

SETTLEMENT AGREEMENT - APPLICATION 08-11-009

This Settlement Agreement is entered into by and amongst Nelson Properties and Dwight Nelson ("Nelson"), John and Lucretia Emmett ("Emmetts") and California Water Service Company ("Cal Water"). The Settlement Agreement is intended to effect a complete resolution of the issues before the Commission in Application (A) 08-11-009, filed November 8, 2008 by Cal Water at the California Public Utilities Commission ("Commission"). The Settlement Agreement is effective only upon Commission approval.

In consideration of the compromise of their respective claims and contentions in A.08-11-009, and the mutual promises contained in this Settlement Agreement, Nelson, Emmetts and Cal Water agree as follows:

1. Within ten (10) calendar days of the date the Commission adopts the Settlement Agreement, the Emmetts shall pay Cal Water the sum of \$10,000.<sup>1</sup> Upon receipt of the \$10,000 payment from the Emmetts, Cal Water will promptly pass said payment through to Nelson.
2. Upon request of the Emmetts or any owner of the Trend Homes parcel, Cal Water will provide water service pursuant to the ordinary terms and conditions of Cal Water's tariffs. The Emmett's' \$10,000 payment is not lieu of nor shall it be credited to any monetary contributions or advances that would be required for development of the Trend Homes parcel under Cal Water's Tariff Rule 15.
3. Of the \$65,000 paid by Mr. Nelson towards the purchase price for the Westmilton Water Company, Cal Water will refund the sum of \$20,000 (without interest) to Mr. Nelson over a period of ten (10) years; provided that the Commission approves the treatment of the \$20,000 as a refundable developer's advance. The parties understand that the Commission approval of the Settlement Agreement will constitute the Commission's approval of Cal-Water's treatment of the \$20,000 as a refundable developer's advance, and the parties will so state in their joint motion to the Commission seeking approval of the Settlement Agreement. The first payment of \$2,000 will be made by the fifteenth day of the first calendar month after the month in which the Commission adopts the Settlement Agreement ("anniversary date"); annual payments of \$2,000 will be made on or before the anniversary date in each following year until Cal-Water has paid a total of \$20,000 to Nelson. The \$20,000 is in addition to the \$10,000 pass through from the Emmetts.

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<sup>1</sup> The filing of an application for rehearing would not stay the \$10,000 payment obligation, unless otherwise ordered by the Commission.

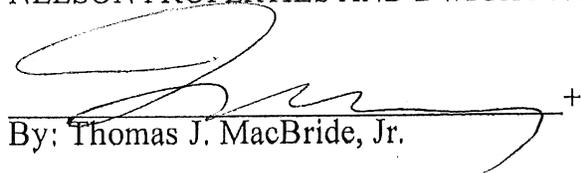
4. Upon Commission approval of the Settlement Agreement, any claim to all or a portion of the \$65,000 payment made by Nelson towards the purchase of the Westmilton Water Company, including the sum of \$40,000 claimed to be due from the Emmetts in this proceeding, any \$40,000 payment obligation claimed by Nelson to be owed by Cal Water, the Emmetts or any owners of the Trends Homes parcels will be deemed satisfied. The alleged \$40,000 payment obligation owed by the Trend Homes parcels and/or John Bonadelle under Decision (D) 85-06-132 and D.93-03-038 will also be deemed satisfied.

5. Should the Commission approve the Settlement Agreement subject to modifications or conditions, the settling parties agree to meet and confer concerning whether such modifications or conditions are mutually acceptable.

6. The Parties agree that they will not (1) apply to the Commission for any rehearing of the Commission decision adopting this Settlement Agreement or (2) take any other action that would in any manner be inconsistent with fully supporting this Settlement Agreement.

Dated: *April 8, 2011*

NELSON PROPERTIES AND DWIGHT NELSON

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By: Thomas J. MacBride, Jr.

GOODIN, MACBRIDE, SQUERI,  
DAY & LAMPREY, LLP  
505 Sansome Street, Suite 900  
San Francisco, CA 94111  
Telephone: (415) 392-7900  
Facsimile: (415) 398-4321  
E-mail: [tmacbride@goodinmacbride.com](mailto:tmacbride@goodinmacbride.com)

Attorneys for Dwight Nelson and Nelson Properties

CALIFORNIA WATER SERVICE COMPANY



By: Lynne P. McGhee  
Attorney for Applicant California Water Service Company  
1720 North First Street  
San Jose, CA 95112  
408-367-8200 FAX 408-367-8430  
[lmcghee@calwater.com](mailto:lmcghee@calwater.com)

Dated: 4-7-11

JOHN & LUCRETIA EMMETT

By: Darryl J. Horowitz  
Coleman & Horowitz  
Attorneys for John & Lucretia Emmett  
499 W. Shaw Ave., Suite 116  
Fresno, CA 93704  
Telephone: 559-248-4820  
[djhorowitz@ch-law.com](mailto:djhorowitz@ch-law.com)

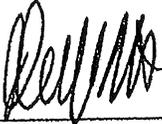
CALIFORNIA WATER SERVICE COMPANY

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By: Lynne P. McGhee  
Attorney for Applicant California Water Service Company  
1720 North First Street  
San Jose, CA 95112  
408-367-8200 FAX 408-367-8430  
[lmcghee@calwater.com](mailto:lmcghee@calwater.com)

Dated: April 6, 2011

JOHN & LUCRETIA EMMETT



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By: Darryl J. Horowitz  
Coleman & Horowitz, LLP  
Attorneys for John & Lucretia Emmett  
499 W. Shaw Ave., Suite 116  
Fresno, CA 93704  
Telephone: 559-248-4820  
[djhorowitz@ch-law.com](mailto:djhorowitz@ch-law.com)

**CERTIFICATE OF SERVICE**

I, Linda Chaffee, certify that I have on this 3<sup>rd</sup> day of May 2011 caused a copy of the foregoing

**JOINT MOTION OF CALIFORNIA WATER SERVICE COMPANY  
(U60W), DWIGHT NELSON AND THE EMMETTS FOR  
ADOPTION OF ALL-PARTY SETTLEMENT**

to be served on all known parties to A.08-11-009 listed on the most recently updated service list available on the California Public Utilities Commission website, via email to those listed with email and via U.S. mail to those without email service. I also caused courtesy copies to be hand-delivered as follows:

Commissioner Michael R. Peevey  
California Public Utilities Commission  
505 Van Ness Avenue, Room 5218  
San Francisco, CA 94102

I declare under penalty of perjury that the foregoing is true and correct. Executed this 3<sup>rd</sup> day of May 2011 at San Francisco, California.

/s/ Linda Chaffee  
Linda Chaffee

LYNNE P. MCGHEE  
lmcghee@calwater.com

DARRYL J. HOROWITT  
dhorowitt@ch-law.com

THOMAS J. MACBRIDE, JR.  
tmacbride@goodinmacbride.com

DWIGHT NELSON  
NELSON PROPERTIES  
3400 MCCALL AVENUE, STE 100  
SELMA, CA 93662-2560

PHILIP J. NORGAARD  
pnorgaard@ch-law.com

JAMES D. SQUERI  
jsqueri@gmssr.com

Maribeth A. Bushey  
mab@cpuc.ca.gov

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(End of Attachment A)