreement, dated June 3, 2003, this letter provides Notice by Mountainview Power Company, LLC (MVL) that there is a change in MVL's mailing address and other contact information and that the contacts have changed for all Notices and other communications covered in Section 7.4 of the Agreement.

First, regarding the change of address and other contact information, MVL's new contact information is:

**Mountainview Power Company, LLC
2492 West San Bernardino Avenue
Redlands, CA 92374**

**Reception Number: 909 478 1758
FAX Number: 909 478 1743**

RECLAIMED WATER SUPPLY AGREEMENT

by and between

MOUNTAINVIEW POWER COMPANY, LLC

and

CITY OF REDLANDS

Dated as of June 3, 2003

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RECLAIMED WATER SUPPLY AGREEMENT

RECLAIMED WATER SUPPLY AGREEMENT (this "**Agreement**"), dated as of June 3, 2003, by and between Mountainview Power Company, LLC ("**Mountainview**") and the City of Redlands ("**Redlands**"). Both Mountainview and Redlands are hereinafter sometimes referred to as a "**Party**" and, collectively, as the "**Parties**".

WHEREAS, Mountainview is developing a power generation facility (as further defined below, the "**Project**") which will provide substantial benefits for the State of California and the Redlands area;

WHEREAS, Redlands is constructing and will own and operate a water reclamation facility (as further defined below, the "**Redlands Facility**") for the handling, treatment and delivery of reclaimed water which meets and is anticipated to continue to meet all applicable governmental requirements (such treated water, as further defined below, "**Reclaimed Water**");

WHEREAS, Redlands and Mountainview have entered into that certain Development Agreement, effective as of October 24, 2000 (as in effect from time to time, the "**Development Agreement**"), relating to the Project; and

WHEREAS, Redlands is willing to provide and Mountainview is willing to accept, in each case pursuant to the terms of this Agreement, Reclaimed Water;

NOW THEREFORE, the Parties hereto, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

ARTICLE I

DEFINITIONS

"**Bankruptcy Code**" means the Bankruptcy Reform Act of 1978, Title II of the United States Code, as amended, and any other applicable law with respect to bankruptcy, insolvency or reorganization that is successor thereto.

"**Bankruptcy Event**" means, in respect of any Person, (a) such Person shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code or any similar or corresponding insolvency law, (v) file a petition seeking to take advantage of any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (vi) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against such Person in an involuntary case under the Bankruptcy Code or any similar or corresponding insolvency law, or (vii) take any other action for the purpose of effecting any of the foregoing; or (b) a proceeding or case shall be commenced without the application or consent of such Person in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution, winding-up, or the composition or readjustment of debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person

under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 or more consecutive days, or any order for relief against such Person shall be entered in an involuntary case under the Bankruptcy Code or any similar or corresponding insolvency law.

“Base Rate” has the meaning specified in Section 2.2(a).

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions are authorized or obligated by law or executive order to close in the City of New York or the State of California.

“Capital Improvements” means any new equipment or facilities, or replacement of existing equipment or facilities (in either case such as force main piping or pumps) and related items necessary to ensure that the Pipeline is capable of delivering Reclaimed Water to the Delivery Point in the quantities specified in this Agreement.

“Commencement Notice” means a written notice from Mountainview to Redlands delivered at the election of Mountainview at the later to occur of Substantial Completion of the Project and the Redlands Facility being able to produce Reclaimed Water meeting the requirements of this Agreement.

“Delivery Point” means the point immediately south of the Project on San Bernardino Avenue where the Pipeline is physically connected to the Project, capable of delivering a minimum of 3,500 gallons per minute of water to the Project, and at a minimum hydraulic grade line of “maximum water level tank plus 10 feet.”

“Development Agreement” has the meaning specified in the Recitals to this Agreement.

“Escalation Start Date” has the meaning specified in Section 2.2(c).

“Excess Reclaimed Water” has the meaning specified in Section 2.1(c).

“Financing Parties” shall mean those Persons (other than Mountainview) party to the loan contracts, promissory notes, documents, guarantee contracts, mortgages, pledges, subordination contracts, assignment contracts, subscription contracts, capital contribution contracts and other documents related to the acquisition of debt (whether senior or subordinate) and capital to carry out the Project, including any modification, extension, renewal, refinancing or replacement of the same.

“Force Majeure” means an event beyond the reasonable control, and not attributable to the negligence or willful misconduct, of the Party affected, including but not limited to the following: flood; earthquake; storm; lightning; fire; explosion; war; riot; civil disturbance; strike; sabotage; or electrical outage; *provided, however*, that Force Majeure shall not include any equipment failure due to normal wear and tear or due to neglected maintenance or repair.

“Governmental Approval” means any law, rule or regulation of any Governmental Authority and any authorization, consent, approval, license, franchise, lease, ruling, permit (including but not limited to any National Pollutant Discharge Elimination System (NPDES) permit), tariff, rate, certification, exemption, filing or registration by or with any Governmental Authority (including, without limitation, zoning variances, special exceptions and non-conforming uses) relating to the construction, ownership, operation or maintenance of the Project, the Pipeline or the Redlands Facility (including those relating to Reclaimed Water), as the case may be.

“Governmental Authority” means the California Department of Health Services and any national, federal, state, provincial, departmental or municipal government or any political subdivision thereof, and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any other governmental entity with authority over any aspect of the construction or operation of the Project, the Pipeline, the Reclaimed Water or the Redlands Facility, but excluding in each case Redlands.

“Minimum Standards” means the minimum acceptable quality of Reclaimed Water described in Exhibit “A” attached hereto and incorporated herein.

“Mountainview” has the meaning specified in the Recitals to this Agreement.

“Non-Conforming Notice” has the meaning specified in Section 2.4(a).

“Non-Conforming Reclaimed Water” means reclaimed water from the Redlands Facility which would otherwise be Reclaimed Water but for its failure to meet all requirements of applicable Governmental Approvals and the Minimum Standards.

“Parties” or **“Party”** has the meaning specified in the Recitals to this Agreement.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, incorporated or unincorporated association, joint stock company, trust, or other unincorporated organization, governmental body, instrumentality or agency, or other entity of any kind.

“Pipeline” means the approximately 3 mile pipeline, related pumphouse and ancillary facilities required to connect the Delivery Point with the Redlands Facility for the purpose of delivery of Reclaimed Water in accordance with this Agreement. The Pipeline will be comprised of, among other things, an approximately 24” diameter pipe and related pumphouse with a design capacity of 7,000 gallons per minute rate.

“Project” means the power generation facility to be constructed in Redlands, California, including any water supply facilities installed by Mountainview on Mountainview’s side of the Delivery Point.

“Project Financial Closing” means the date Mountainview obtains an initial drawdown on the financing for the construction of the Project. Mountainview agrees to provide written notice to Redlands within thirty (30) days after Mountainview obtains such initial drawdown.

“Real Estate Rights” means those interests in real estate of a recordable and insurable nature, including but not limited to fee interests, easements and rights of way and any other interests in real estate reasonably acceptable to Mountainview including revocable or irrevocable licenses, necessary or desirable for the siting of the Pipeline.

“Reclaimed Water” means Reclaimed water provided from the Redlands Facility which meets all applicable Governmental Approvals and the requirements described in Exhibit “A” and is delivered through the Pipeline.

“Redlands” has the meaning specified in the Recitals to this Agreement.

“Redlands Facility” means the water reclamation facility owned and operated by Redlands located in Redlands, California which will provide Reclaimed Water transported by and through the Pipeline under and in accordance with the terms of this Agreement.

“Shortfall Notice” has the meaning specified in Section 2.1(a).

“Signal Indicator” means the real-time water tank level indicator signal located at or near the Delivery Point.

“SoCal Index” means the consumer price index for Los Angeles-Riverside-Orange County for a calendar year as published in the United States Department of Commerce, Bureau of Economic Analysis publication entitled “Survey of Current Business”.

“Substantial Completion” means the date that “Substantial Completion” of the Project occurs or is deemed to have occurred under the engineering, construction and procurement contract relating to the Project.

ARTICLE II

SUPPLY OF RECLAIMED WATER

SECTION 2.1 Reclaimed Water Supply.

(a) Subsequent to completion of the Pipeline and promptly following delivery of a Commencement Notice and throughout the Term of this Agreement, Redlands shall use its best efforts to make available to Mountainview by January 1, 2005, unless otherwise provided for in Section 2.1(b) a daily quantity of Reclaimed Water of not less than 5.04 million gallons per day. If Redlands is unable on any day to make available such daily minimum quantity of Reclaimed Water, whether due to a shortage of Reclaimed Water, due to the presence of Non-Conforming Reclaimed Water or otherwise, Redlands shall promptly (but in any event within 5 hours of obtaining knowledge thereof) notify Mountainview orally (with prompt written confirmation thereof) or in writing of such inability to provide the minimum daily quantity of Reclaimed Water (a **“Shortfall Notice”**). Each Shortfall Notice shall specify (i) that a shortfall in the delivery of Reclaimed Water has occurred or will occur, the amount of such shortfall, the reasons for such shortfall and the anticipated length of such shortfall, including in each case all relevant dates and (ii) the steps Redlands is taking to remedy the shortfall. Redlands shall undertake to remedy such shortfall at its sole expense and as promptly as practicable.

(b) All Reclaimed Water shall be provided at a pressure customary for similar service and mutually agreed to by the Parties. Actual acceptances of Reclaimed Water by Mountainview may be less than the maximum allowed and actual usage will, at the sole discretion of Mountainview, vary according to the electric dispatch of the Project, weather conditions and electrical outages (forced or scheduled). Mountainview shall also have the right to stop deliveries of Reclaimed Water in the event that the water stored in the on-site storage tank on the site of the Project is above the 50 percent level and Redlands shall act in such event to stop deliveries of Reclaimed Water without additional notice from Mountainview. Title and risk of loss of Reclaimed Water shall pass to Mountainview upon Mountainview's receipt of such Reclaimed Water at the Delivery Point. Until such time as title to Reclaimed Water passes to Mountainview, Redlands shall bear risk of loss of Reclaimed Water and shall retain liability for any and all claims, costs, demands, damages, expenses, liabilities and losses relating to Reclaimed Water or other discharges from the Redlands Facility.

(c) If Reclaimed Water is available from the Redlands Facility in an amount in excess of 4,000 acre feet ("**Excess Reclaimed Water**") per year, Mountainview shall purchase the Excess Reclaimed Water to the extent it can be utilized by Mountainview for any lawful purpose and any acceptances of Excess Reclaimed Water shall be in accordance with the terms of this Agreement, including but not limited to Section 2.2. The foregoing provisions of this Section 2.1(c) notwithstanding, Mountainview shall have the right at all times to utilize water from other sources, including without limitation from wells located or controlled by Mountainview or its affiliates.

(d) In the event that Redlands is unable in good faith to deliver the Reclaimed Water by January 1, 2005, Redlands shall notify the California Energy Commission of its inability to so deliver and the date, if any, by which Redlands anticipates that Reclaimed Water will be delivered.

(e) During the period prior to the delivery of the Commencement Notice, Redlands shall use its best efforts to deliver to the Delivery Point sufficient Reclaimed Water to support the start-up, commissioning and testing of the Project and Mountainview shall pay Redlands the variable portion of the Base Rate as contemplated by Section 2.1(b) for such volumes of Reclaimed Water actually received at the Delivery Point. Unless otherwise agreed by Redlands, the amount of Reclaimed Water to be delivered by Redlands pursuant to this Section 2.1(e) shall not exceed 100 acre feet.

(f) Mountainview shall provide Redlands with an estimate of Reclaimed Water needs every Friday prior to the following week's operation to assist Redlands in developing delivery schedules for Reclaimed Water, and the Parties shall work together in good faith to coordinate the timing of delivery of Reclaimed Water in accordance with such notice and the other terms of this Agreement; *provided, however* that Mountainview shall be under no obligation to accept any or all of the anticipated Reclaimed Water if Mountainview's actual demand for such is less than the estimate provided to Redlands. Subject to the requirements of applicable Governmental Approvals and prudent practice, Redlands shall use its best efforts to coordinate any transmission of Reclaimed Water discharge so as to maximize the quantity of Reclaimed Water made available to Mountainview with due regard to the timing of the Project's Reclaimed Water requirements.

(g) The foregoing provisions of this Section 2.1 notwithstanding, Redlands shall, at all times during the Term, use its best efforts to meet Mountainview's Reclaimed Water requirements.

SECTION 2.2 Compensation.

(a) Subject to Sections 2.2(c) and 3.2(c) below, Mountainview shall pay Redlands monthly in accordance with Section 4.1(c) for all Reclaimed Water delivered to the Delivery Point during the prior month. The base rate for Reclaimed Water (the "**Base Rate**") supplied shall be according to the following schedule:

ACRE FEET (GALLONS PER YEAR)	\$/PER ACRE FOOT (\$/PER 1000 GALLONS)
0 - 4,000	\$110.00
(0 - 1,303,315,200)	(\$0.337)
For Excess Reclaimed Water	\$60.00 (\$0.184)

(b) The rates specified in Section 2.2(a) above are stated as of January 1, 2004 (the "**Escalation Start Date**"). As of the Escalation Start Date, the variable portion of the Base Rate shall be \$60.00 per acre foot (\$0.184 per 1000 gallons), with the remainder being the fixed portion of the Base Rate. During the Term, the variable portion of the Base Rate shall be subject to escalation on each anniversary of the June 1 of the year Reclaimed Water is delivered to the Project in accordance with the SoCal Index (with 2004 being the base year), or if the parties so elect, such other mutually agreeable escalation index.

(c) Notwithstanding Section 2.2(a) above, but subject to Section 2.4(b), Mountainview shall take or pay for a minimum of 3,000 acre feet per year at the fixed portion of the Base Rate, if the Reclaimed Water is deliverable by Redlands to the Delivery Point. Such annual take or pay requirements shall be measured from the anniversary of the date of delivery of the Commencement Notice, which shall occur, or be deemed to have occurred, no later than September 30, 2005; *provided, however* that neither party shall be liable for their respective inability to deliver or take such Reclaimed Water at any time prior to such date. Notwithstanding the foregoing, in the event that delivery of Reclaimed Water to Mountainview occurs after the date of delivery of the Commencement Notice, the annual take or pay obligations set forth in this Section 2.2 shall be based on the later date.

SECTION 2.3 Service Interruptions.

Upon the event of a temporary interruption or curtailment in Reclaimed Water delivery attributable to a break or leak in the Pipeline or otherwise, Redlands shall have a reasonable period of time, not to exceed 18 hours from the commencement of the interruption or curtailment, to make needed repairs and to restore full service. Redlands shall provide a Shortfall Notice in accordance with Section 2.1(a) upon the interruption or curtailment of Reclaimed Water under this Section. If Redlands fails to restore full service within such period of time, the following provisions shall apply:

(a) Mountainview shall have the right, but not the obligation, to contract with such contractors as reasonably approved by Redlands from time to time to step in and remedy the interruption or curtailment, with the good faith cooperation and under the direction of a Redlands engineer or other duly appointed official of Redlands.

(b) All reasonable costs associated with the taking of actions under Section 2.3(a) shall be borne by Redlands.

SECTION 2.4 Non-Conforming Reclaimed Water.

(a) Redlands and Mountainview shall mutually and in good faith cooperate to designate a laboratory to be used for analyzing Reclaimed Water quality, at Redlands' sole expense, prior to the commencement of deliveries of Reclaimed Water in order to analyze the quality of the Reclaimed Water prior to, and as a condition to, Redlands' delivery of Reclaimed Water to Mountainview. The Parties may, from time to time, designate in writing a successor or replacement laboratory to conduct any analysis of Reclaimed Water under this Agreement.

(b) Either party may, from time to time, take samples of Reclaimed Water for the purpose of analyzing the Reclaimed Water delivered or to be delivered under this Agreement. If at any time during the Term, the Reclaimed Water is reasonably suspected by Redlands or Mountainview to be Non-Conforming Reclaimed Water or any sample conducted pursuant to the first sentence of this Section 2.4(b) indicates that Non-Conforming Reclaimed Water has been or is to be delivered, a confirmation sample shall be collected and analyzed, at Redlands' sole expense, at the laboratory chosen pursuant to Section 2.4(a). In the event that such confirmation sample is determined to be Non-Conforming Reclaimed Water, (i) Redlands shall immediately stop delivery of Reclaimed Water and shall, at its sole expense, take any and all corrective action needed to conform the Reclaimed Water to the Minimum Standards and Governmental Approvals and provide additional samples confirming that the Reclaimed Water meets the Minimum Standards and Governmental Approvals and (ii) Mountainview shall be relieved of its obligations to take Reclaimed Water under Section 2.2(c) and the annual minimum take or pay obligations under this Agreement shall be reduced on a pro rata basis.

(c) If Redlands becomes aware that it has provided or will provide Non-Conforming Reclaimed Water, Redlands shall promptly (but in any event within 5 hours of obtaining knowledge thereof) notify Mountainview orally (with prompt written confirmation thereof) or in writing (a "**Non-Conforming Notice**"). Each Non-Conforming Notice shall specify (i) the cause of such Reclaimed Water being Non-Conforming Reclaimed Water and (ii) the steps Redlands is taking to remedy the situation.

(d) Mountainview shall have the right to reject all Non-Conforming Reclaimed Water. Redlands shall have the responsibility at its own cost and expense to accept and treat or re-treat any Non-Conforming Reclaimed Water rejected by Mountainview. Redlands shall have the responsibility at its own cost and expense to transport any Non-Conforming Reclaimed Water Mountainview rejects back to the Redlands Facility through the Pipeline or to the nearest available and practicable point of entry into Redlands waste water collection system or such other disposal method elected by Redlands.

(e) Any Non-Conforming Reclaimed Water accepted by Mountainview shall not be subject to the rates in Section 2.2(a) above or any other payment obligations under this Agreement, nor shall Redlands be entitled to any other form of compensation in respect of such Non-Conforming Reclaimed Water.

(f) Redlands acknowledges and agrees that it shall be solely responsible to pay for, or reimburse Mountainview to the extent Mountainview has paid for, all claims, costs, demands, damages, expenses, increased operation and maintenance expenses or costs (including those relating to the Project, the Pipeline or the Redlands Facility), liabilities and repairs or replacement of equipment (including repairs or replacement of equipment of the Project, the Pipeline or the Redlands Facility) arising, directly or indirectly, from the delivery of any Non-Conforming Reclaimed Water under this Agreement unless the delivery of such Non-Conforming Reclaimed Water was notified and accepted in accordance with the terms of this Agreement.

ARTICLE III

PIPELINE, SIGNAL INDICATOR AND REAL ESTATE RIGHTS

SECTION 3.1 Concerning the Signal Indicator and the Pipeline.

(a) Mountainview shall be solely responsible, at its cost and expense, for purchasing and installing the Signal Indicator. As soon as is reasonably practical following the execution of this Agreement and from time to time thereafter as is reasonably necessary, the Parties shall meet to discuss the final design and siting of the Signal Indicator. The Parties agree to cooperate in good faith to effect the purposes of this Article.

(b) Redlands shall be solely responsible, at its cost and expense, for constructing and installing the Pipeline and operating and maintaining the Signal Indicator. As soon as is reasonably practical following the execution of this Agreement and from time to time thereafter as is reasonably necessary, the Parties shall meet to discuss the final design and siting of the Pipeline. The Parties agree to cooperate in good faith to effect the purposes of this Article.

(c) Redlands shall be solely responsible, at its cost and expense, for final design of the Pipeline, the selection of the contractor to construct the Pipeline and the siting of the Pipeline. Mountainview shall have the right to review and comment on the design of the Pipeline, the selection of the contractor and the siting of the Pipeline and Redlands shall incorporate those of Mountainview comments that it finds reasonable and in accordance with prudent practice and applicable Governmental Approvals.

(d) Mountainview and Redlands shall cooperate in good faith to obtain the necessary Real Estate Rights for the construction, operation and maintenance of and access to the Pipeline. From time to time Mountainview and Redlands shall meet and discuss the siting of the Pipeline and the course of action best suited to obtain such Real Estate Rights in the most time efficient manner and with the least cost.

SECTION 3.2

Operation and Maintenance of the Pipeline and Signal Indicator.

(a) Redlands shall operate and maintain the Pipeline and the Signal Indicator in a good and workmanlike manner, consistent with prudent practices and shall continuously maintain the Pipeline and the Signal Indicator in good operating condition and in compliance with all Governmental Approvals applicable to the Pipeline and the Signal Indicator. Such operation and maintenance by Redlands shall be accomplished in a manner so as to minimize to the maximum extent practicable any disruption or interruption in the services to be provided under this Agreement.

(b) Redlands shall install, own and maintain metering equipment to measure the delivery of Reclaimed Water to the Delivery Point. The metering equipment shall transmit to Mountainview and Redlands the daily amount of Reclaimed Water delivered to the Delivery Point in accordance with this Agreement. At least once every year, or more frequently if Mountainview reasonably requests, and with at least one week prior written notice to Mountainview, Redlands shall test the accuracy of the metering equipment, at which time Mountainview shall have the right to be present. If such test indicates that the metering equipment is not measuring accurately, Redlands shall recalibrate or replace the metering equipment and, if appropriate, a billing adjustment shall be made.

(c) Mountainview shall make available to Redlands such rights of access to its property as may be reasonably necessary to allow Redlands to meet its obligations under this Agreement in respect of the operation and maintenance of the Signal Indicator. Prior to Redlands obtaining access to the property of Mountainview as described in this Section 3.2(c), Redlands shall provide evidence reasonably acceptable to Mountainview that Redlands has in place insurance coverage with reputable and credit worthy insurers sufficient to insure against any risks that may be encountered in connection with such access.

SECTION 3.3

Capital Improvements to the Pipeline.

(a) Redlands shall bear costs and expenses in connection with the implementation of the Capital Improvements to the Pipeline.

(b) In the event that Redlands or its agents causes damage to the property of Mountainview (including but not limited to the Project) while constructing, installing, operating, maintaining or repairing the Capital Improvements or the Pipeline, Redlands shall restore or pay Mountainview to restore, at Mountainview's election, Mountainview's property or the Project as nearly as possible to its condition prior to such damage. In the event that Mountainview causes damage to the Capital Improvements or the Pipeline while constructing, installing, operating, maintaining or repairing the Project, Mountainview shall restore or pay Redlands to restore, at Redlands' election, the Capital Improvements or the Pipeline as nearly as possible to its condition prior to such damage.

ARTICLE IV

ADDITIONAL OBLIGATIONS OF THE PARTIES

SECTION 4.1 Additional Obligations of Redlands.

(a) Promptly upon obtaining knowledge thereof (but in any event within 5 hours of obtaining knowledge thereof), Redlands shall provide Mountainview with oral (with prompt written confirmation thereof) or written notice of any violation of applicable Governmental Approvals relating to the Redlands Facility or the Pipeline.

(b) Promptly after submission thereof to the applicable Governmental Authority, Redlands shall provide Mountainview with a copy of any report, filing, notice, request for variance or similar document filed with or submitted to a Governmental Authority that relates to the Redlands Facility and that may affect the delivery of Reclaimed Water under and in accordance with this Agreement or the Pipeline.

(c) Not later than the fifteenth day of each month following the month in which delivery of Reclaimed Water commences or at such other time as required in accordance with this Agreement, Redlands shall provide to Mountainview a written invoice specifying in reasonable detail (including the method of calculation of any amounts invoiced) the amount claimed by Redlands from Mountainview in accordance with this Agreement, including amounts under Sections 2.2, 3.2, and 3.3. Undisputed amounts set forth in any invoice shall be due and payable by Mountainview not later than 20 days following receipt of such invoice.

(d) Redlands shall, upon prior written or oral request therefor, provide Mountainview, the Financing Parties and each of their respective agents, consultants, advisors and representatives with escorted access during normal business hours to the Redlands Facility, the Pipeline and the other property of Redlands as may be reasonably requested in connection with the development, financing, construction, operation and maintenance of the Project. Redlands shall, upon prior written or oral request therefor, provide Mountainview, the Financing Parties and each of their respective agents, consultants, advisors and representatives with access during normal business hours to (and the right to reproduce) Redlands books and records relating directly or indirectly to this Agreement and the performance of Redlands obligations hereunder (including books and records relating to Governmental Approvals and compliance therewith) as may be reasonably necessary in connection with the development, financing, construction, operation and maintenance of the Project.

(e) Upon the reasonable request of Mountainview, Redlands shall, at the cost and expense of Mountainview, execute such additional certificates, documents, instruments, agreements and take such actions as may be reasonably required to give effect to the terms and conditions of this Agreement.

(f) Not later than the fifteenth day of each month following the commencement of delivery of Reclaimed Water or at such other time as required in accordance with this Agreement, Mountainview shall provide to Redlands a written invoice specifying in reasonable detail (including the method of calculation of any amounts invoiced) the amount claimed by

Mountainview from Redlands in accordance with this Agreement. Undisputed amounts set forth in any invoice shall be due and payable by Redlands not later than 30 days following receipt of such invoice.

(g) Upon the reasonable request of Redlands, Mountainview shall, at its cost and expense, execute such additional certificates, documents, instruments, agreements and take such actions as may be reasonably required to give effect to the terms and conditions of this Agreement.

ARTICLE V

FORCE MAJEURE

SECTION 5.1 Force Majeure.

If either Party shall be unable to carry out any obligation under this Agreement due to Force Majeure, this Agreement shall remain in effect, but such obligation shall be suspended for the period necessary as a result of the Force Majeure, *provided, that:*

(a) the non-performing Party gives the other Party written notice not later than seventy-two (72) hours after the occurrence of the Force Majeure describing the particulars of the Force Majeure, including but not limited to the nature of the occurrence and the expected duration of the disability, and continues to furnish timely regular reports with respect thereto during the period of Force Majeure and the disability;

(b) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure; and

(c) the non-performing Party uses its best efforts to remedy its inability to perform.

Notwithstanding the foregoing, the settlement of strikes, lockouts, and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle any strike, lockout or other labor dispute on terms which it deems inadvisable.

ARTICLE VI

TERM

SECTION 6.1 Term.

(a) This Agreement shall take effect upon execution of the appropriate counterpart by each Party and, except as provided in Section 6.1(b), Section 6.1(c) or Section 6.2 below, shall remain in effect for a period of twenty (20) years (the “**Term**”). Mountainview may elect, in its sole election, to extend this Agreement for one (1) or more (but in no event more than four (4)) successive five (5) year terms by providing written notice to that effect to Redlands not later than six (6) months prior to the expiration of the then effective Term. All references in this Agreement to the word “Term” shall mean the initial twenty (20) year Term as extended by Mountainview and during the Term of this Agreement (as it may be extended) all the provisions

of this Agreement shall remain in full force and effect; *provided*, that in respect of the compensation provisions of this Agreement: (i) the variable portion of the Base Rate shall continue to escalate in accordance with Section 2.2(b); (ii) the fixed portion of the Base Rate (which is not subject to escalation pursuant to Section 2.2(b)) shall increase by 10% for each five (5) year extension elected by Mountainview; and (iii) the take or pay requirements set forth in Section 2.2(c) shall not apply to any extension elected by Mountainview.

(b) This Agreement may be terminated by Mountainview in its sole discretion (i) if Mountainview is unable to obtain financing for the Project or (ii) if Mountainview is unable to obtain all permits, licenses, and approvals necessary to construct and operate the Project. Termination under this Section 6.1(b) shall be effective upon Redlands receipt of notice to that effect.

(c) Either Party may terminate this Agreement if Mountainview has not delivered a Commencement Notice by September 30, 2005. Notwithstanding the foregoing, in the event a Commencement Notice is delivered prior to the delivery of written notice terminating this Agreement under this Section 6.1(c), this Section 6.1(c) shall become inapplicable.

SECTION 6.2 Early Termination for Event of Default.

(a) Mountainview may terminate this Agreement (i) upon a Bankruptcy Event of Redlands or (ii) if Redlands fails to perform or observe any of its material obligations under this Agreement within the time contemplated by this Agreement and such failure continues for a period of time greater than thirty (30) days from Redlands' receipt of notice thereof; *provided*, that if Redlands is diligently pursuing a cure of such failure and such failure is not capable of remedy within such thirty (30) day period, such thirty (30) day period shall be extended to such period of time as Mountainview may agree in its sole discretion. For the avoidance of doubt, it is understood that the failure to deliver Reclaimed Water to the Delivery Point shall be grounds for early termination under this Section; *provided*, that if the failure to provide Reclaimed Water to the Delivery Point is excused due to the occurrence of Force Majeure, Mountainview may only terminate this Agreement if such Force Majeure continues for a period of time in excess of one hundred twenty (120) days whether or not such failure is excused by the occurrence of such Force Majeure.

(b) Redlands may terminate this Agreement (i) upon a Bankruptcy Event of Mountainview or (ii) if Mountainview fails to perform or observe any of its material obligations under this Agreement within the time contemplated by this Agreement and such failure continues for a period of time greater than thirty (30) days from Mountainview's receipt of notice thereof; *provided*, that if Mountainview is diligently pursuing a cure of such failure and such failure is not capable of remedy within such thirty (30) day period, such thirty (30) day period shall be extended to such period of time as Redlands may agree in its sole discretion. The foregoing notwithstanding, Redlands may not terminate this Agreement without first giving the Financing Parties written notice of Redlands intention to terminate this Agreement and giving such Financing Parties an additional reasonable period of time (but in any event not less than an additional 90 days) to remedy the event giving rise to the right of Redlands to terminate this Agreement. Mountainview covenants and agrees to give written notice to Redlands concerning the identities and contact information of the Financing Parties from time to time and Redlands

shall only be obligated to provide the aforementioned notice to Financing Parties of which it has received notice.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1 Entire Agreement, Amendments, Etc.

This Agreement represents the entire agreement of the Parties hereto as to the matters contained herein, and supercedes any and all other agreements, either verbal or in writing, between the Parties with respect to the matters contained herein; *provided* that the Development Agreement shall remain in full force and effect as set forth therein. No amendment or waiver of any provision of this Agreement shall be effective unless in writing and signed or consented to by the Parties and then such waiver shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.2 Assignment.

Neither Party may assign this Agreement without the prior written consent of the other Party; *provided, however*, that Mountainview may assign this Agreement to any affiliate or to the Financing Parties as collateral security or otherwise without the prior written consent of Redlands.

SECTION 7.3 Cooperation in Financing.

Redlands agrees to cooperate from time to time with Mountainview and the Financing Parties in connection with the financing of the Project. In furtherance thereof, Redlands agrees to enter into such consents to assignments or other agreements as Mountainview or the Financing Parties may reasonably request and Redlands agrees to provide such certificates from its officers and such opinions of counsel (which may be outside counsel) as Mountainview or the Financing Parties may reasonably request. Mountainview agrees to reimburse Redlands for any reasonable costs and expenses incurred by Redlands in complying with its obligations under this Section 7.3, including the reasonable fees and expenses of counsel to Redlands.

SECTION 7.4 Notices, Etc.

All notices and other communications provided for hereunder shall be in writing (including by telecopier) and shall be mailed, telecopied or delivered, if to Mountainview, to it at 25770 San Bernardino Avenue, San Bernardino, CA 92406, Attention: Project Manager and a copy to General Counsel, 15 Wayside Road, Burlington, MA 01803, (Fax: 781-993-3122); if to Redlands, to it at 35 Cajon St., Suite 15A, Attention: Municipal Utilities Director, (Fax: 909-798-7670), as to each Party, to it at such other address or telecopier number as designated by such Party in a written notice to the other Parties. All such notices and communications shall be deemed received, (a) if personally delivered, upon delivery, (b) if sent by first class mail, on the third business day following deposit into the mails and (c) if sent by telecopier, upon acknowledgement of receipt thereof by the recipient.

SECTION 7.5 Severability.

Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions of this Agreement or affecting the validity, enforceability or authorization of such provision in any other jurisdiction.

SECTION 7.6 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

SECTION 7.7 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SECTION 7.8 Headings.

The section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

SECTION 7.9 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 7.10 Waiver of Jury Trial.

THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENTS CONTEMPLATED HEREBY TO BE EXECUTED IN CONJUNCTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EACH PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

SECTION 7.11 Waiver of Sovereign Immunity

Each Party acknowledges and agrees that the activities contemplated under this Agreement are commercial in nature rather than governmental or public, and therefore acknowledges and agrees that, to the greatest extent permitted by applicable law, it is not entitled to any right of immunity on the grounds of sovereignty or otherwise with respect to such activities or in any legal action or proceeding arising in connection with this Agreement. Each

Party, in respect of itself, its process agents, and its properties and revenues, expressly and irrevocably waives, to the greatest extent permitted by applicable law, any such right of immunity which may now or hereafter exist (including any immunity from any legal process, from the jurisdiction of any court or from any execution or attachment in aid of execution prior to judgment or otherwise) or claim thereto which may now or hereafter exist, and agrees not to assert any such right or claim in any action or proceeding.

SECTION 7.12 Indemnity

(a) Mountainview shall defend, indemnify and hold harmless Redlands and its elected officials, officers and employees, from and against any and all claims, causes of action, damages or liability arising out of, or resulting from, the negligent acts or omissions of Mountainview in the execution and delivery of this Agreement or performance of its obligations, or Mountainview's use of Reclaimed Water pursuant to this Agreement.

(b) Redlands shall defend, indemnify and hold harmless Mountainview and the Financing Parties and their respective officials, officers and employees, from and against any and all claims, causes of action, damages or liability arising out of, or resulting from, the negligent acts or omissions of Redlands in the execution and delivery of this Agreement or performance of its obligations under this Agreement.

SECTION 7.13 Salt Credits.

Redlands shall have the right to take credit for any "salts" discharged into the Santa Ana Regional Interceptor line from the Project.

SECTION 7.14 Attorneys' Fees.

In the event any action is commenced to enforce or interpret the terms or conditions of this Agreement the prevailing party shall, in addition to any other costs and other relief, be entitled to the recovery of its reasonable attorneys' fees.

ARTICLE VIII

REPRESENTATION AND WARRANTIES OF THE PARTIES

SECTION 8.1 Representations and Warranties of Redlands.

Redlands hereby represents and warrants to and for the benefit of Mountainview as follows:

(a) Organization and Qualification. Redlands (i) is a governmental body, duly organized and validly existing under the laws of the State of California, with full right, power and authority under its charter documents and under the laws of the State of California to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby, and (ii) has the power to carry on its business as now being conducted and as proposed to be conducted.

(b) Authorization and Enforceability. Redlands has taken all necessary action to authorize the transactions contemplated by this Agreement, including without limitation the conduct of any public meetings, hearings or comment opportunities necessary or advisable under applicable law or its charter documents. This Agreement has been duly executed and delivered by Redlands and constitutes the legal, valid and binding obligation of Redlands enforceable in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles regardless of whether the issue of enforceability is considered in a proceeding in equity or at law.

(c) No Conflict. Neither the execution and delivery of this Agreement nor compliance with any of the terms and provisions hereof (i) contravenes any Governmental Approval applicable to Redlands or any of its respective properties or other assets, (ii) conflicts with, breaches or contravenes the provisions of the charter documents of Redlands or any contractual obligation of Redlands, or (iii) results in the creation or imposition of any lien upon any of the property or assets of Redlands under, or in a condition or event that constitutes (or that, upon notice or lapse of time or both, would constitute) an event of default under any contractual obligation of Redlands.

(d) Governmental Approvals. No Governmental Approval is required (other than those which have previously been obtained and are in full force and effect) to authorize, or is required in connection with the execution and delivery of this Agreement by Redlands.

SECTION 8.2 Representations and Warranties of Mountainview.

Mountainview hereby represents and warrants to and for the benefit of Redlands as follows:

(a) Organization and Qualification. Mountainview (i) is a limited liability company, duly organized and validly existing under the laws of the state of its formation, with full right, power and authority under its organizational documents and under the laws of the state of its formation to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby, and (ii) has the power to carry on its business as now being conducted and as proposed to be conducted.

(b) Authorization and Enforceability. Mountainview has taken all necessary action to authorize the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Mountainview and constitutes the legal, valid and binding obligation of Mountainview enforceable in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles regardless of whether the issue of enforceability is considered in a proceeding in equity or at law.

(c) No Conflict. Neither the execution and delivery of this Agreement nor compliance with any of the terms and provisions hereof (i) contravenes any Governmental Approval applicable to Mountainview or any of its respective properties or other assets, (ii) conflicts with, breaches or contravenes the provisions of the organizational documents of

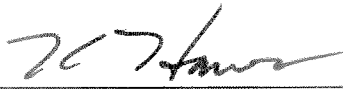
Mountainview or any contractual obligation of Mountainview, or (iii) results in the creation or imposition of any lien upon any of the property or assets of Mountainview under, or in a condition or event that constitutes (or that, upon notice or lapse of time or both, would constitute) an event of default under any contractual obligation of Mountainview.

(d) Governmental Approvals. No Governmental Approval is required (other than those which have previously been obtained and are in full force and effect) to authorize, or is required in connection with the execution and delivery of this Agreement by Mountainview.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and attested on the date first above written.

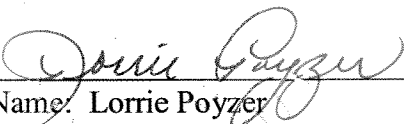
MOUNTAINVIEW POWER COMPANY, LLC

CITY OF REDLANDS

By: 
Name: Karl N. Haws
Title: Mayor

By: 
Name: JOHN H. FOSTER
Title: SR. VP, INVESTMENTS +
PORTFOLIO MANAGEMENT

ATTEST:

By: 
Name: Lorrie Poyzer
Title: City Clerk

[RECLAIMED WATER SUPPLY AGREEMENT]

EXHIBIT A

Minimum Standards

<u>Item Description</u>	<u>Value</u>	<u>Units</u>	<u>Comments</u>
BOD5	<5	mg/l	90% of time
	<10	mg/l	100% of time
TSS	<2	mg/l	90% of time
	<5	mg/l	100% of time
Total Coliform	<2.2 / 23		
NH3-N	<1	mg/l	90% of time
	<2	mg/l	100% of time
Total Inorganic N	<12	mg/l	
TDS	<500	mg/l	
pH	6.5 – 8.5	S.U.	
Chlorine Residual	0.5	mg/l	minimum
(Pipe Maintenance)	5.0	mg/l	spiking
COD	<35	mg/l	90% of time
	<45	mg/l	100% of time
PO4	<4	mg/l	90% of time
	<5	mg/l	100% of time
Silica	<25	mg/l	90% of time
	<30	mg/l	100% of time
Temperature	<90	degrees F	