PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION **RESOLUTION W-5321**
September 17, 2026

R E S O L U T I O N

Resolution W-5321 ROLLING GREEN UTILTIES, INC. (RGU). SALE AND ACQUISITION OF RGU TO SPECIALIZED UTILITY SERVICES PROGRAM, INC.

PROPOSED OUTCOME:
- Authorizes the sale of Rolling Green Utilities, Inc. (RGU) to Specialized Utility Services Program, Inc. (SUSP).
- Transfers RGU's Certificates of Public Convenience and Necessity to SUSP.

SAFETY CONSIDERATIONS:
- The transfer of RGU to SUSP will allow for immediate and ongoing responses to outstanding compliance actions.

ESTIMATED COSTS:
- There are no costs associated with this resolution.

By Advice Letter 47-W, filed June 4, 2026.

SUMMARY

By Advice Letter (AL) No. 47-W, submitted on June 4, 2026, Rolling Green Utilities, Inc (RGU) requests Commission approval for the sale and acquisition of RGU by Specialized Utility Services Program, Inc. (SUSP), and to transfer RGU's Certificates of Public Convenience and Necessity (CPCNs) to SUSP, as a result of the acquisition.

Pursuant to Public Utilities (PU) Code §§ 851-854 and Resolution ALJ-272, this resolution approves the sale of RGU and acquisition by SUSP. Under the terms and conditions outlined in the Stock Purchase Agreement (SPA) between RGU and SUSP attached as Appendix A, the SPA provides that SUSP would purchase RGU's water and sewer systems for the agreed-upon nominal consideration price of $1.00. Accordingly, the proposed sale should be approved, and RGU's CPCNs should be transferred to SUSP.

BACKGROUND

Rolling Green Utilities is a Class D water and sewer utility. It serves approximately 285 customers with metered water service and sewer service, in the Rolling Green Terrace and Knight Manor Subdivision near Big Pine, Inyo County. Water and sewer accounts are maintained and accounted for separately. RGU is owned by Arnold Peterson, who assumed sole ownership of the water company in 2011.[1]

The water system includes; (1) three active wells, each with a depth of 135 feet, 6-inch diameter casings, and approximately 400 gallons per minute original pumping capacity, (2) a single 5,000-gallon steel pressure vessel to maintain system pressure, (3) pipelines, consisting of 3,000 feet of 2 ¼-inch - 3 ¼-inch, 3,000 feet of 4-inch and 15,520 feet of 6-inch for a total of 21,520 feet, a combination of plastic and asbestos cement, and (4) a single parcel of land consisting of approximately a third of an acre, where the wells, shop building, and the pressure tank are located.

The sewer system, which is located approximately one mile north of Big Pine, collects, treats, and disposes of an average of 0.05 million gallons per day of domestic wastewater. The treatment and disposal facilities are located in the Upper Owens Subunit of the Owens Hydrologic Unit. Domestic wastewater from 285 homes in the Rolling Green Terrace and Knight Manor Subdivisions are collected, treated and disposed of by the Rolling Green Terrace Subdivision Wastewater Treatment Facility. Wastewater treatment is provided by a septic tank and two lined oxidation ponds. Effluent is disposed of by three evaporation/percolation ponds. The three evaporation/percolation ponds are the only authorized disposal sites.

Depth to groundwater in the disposal area is 30 feet. The nearest surface water, the Big Pine Canal, which is part of the Los Angeles aqueduct system, is located approximately 0.25 miles west and upgradient from the disposal area. The authorized disposal sites are located on land owned by the City of Los Angeles, Department of Water and Power (LADWP), and leased by RGU. The LADWP reviewed information provided regarding the stock transfer and the proposed shareholder (being SUSP) and provided consent to the transfer as it relates to the assignment provisions of the lease.

SUSP is an affiliate of California Rural Water Association which provides both short and long-term solutions to water and sewer utilities and assists with rate studies, regulations, and training.

[1] Resolution W-4879.

NOTICE AND PROTESTS

AL 47-W was served in accordance with General Order (GO) 96-B, on June 4, 2026, to adjacent utilities, and persons on the general service list. A notice was also mailed to each customer of RGU on June 4, 2026.

No protests were received.

DISCUSSION

Proposed water utility ownership changes are reviewed under PU Code §§ 851-854 which prohibits the sale or transfer of control of a public utility without the advance approval of the Commission. Approval of the sale and purchase of RGU by SUSP may be obtained through the AL process since the transaction is valued at less than five million ($5,000,000), is non-controversial, and does not require environmental review by the Commission as the Lead Agency under the California Environmental Quality Act (CEQA).[2] This established process is reflected in General Order 173.

The Commission requires a test of ratepayer indifference when evaluating the sale of a public utility,[3] and for the buyer to demonstrate that the acquisition of the public utility yields a tangible benefit to the ratepayer.[4] Using the ratepayer indifference test to assess the sale of RGU, the Commission evaluated the proposed transaction against the following key metrics: (1) service quality; (2) continuity of service; and (3) the impact of the purchase price on rate base and rates.

Service Quality and Continuity of Service

The SPA provides for an orderly transition of RGU's utility operations and service continuity. Following the Commission's approval of the acquisition of RGU, SUSP plans to increase water system reliability, resiliency, safety and service. Furthermore, SUSP possesses the Technical, Managerial and Financial (TMF) capacity to continue operating RGU without disruption.

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[2] PU Code § 851 allows transfers or encumbrance of utility property for qualified transactions valued at five million ($5,000,000) or less to be processed through an AL filing; ALJ-244, pg. 2.
[3] Under the ratepayer indifference test, any sale of a public utility should not have any net consequences that cause the ratepayer to prefer the seller to the buyer.
[4] See D.15-09-015 at 6; D.15-08-036 at 4, D.05-04-047 at 9-11; D.04-01-066 at 8-11; and D.01-09-057 at 26-28.

1.) Managerial Qualifications
   a. SUSP operations staff have a combined 150 years' experience in management and operation of both water and wastewater systems. SUSP currently provides operation and management services to fifteen water systems and nine wastewater systems. There are eight management staff with water distribution and treatment certifications and three engineering staff. SUSP has been operating RGU's system on a contract basis for over a year, with contract work beginning on April 1, 2025, and no formal complaint was filed against RGU since January 1, 2025.

2.) Financial Qualifications
   a. WD reviewed and accessed SUSP's financial capacity and has determined that SUSP has access to funds that may be necessary for maintenance of both water and sewer system. SUSP provided WD with the following documents:
      i. 2025 SUSP Balance Sheet
      ii. 2025 SUSP Profit and Loss Sheet

Based on WD's review of the above financial statements, WD finds that SUSP maintains the financial resources to provide for the ongoing operating expenses and to make the necessary improvements.

3.) Technical Qualifications
   a. SUSP will assume technical and managerial responsibility for RGU and will have access to a team of licensed operators who are familiar with the system. SUSP also has the best available institutional knowledge of the water system, given its ongoing on-site presence and involvement in identifying, documenting, and addressing system needs. In addition, SUSP may retain, as needed and subject to availability, Arnold Peterson—current owner of RGU—to support transition activities and continuity of operations.

<u>Impact of the Purchase Price on Rate Base</u>

There will be no immediate impact on the rate base due to the purchase price of $1, as this is a nominal price, and current rates will not change upon the transfer of RGU's CPCN to SUSP. The ratepayers have been informed that any potential changes to rates and assessments in the future will be determined by SUSP's requests to the Commission, including Commission review and approval.

WD's review and analysis of the sale and acquisition of RGU to SUSP shows that it meets the ratepayer indifference test; is reasonable; is in the public interest; and provides a tangible benefit for the customers of RGU. This tangible benefit includes that the SUSP with its larger experienced staff, should be more responsive in addressing deficiencies identified by the State Water Resources Control Board (SWRCB) and the Commission to provide safe and reliable drinking water. The sale and purchase of RGU by SUSP will relieve RGU of its duty to provide public utility water and sewer service to its customers.

CEQA Review

CEQA review is not required by the proposed sale. CEQA applies to a "project" or action "which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change . . . [and involves] the issuance to a person of a lease, permit, license, certificate, or entitlement for use by one or more public agencies."[5] Pursuant to this review, the WD has determined that CEQA does not apply as this advice letter filing involves only a transfer of ownership of the existing water and sewer facilities and no new construction or changes in the source of water supply or sewer treatment and discharge facilities are being proposed. There is no evidence of any other changes in the operation of RGU, and accordingly, approval of Advice Letters No. 47-W is not a CEQA project and there is no possibility that the transactions will have any significant effect on the environment.[6] As such, the approval of Advice Letter No. 47-W is exempt from CEQA.

Permit Requirement

Pursuant to the provisions of California Health and Safety Code CH&S section 116525(a), SWRCB requires any person or entity operating a public water system to obtain a Domestic Water Supply Permit (permit) to operate that water system. RGU received its Domestic Water Supply Permit No. 05-13-08P-015 from the Division of Drinking Water (DDW) on October 23, 2008 and Waste Discharge Requirement No. 6-79-58 from Regional Water Quality Control Board (RWQCB) on October 11, 1979. As a condition for Commission approval of the acquisitions, SUSP is directed to obtain a new Domestic Water Supply Permit from the SWRCB for the water system and an operating permit from the RWQCB for the sewer system. On July 16, 2026, DDW finished its TMF

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[5] CEQA Guidelines, CALIFORNIA CODE OF REGULATIONS TITLE 14, Sections 15378(a) (2003)
[6] CEQA Guidelines, CALIFORNIA CODE OF REGULATIONS TITLE 14, Section 15061(b)(3) "A project is exempt from CEQA if…it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment…").

review on SUSP and has agreed to issue a new updated permit to SUSP when DDW receives the CPUC's approval of the transfer of ownership from SUSP.

ENVIRONMENTAL AND SOCIAL JUSTICE

In February 2019, the Commission adopted an Environmental and Social Justice Action Plan (ESJ Action Plan) to serve as a roadmap to expand public inclusion in Commission decision-making processes to targeted communities across California. The ESJ Action Plan establishes a series of goals related to health and safety, consumer protection, program benefits, and enforcement in all the sectors the Commission regulates. On April 7, 2022, the Commission adopted Version 2.0 of the ESJ Action Plan to guide its decisions and determine that its broad regulatory authority continues to advance equity throughout the state. With this Resolution, the Commission addresses two goals of the ESJ Action Plan: Goal #1: "Consistently integrate equity and access considerations throughout Commission regulatory activities," and Goal #3: "Strive to improve access to high-quality water, communications, and transportation services for ESJ communities."

Although the Big Pine, CA area of the proposed transfer is not classified as a disadvantaged community, the WD considered equity and access considerations through its review of the proposed transaction in this resolution. The California Communities Environmental Health Screening Tool, Version 5 (CalEnviroScreen 5.0)[7] provided by the California Environmental Protection Agency, identifies disadvantaged communities by collecting multiple metrics and outputting a single value at the census tract scale. CalEnviroScreen 5.0 ranks Big Pine in the 18th percentile of the highest scoring census tracts statewide. The census tract then decreases into the 4th percentile for both Drinking Water Contaminants and Groundwater Threats.

Given WD's review of these current definitions and considerations, the proposed acquisition of RGU by SUSP is expected to improve existing system conditions for customers in the Big Pine area by providing RGU customers with a reliable water system and addressing current deficiencies cited by SWRCB.

COMPLIANCE

RGU has no outstanding compliance orders with the Commission. However, RGU has several compliance issues with the SWRCB, including two citations and several

[7] https://oehha.ca.gov/calenviroscreen

deficiencies listed from its latest sanitary survey from the Division of Drinking Water (DDW) and site inspection report from RWQCB.

Outstanding SWRCB Compliance Issues

The DDW issued Citation No. 06-27-24C-018 on August 7, 2024, for the failure to comply with drought reporting requirements and Citation No. HQ_26C_069, for the failure to submit the annual inventory report for reporting periods 2023 and 2024. RGU has since submitted a Cross Connection Control Plan on June 12, 2026, satisfying the requirements of the first citation and currently working on submitting the annual inventory reports for 2023 and 2024.

DDW Sanitary Survey

The Sanitary Survey for RGU was conducted on July 25, 2024, and found 1 significant hazard, 8 potential health hazards, and 7 minor deficiencies. Currently, RGU resolved 1 significant hazard, 7 potential health hazards, and 3 minor deficiencies. The unaddressed potential health hazard and four minor deficiencies are listed in the table below. All 5 of the unaddressed items have passed their reporting deadlines; therefore, RGU has 5 ongoing compliance issues as of the filing of the Advice Letter 47-W.

Potential Health Hazard Deficiencies
1. By October 23, 2024, the casting vent for wells 01, 02, and 03 should be an inverted-U, pointed downwards, and be 3-ft above grade. a. SUSP stated that its expected completion date is end of July 2026.

Minor Deficiencies
1. By July 25, 2025, the Wate System needs to ensure the supply and delivery are reported as accurately as possible. At a minimum, the data for 2016, 2017, 2018, and 2019 seems to be inaccurate based on review. a. SUSP stated that it will continue to work on the discrepancy between water totals from wells and delivered water pursuant to its billing program
2. By July 25, 2025, each well should have a dedicated pump to waste line installed at the next well rehab. a. SUSP stated that there is no well-rehab scheduled.
3. By July 25, 2025, the pedestal height should be 3-ft above ground or the 100-year flood level, whichever is greater, at the next well rehab. a. SUSP stated that there is no well-rehab scheduled.

4. By July 25, 2025, a pressure relief valve should be installed and capable of handling the full pump rate of flow at the pressure vessel design limit. a. SUSP stated that it will replace the current 5,000-gallon pressure tank with three 80-gallon composite tanks.

Outstanding RWQCB Compliance Issues

On July 23, 2026, RGU received a notice of violation for its sewer system from Lahontan RWQCB. This notice stated that RGU has several violations identified in past monitoring data submitted, as well as violations for failure to submit monitoring reports in compliance with Waste Discharge Requirements (WDR), Board Order No. 6-87-10. RWQCB monitored RGU's sewer data and discovered that RGU had several Biochemical Oxygen Demand (BOD) exceedance levels from 2021 to 2024. RWQCB's recommended BOD limit is 30 mg/L, but RGU recorded a BOD level of 37 mg/L in the last quarter of 2024. Since 2025, RGU's BOD level has been below RWQCB's BOD exceedance limit, but RGU has not been timely filing the monitoring reports. In order to be in compliance with WDR, RWQCB listed 7 required actions for RGU as shown in the table below.

Required Actions
1. **Immediately** install measuring devices such as a staff gauge to provide accurate readings of the freeboard in each pond in use.
2. **Immediately** repair the installed flow measuring device to accurately record flowrate being discharged to ponds.
3. By July 30, 2026, provide waterboard staff current flowrate data. While flow measuring device is being repaired, manually record and calculate the amount of flow. • RWQCB confirmed data received on July 29, 2026.
4. By July 30, 2026, providing the current number of homes and mobile homes connected to the wastewater treatment facility. • RWQCB confirmed data received on July 29, 2026.
5. **Future monitoring reports** must include all monitoring and reporting requirements as outlined in Board Order No. 6-87-10.
6. **Future monitoring reports** must be submitted through to the Waterboards via GeoTracker by the 15th day of the month following each quarter as outlined in Board Order 6-87-10.
7. All other compliance actions from the previous Notice of Violation dated May 23, 2019.

SUSP has begun addressing outstanding compliance issues, including required reporting and monitoring activities. Following the transfer, SUSP will continue implementing corrective actions and work towards resolving all outstanding water and sewer compliance items in coordination with DDW and RWQCB. SUSP stated that the 5,000-gallon hydropneumatics tank is at the end of its life cycle and wants to replace it with three 80-gallon pressure tanks to address the deficiencies regarding its current tank. SUSP plans to integrate the replacement of this tank into RGU's capital improvement plans and will replace the tank once financially feasible. Given the current rate of progress by SUSP, compliance can be expected to progress within the first twelve to eighteen months after the transfer of the CPCNs. At that time, the WD staff should conduct a review of the system to determine whether additional compliance actions are necessary.

Annual Fee and Annual Reports

Pursuant to PU Code Section 433(a), public utilities are required to pay an annual Public Utilities Reimbursement Fee (annual fee) to the Commission. Water Division confirmed with the Commission's Fiscal Office that RGU is current with its annual fee payments. Further, RGU has been filing its Annual Reports on time as required by the Commission.

UTILITY SAFETY

Water utility safety considers several factors such as water quality, system design, operation and maintenance, and service.

One of the highest safety priorities for the Commission is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to health. While the Compliance section of this resolution notes several previous reporting citations and current deficiencies related to infrastructure in the most recent Sanitary Survey, as previously noted, RGU has several compliance issues with the SWRCB; these are currently being addressed by SUSP.

CONCLUSION

Pursuant to PU Code §§ 851-854, the Commission finds that the sale of RGU is in public interest and does not warrant a more comprehensive review that would be provided through a formal PU Code section 851 application. The sale of both water and sewer utilities should be approved. The transfer and sale of RGU will relieve the utility of its duty to provide regulated utility water service and sewer service, and RGU's CPCNs should be transferred to SUSP.

COMMENTS

PU Code section 311(g)(1) provides that resolutions must generally be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

There were no protests or concerns received from the parties on the service list of Advice Letters No. 47-W when the advice letter was served on June 4, 2026. This is an uncontested matter that pertains solely to a water corporation in which the resolution grants the relief requested.

Accordingly, pursuant to PU Code section 311(g)(3), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. By Advice Letter No 47-W submitted on June 4, 2026, Rolling Green Utilities (RGU) requests Commission approval for the sale of RGU and acquisition by Specialized Utility services Program (SUSP), and to transfer RGU's Certificates of Public Convenience and Necessity (CPCNs) for both water and sewer system.

2. RGU is a Class D water and sewer utility with 285 residential metered service connections in a service area located in the Rolling Green Terrace and Knight Manor subdivisions in the community of Big Pine in Inyo County.

3. On April 28, 2026, the "Stock Purchase Agreement" was signed by RGU and SUSP. SUSP will purchase RGU for $1 and will assume all public utility responsibilities for the operation and ownership of the water and sewer utility operations necessary to continue providing uninterrupted service to all customers in RGU's current service area.

4. Advice Letter No. 47-W was served in accordance with General Order 96-B, on June 4, 2026, to adjacent utilities and persons on the general service list. RGU customers were sent notices of the sale on June 4, 2026. No protests were received.

5. RGU received its Domestic Water Supply Permit from the State Water Resources Control Board's Division of Drinking Water on October 23, 2008, and Waste Discharge Requirement from the Regional Water Quality Board on October 11, 1979.

6. The sale of RGU and acquisition by SUSP meets the ratepayer indifference test; is reasonable; is in the public interest; and provides a tangible benefit for the customers of RGU.

7. The sale of RGU and acquisition by SUSP does not involve a project under CEQA, and there is no possibility that the transaction may have any significant effect on the environment. The approval of AL 47-W is exempt from CEQA.

8. SUSP has been operating RGU's system on a contract basis for over a year, with contract work beginning on April 1, 2025.

9. RGU has one outstanding SWRCB enforcement action against RGU issued by the Division of Drinking Water (DDW) regarding its water system; Citation No. HQ_26C_069, for the failure to submit the annual inventory report for reporting periods 2023 and 2024. Additionally, RGU has 5 items to be addressed from the DDW's July 2024 Sanitary Survey.

10. To address the compliance issues for the wastewater and drinking water systems, SUSP began implementing corrective actions, including repairs completed in July 2026. The parties will continue coordinating with the SWRCB and RWQCB to complete the remaining corrective measures after the transfer is complete. The outstanding compliance issues should be addressed within the first twelve to eighteen months after the transfer of the CPCNs, unless SUSP justifies a later date to be reviewed and approved by WD.

11. The Water Division confirmed with the CPUC's Fiscal Office that RGU is current with its annual fee payments.

12. Pursuant to Public Utilities Code sections 851-854, the sale of RGU to SUSP is in the public interest and should be approved.

13. The sale of RGU should relieve RGU of its duty to provide regulated water and sewer service to its customers, and RGU's Certificates of Public Convenience and Necessity should be transferred to SUSP.

THEREFORE, IT IS ORDERED THAT:

1. Pursuant to Public Utilities Code §§ 851-854, this Resolution approves the sale of Rolling Green Utilities Inc. and acquisition by Specialized Utility Services Program under the terms and conditions set forth in the April 28, 2026, Stock Purchase Agreement between Rolling Green Utilities Inc. and Specialized Utility Services Program Inc. (Attached in Appendix A).

2. The permanent transfer of operations of Rolling Green Utilities Inc.'s water and sewer systems to Specialized Utility Services Program Inc., respectively, is conditioned on Specialized Utility Services Program Inc. obtaining the necessary SWRCB and RWQCB operating permits, respectively. Within ten (10) days of receiving the operating permits, Specialized Utility Services Program Inc. shall notify the Commission by mailing or emailing a letter to the Director of the Water Division.

3. As a condition of approval, Specialized Utility Services Program Inc. shall comply with the Affiliate Transaction Rules adopted in Decision (D.) 10-10-019, to the extent applicable to water and sewer utilities, including requirements related to separation, arm's-length transactions, cost allocation, and reporting.

4. Specialized Utility Services Program Inc. shall submit Tier 1 Advice Letters, within five (5) days after closing the purchase and sale transaction, updating the water and sewer tariff Title pages with the new utility names, addresses, and appropriate contact information.

5. Within ten (10) days of closing the purchase and sale transaction, Rolling Green Utilities Water and Sewer Company shall notify the Commission of the date the transaction closes by mailing or emailing a letter to the Director of the Water Division.

6. Rolling Green Utilities Inc.'s Certificates of Public Convenience and Necessity shall be transferred to Specialized Utility Services Program Inc. as of the date the purchase and sale transaction closes.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held September 17, 2026; the following Commissioners voting favorably thereon:

/s/ LEUWAM TESFAI

Leuwam Tesfai
Executive Director

JOHN REYNOLDS
President
CHRISTINE HARADA
DARCIE L. HOUCK
KAREN DOUGLAS
MATTHEW BAKER
Commissioners

APPENDIX A

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this “Agreement”) is made effective as of 04/28/2026, 2026 by and between ARNOLD D. PETERSON, an individual a/k/a Arnie Peterson (“Seller”) having an address of 139 Elmcrest Drive, Big Pine, California 93513, and SPECIALIZED UTILITY SERVICES PROGRAM, INC., a California corporation, or its assignee (“Buyer”).

RECITALS

A. The outstanding capital stock of ROLLING GREEN UTILITIES, INC., a California corporation (the “Corporation”) currently consists of 5,385 shares of common stock (the “Stock”).

B. Seller is the record and beneficial owner of all of the Stock.

C. Contemporaneous with the execution hereof, Buyer (or its assignee) and Seller and KATHERINE I. PETERSON, an individual a/k/a Kathy Peterson (together with Seller collectively, “PGC Sellers”), are entering into that certain Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”) pursuant to which PGC Sellers will sell, and Buyer (or its assignee) will buy, all right, title and interest in and to all the membership interests in PALISADE GAS COMPANY, LLC, a California limited liability company (the “PGC Transaction”).

D. Buyer has agreed to purchase from Seller, and Seller has agreed to sell to Buyer, the Stock, on the terms and subject to the conditions, set forth in this Agreement.

ARTICLE ONE:
PURCHASE AND SALE OF STOCK

1.1 Definitions. As used in this Agreement, the following defined terms have the following meanings:

"Business" means the water and wastewater business operated by the Corporation.

"Encumbrance" means any lien, pledge, hypothecation, charge, mortgage, deed of trust, security interest, encumbrance, claim, infringement, option, right of first refusal, preemptive right, community property interest, or restriction of any nature on any asset.

"Entity" means a Person other than an individual.

"Environmental Claim" means any claim, action, cause of action, investigation or written notice by any Person alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (i) the presence, or release, of any Hazardous Materials at any location, or (ii) circumstances forming the basis of any violation, or alleged violation, of, or liability under any Environmental Law.

"Environmental Law" means all federal, state, local and foreign laws, regulations and common law standards of conduct relating to pollution or protection of the environment, including without limitation, laws relating to releases or threatened releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, release, disposal, transport or handling of Hazardous Materials and all Laws and regulations with regard to record keeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Governmental Authority" means any federal, state, local, or foreign court, administrative agency
or commission, or other governmental authority or instrumentality.

"Hazardous Materials" means all substances defined as hazardous substances, or regulated as such under, any Environmental Law.

"Intellectual Property Rights" means, collectively, all of the following worldwide intangible legal rights, acquired by ownership, license, or other legal operation: (1) all trademarks, trade names, logos, and service marks associated with the Business, registered or not, and specifically including "Rolling Green Utilities"; (2) all rights associated with works of authorship, including copyrights (registered or not), copyright applications, copyright registrations, and moral rights associated with the Business; (3) all confidential business information, trade secrets, and other proprietary information, technology, and intellectual property rights associated with the Business, and (4) all rights to sue or make any claims for any past, present, or future misappropriation or unauthorized use of any of the foregoing rights and the right to receive income, royalties, damages, or payments that are now or will later become due with regard to the foregoing rights, subject to the terms and conditions set forth in this Agreement.

"Loss" shall mean all claims, actions, suits, demands, assessments, judgments, losses, liabilities, damages, costs, royalties, payments, license fees and expenses (including interest, penalties, attorneys' fees accounting fees and investigation costs).

"Material Adverse Effect" means such state of facts, event, change or effect as has had, or would reasonably have, a material adverse effect (i) on the Business, results of operations, or financial condition of the Business taken as a whole, other than events, changes or developments relating to the economy in general or resulting from industry-wide developments affecting Persons in business similar to the Business, or (ii) on the ability of Seller to consummate the transaction contemplated by this Agreement.

"Person" means any individual, corporation, partnership, estate, trust, company (including any limited liability company), firm, or other enterprise, association, organization, or Governmental Authority.

"Proceeding" means any claim, action, suit, investigation, or administrative or other proceeding before any Governmental Authority, any civil lawsuit brought by any Person or any arbitration or mediation.

"Taxes" means any and all federal, state, local, or foreign taxes, assessments, and other governmental charges, duties, impositions, and liabilities relating to taxes of any kind, together with all interest, penalties, and additions imposed with respect to such amounts.

1.2 Sale and Transfer of Stock. Subject to the terms and conditions set forth in this Agreement, at the Closing (as defined below), Seller will sell to Buyer, and Buyer shall purchase from Seller the Stock.

1.3 Purchase Price. The purchase price for the Shares shall be an amount equal to One Dollar ($1.00) (the "Purchase Price").

1.4 Assumption of Liabilities. Buyer acknowledges that by purchasing the Stock, Buyer is assuming all liabilities connected with the Business.

ARTICLE TWO:
REPRESENTATIONS AND WARRANTIES OF SELLER AND CORPORATION

Seller represents and warrants:

2.1 Status and Authority - Seller. Seller is an individual and Seller has full authority to execute this Agreement and to perform each obligation to be performed by him under the terms of this Agreement. This Agreement has been authorized by all necessary action of Seller and is a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms.

2.2 Status and Authority - Corporation. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of California. The Corporation is duly qualified to conduct the Business and is in good standing with the State of California. The Corporation has the power and authority to carry on the Business as it is now being conducted and to own or lease all its properties and assets. The Corporation has full power and authority to execute this Agreement and to consummate the transactions contemplated hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action of the Corporation. This Agreement represents a valid and binding agreement of the Corporation, enforceable against it in accordance with its terms.

2.3 No Violation. The execution, delivery and performance of this Agreement and the consummation by the Corporation of the transactions contemplated in this Agreement, do not and will not

(i) violate or conflict with the organizational documents of the Corporation, or (ii) violate any law or regulation applicable to the Corporation or any of its properties or assets, or violate the terms of any material contract to which the Corporation is a party.

2.4 Consent and Approvals. Except as provided below, no consents, approvals or authorizations of, or registrations, qualifications or filings with any Governmental Authority or any other Person are required to be made or obtained by either the Corporation or any Seller in connection with the execution, delivery or performance by the Corporation or Seller of this Agreement or the consummation of the transactions contemplated under this Agreement. Notwithstanding the foregoing, (i) the transactions contemplated herein must be approved by the California Public Utilities Commission, (ii) the approval of the assignment of that certain Lease, BL No. 0662, Account No. 16036, Property No. 18-080-01, dated January 27, 2005 by and between Los Angeles Department of Water and Power ("LADWP") and the Corporation, by LADWP, (iii) the approval of a new Water Supply Permit from the State Water Resources Control Board, Division of Drinking Water, as well as (iv) the approval of a Board Order Transfer Request from the Lahontan Regional Water Quality Control Board (collectively, the "Required Approvals").

2.5 Capital Stock.

(a) As of the date of this Agreement, the authorized capital stock of the Corporation consists of 20,000 shares of common stock, and the Corporation's outstanding capital stock currently consists of 5,385 shares of common stock, all of which are owned by Seller, free and clear of all liens or encumbrances. All of the shares of Stock have been duly authorized and validly issued, and are fully paid.

(b) As of the date of this Agreement, there are no shares of capital stock or other equity securities of the Corporation outstanding, other than the Stock, and no outstanding rights to purchase or convert any of the Stock.

2.6 Financial Statements of the Corporation. The Corporation has provided Buyer with access to the Corporation's financial statements, as currently maintained. Those financial statements fairly present in all material respects the results of the operations and consolidated financial position of the Corporation as of the respective dates therein set forth. The Corporation has not incurred nor is subject to any liabilities, obligations, debts or commitments, contingent or otherwise, whether for Taxes or otherwise, that are not reflected on the Corporation's financial statements previously delivered to Buyer.

2.7 Conduct of Business; Compliance with Laws.

(a) The Business is not being conducted (i) in default or violation of any term, condition or provision of the articles of incorporation or bylaws of the Corporation, or (ii) in material default or violation of (X) any material contract, or (Y) any laws applicable to the Corporation.

(b) The Corporation is not the subject of any pending or any threatened, investigation, review or disciplinary proceedings of any Governmental Authority that relates to the Corporation or any of its directors, officers or employees; and

(c) The Corporation has all memberships and has made all notifications, registrations, certifications and filings with all Governmental Authorities necessary for the operation of the Business, as currently conducted.

2.8 Tax Matters.

(a) All Tax returns required to be filed by or on behalf of the Corporation have been timely filed or requests for extensions have been timely filed, granted, and have not expired, and all such Tax returns are true, correct and complete in all material respects and accurately set forth all items to the extent required to be reflected or included in such Tax returns by applicable federal, state or local Tax laws, regulations or rules. All Taxes shown on filed Tax Returns have been paid. There are no audit examination, deficiency, or refund proceedings pending, or threatened, with respect to any Taxes which may be payable by the Corporation.

(b) As of the date hereof, there are no liens with respect to any Taxes upon any of the assets and properties of the Corporation.

(c) The Corporation is in compliance with, and its records contain all information and documents (including properly completed Internal Revenue Service Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state and local Tax laws.

2.9 Assets. The Corporation has good and marketable title, free and clear of all material liens, to all of its assets. All assets held under leases or subleases are held under valid contracts enforceable in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceedings may be brought), and each such contract is in full force and effect. All of the assets are sold "AS IS", and Seller makes no representation or warranty as to the condition of the assets.

2.10 Legal Proceedings. There are no proceedings instituted or pending, against the Corporation, or Seller, or against any asset, employee benefit plan, interest, or right of the Corporation or Seller, nor are there any orders outstanding against the Corporation, Seller or his properties.

2.11 Environmental Matters.

(a) The Corporation is and has at all times been in compliance with all applicable Environmental Laws (which compliance includes, but is not limited to, the possession of all permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof). The Corporation has not received any written communication, whether from a Governmental Authority, citizens group, employee or otherwise, alleging that the Corporation is not in such compliance, and there are no past or present actions, activities, circumstances, conditions, events or incidents that are reasonably likely to prevent or interfere with such compliance in the future.

(b) There is no Environmental Claim pending or threatened against the Corporation or against any Person or Entity whose liability for any Environmental Claim the Corporation has or may have retained or assumed either contractually or by operation of law. The Corporation is not subject to any order, decree, injunction or other arrangement with any Governmental Authority or any indemnity or other agreement with any third party relating to liability under any Environmental Law or relating to any Hazardous Materials.

(c) The Corporation is not subject to any order, decree, injunction or other agreement with any Governmental Authority or any indemnity or other agreement with any third party relating to liability or obligations pursuant to any Environmental Law or otherwise relating to any Hazardous Materials.

2.12 Material Contracts.

(a) There are no "Material Contracts", as described in this Section 2.12, to which the Corporation is a party or is bound of which Buyer has not previously been made aware:

(i) (A) any contract, including any employment, compensation, incentive, retirement, loan or severance arrangements, with any director or executive officer of the Corporation, or (B) any contract, including any employment, compensation, incentive, retirement, loan or severance arrangements, with any other officer or employee of the Corporation that requires future aggregate annual payments by the Corporation of $100,000 or more;

(ii) any contract, including any consulting, compensation, incentive, loan, or other arrangement, with any consultant, sales representative, or introducing broker retained or contracted with by the Corporation that requires future aggregate annual payments by the Corporation of $50,000 or more;

(iii) any contract for capital expenditures or the acquisition of fixed assets in excess of $50,000;

(iv) any contract for the purchase, lease, maintenance or acquisition, or the sale or furnishing of, materials, supplies, merchandise, equipment, parts or other property or services requiring remaining aggregate future payments in excess of $50,000;

(v) any contract that restricts the right of the Corporation or any Seller to engage in any line of business, conduct business in any geographic area, compete with any Person or sell any product;

(vi) any Contract relating to the acquisition or disposition of any business, material assets or real property;

(vii) any Contract relating to the borrowing of money by the Corporation, or the guaranty of another Person's borrowing of money or other obligation by the Corporation, including, without limitation, all notes, mortgages, indentures and other obligations, guarantees of performance, agreements and instruments for or relating to any lending or borrowing, including assumed indebtedness;

(viii) any leases of real property;

(ix) any contract relating to the ownership, management or control of any Person in which the Corporation owns any equity interest; or

(x) any contract, agreement, license or arrangement (A) granting or obtaining any right to use any Intellectual Property Rights (other than contracts, agreements, licenses or arrangements granting rights to use readily available commercial software having an acquisition price of less than $25,000 per contract, agreements, license or arrangement) or (B) restricting the Corporation's right, or permitting third Persons to use, any Intellectual Property Rights.

(b) (i) Each Material Contract of the Corporation is valid and binding on the Corporation and each other party thereto, and is in full force and effect, (ii) the Corporation and each other party thereto, has performed all material obligations required to be performed by it to date

under each Material Contract; or
(iii) the Corporation, or any other party thereto, has not violated or defaulted in any material respect or terminated, nor has the Corporation, nor any other party thereto, given or received notice of, any material violation or default or any termination under (nor does there exist any condition which with the passage of time or the giving of notice or both would result in such a violation, default or termination under) any Material Contract. The Corporation has provided, or made available, to Buyer true and correct copies of each of the Material Contracts.

2.13 Insurance. Seller has previously provided Buyer with copies of all Insurance Policies of the Corporation now in effect (the "Insurance Policies"). Each of the Insurance Policies is in full force and effect and is valid, outstanding and enforceable. None of the Insurance Policies will terminate or lapse (or be affected in any other materially adverse manner) by reason of the transactions contemplated by this Agreement.

2.14 Intellectual Property.

(a) There are no registered Intellectual Property Rights owned by or filed in the name of the Corporation (collectively the "Registered Intellectual Property") of which Buyer has not been made aware. The Registered Intellectual Property is valid, enforceable and subsisting (except with respect to applications).

(b) All of the Corporation's Intellectual Property Rights are free and clear of any Liens. The Corporation has not transferred ownership of, in whole or in part, or granted an exclusive license to, any third party, of any Intellectual Property Rights that are, or were, material Intellectual Property of the Corporation.

(c) The Corporation has taken all commercially reasonable steps to protect its trade secrets that it wishes to, or is required to, protect as confidential.

(d) There is not any pending or threatened Proceeding before any Governmental Authority in any jurisdiction alleging that (i) any activities, services or the conduct of the Corporation infringes, violates or constitutes the unauthorized use or misappropriation of the Intellectual Property Rights of any third party,
(ii) challenging the ownership, validity or enforceability of any of the Corporation's Intellectual Property Rights, or (iii) activities, services or the conduct of a third party that infringes, violates or misappropriates the Corporation's Intellectual Property Rights. The Corporation has not received any written notice within the past two (2) years from any third party that the operation of the Business, or any act, product or service of the Corporation, infringes or misappropriates the Intellectual Property Rights of any third party or constitutes unfair competition or trade practices under the Laws of any jurisdiction.

(e) None of the services or operations of the Corporation infringe upon, violate or constitute the unauthorized use of any Intellectual Property Rights owned by any third party or constitute unfair competition or trade practices under the laws of any jurisdiction. To the best knowledge of the Corporation and Seller, within the past two (2) years, no third party is or has infringed upon, violated or misappropriated any material Intellectual Property Rights of the Corporation.

2.15 Employee Benefit Plans. [intentionally omitted as the Corporation does not maintain any employee benefit plans]

2.16 No Brokers. Neither the Company nor Seller nor any of their respective agents or representatives has engaged any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with the transactions contemplated under this Agreement.

2.17 Real Property and Zoning. The presently existing buildings, fixtures and other improvements and the operation and continuation of the business currently being conducted on the parcels owned by the Corporation are permitted under the local zoning laws or the terms of a special use permit. Neither Seller nor the Corporation have received notice of the commencement of any proceeding that would affect the present zoning classification of any such parcel.

2.18 Full Disclosure. None of the representations and warranties made by Seller contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

2.19 No Other Warranties or Representations. Buyer acknowledges that, except as expressly set forth in this Agreement, Seller has made no representations or warranties as to its results of operations or financial condition or the Business or Business Assets. Seller makes no warranties or representations which are not set forth in this Agreement.

ARTICLE THREE:
BUYER'S REPRESENTATIONS AND WARRANTIES

3.1 Corporate Status. Buyer is a corporation duly organized, validly existing, and in good standing in California and is duly qualified and licensed in each jurisdiction in which it conducts business.

3.2 Authority and Consents. Subject to Section 2.4 above with respect to the Required Approvals, Buyer has the right, power, legal capacity, and authority to enter into, and perform its obligations under this Agreement, and no approvals or consents of any persons other than the Board of Directors of Buyer are necessary in connection with it. The execution and delivery of this Agreement will be duly authorized by all necessary corporate and shareholder action on the part of Buyer prior to such execution. This Agreement is a valid and binding obligation of Buyer, enforceable against it in accordance with the terms hereof.

3.3 Conflicts and Defaults. Neither the execution and delivery of this Agreement by Buyer nor the performance by Buyer of the transactions contemplated hereby will, to Buyer's best knowledge, violate or constitute an occurrence of default under any provisions of, or conflict with, or result in acceleration of any obligation under, or give rise to a right by any party to terminate its obligations under, any material contract, sales commitment, purchase order, security agreement, mortgage, conveyance to secure debt, note, deed, loan, lien, lease, agreement, instrument, order, judgment, decree, or other arrangement to which Buyer is a party or is bound. Buyer is not in violation of any of its organizational documents.

3.4 Disclosure of Information. Buyer acknowledges that it or its representatives have been furnished with all information regarding Seller and the Business, assets, results of operations and financial condition that Buyer has requested. Buyer further represents that it has had an opportunity to access each facility of Seller which is the subject of this Agreement, to make such inspections as Buyer has desired, and to ask questions and receive answers from Seller and his representatives regarding the Business and its assets, results of operation, and financial condition. ln addition, Buyer acknowledges that it has operated the Business for a number of years and is very familiar with the historical performance of the Business, including the number of decedents serviced and the financial results of the Business.

ARTICLE FOUR:
THE CLOSING

4.1 Time and Place. The closing of the transactions provided for in this Agreement (the "Closing") shall take place at the offices of Lagerlof, LLP, at 10:00 a.m. local time, five (5) business days following the receipt of the last Required Approval, or at such other time and place as the parties may mutually agree to in writing (the date on which the Closing actually occurs, the "Closing Date"); provided, however, in the event the Required Approvals are denied, either of the parties hereto may terminate this Agreement by written notice to the other and there shall be no further obligations hereunder, except as expressly provided for herein; provided further, however, termination of this Agreement shall terminate the Membership Interest Purchase Agreement. The parties hereto intend that this Agreement shall be closed concurrently with the transactions pursuant to the Membership Interest Purchase Agreement.

4.2 Seller's Obligations at Closing. At the Closing, Seller must deliver or cause to be delivered to Buyer:

(a) certificates evidencing the Stock, properly endorsed by Seller, or affidavits of lost stock certificate, and accompanied by such stock powers and other documents as may be necessary to transfer record ownership of the Stock into Buyer's name on the transfer books of the Corporation, together with an executed Spousal Consent in the form attached hereto as Exhibit A;

(b) originals or copies of all of the Corporation's books and records, including without limitation all minute books, stock books, stock transfer ledgers, employment records, financial and accounting records, and files.

(c) an executed letter of resignation as a director of the Corporation, as applicable, from each of the directors who is a Seller, effective as of the Closing;

(d) a certificate executed by Seller, certifying that all of Seller's representations and warranties under Article Two of this Agreement are true as of the Closing Date, as though each of those warranties had been made on that date;

(e) the Required Approvals; and

(f) all other agreements, certificates, consents, approvals and documentary evidence required to be delivered pursuant to Seller's obligations hereunder.

Simultaneously with the consummation of the transfer, Seller will put Buyer into full possession and enjoyment of the Stock and all assets to be conveyed and transferred by this Agreement.

4.3 Buyer's Obligations at Closing. At the Closing, Buyer must deliver to Seller the following instruments and documents against delivery of the Stock being purchased under the terms of this Agreement:

(a) a wire to Seller in the amount of the Purchase Price in readily available funds;

(b) certified resolutions of Buyer's board of directors, in form satisfactory to counsel to Seller, authorizing the execution and performance of this Agreement and all actions to be taken by Buyer under this Agreement; and

(c) all other agreements, certificates, consents, approvals and documentary evidence required
to be delivered pursuant to Buyer's obligations hereunder.

ARTICLE FIVE:
COVENANTS AND OBLIGATIONS AFTER CLOSING

5.1 Further Assurances. Seller, at any time before or after the execution of this Agreement, will execute, acknowledge, and deliver any further assignments and other assurance documents, and instruments of transfer, reasonably requested by Buyer, and will take any other action consistent with the terms of this Agreement that may reasonably be requested by Buyer for the purpose of assigning, transferring, granting, conveying, and confirming to Buyer the rights to be transferred to Buyer under this Agreement.

5.2 Brokers and Finders. Neither Buyer nor Seller have employed any broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transaction contemplated by this Agreement.

5.3 Costs and Expenses. Buyer shall pay all real and personal property Taxes that accrue after Closing and Seller shall be responsible for such Taxes that accrue prior to Closing. Buyer will pay the costs of a real property survey, environmental assessment(s), and professional inspections of the real property if such survey, assessments and/or inspections are obtained.

ARTICLE SIX:
CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE

The obligations of Buyer to purchase the Stock under this Agreement are subject to the satisfaction, at or before the Closing, of all the conditions set out below in this Article Six. Buyer may waive any or all of these conditions in whole or in part in writing.

6.1 Accuracy of Warranties. All representations and warranties by Seller and the Corporation in this Agreement, or in any written statement that will be delivered to Buyer by Seller under this Agreement must be true and correct in all material respects on and as of the Closing Date, as though such representations and warranties were made on and as of that date.

6.2 Performance by Seller. On or before the Closing Date, Seller will have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions that they are required by this Agreement to perform, comply with, or satisfy, before or at the Closing.

6.3 Certification by Seller. Buyer will have received a certificate, dated the Closing Date and signed by Seller, stating, in such detail as Buyer and its counsel may reasonably request, that to the best of Seller's knowledge the conditions specified in Sections 6.1 and 6.2 have been fulfilled.

6.4 PGC Transaction. All conditions precedent to Buyer's obligation to close under the Membership Interest Purchase Agreement shall have been satisfied, and the closing of the transaction under the Membership Interest Purchase Agreement shall occur contemporaneously with the Closing under this Agreement.

ARTICLE SEVEN:
CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE

The obligations of Seller to sell and transfer the Stock under this Agreement are subject to the satisfaction, at or before Closing, of all the following conditions. Seller may waive any or all of these conditions in whole or in part in writing; provided, however, that no such waiver of a condition will constitute a waiver by Seller of any of his other rights or remedies, at law or in equity, if Buyer should be in default of any of its representations, warranties, or covenants under this Agreement.

7.1 Accuracy of Buyer's Warranties. All representations and warranties by Buyer in this Agreement or in any written statement that will be delivered to Seller by Buyer under this Agreement must be true in all material respects on and as of the Closing Date as though such warranties were made on and as of that date.

7.2 Buyer's Performance. On or before the Closing Date, Buyer will have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions that it is required by this Agreement to perform, comply with, or satisfy, before or at the Closing.

7.3 Buyer's Corporate Approval. The execution, delivery, and performance of this Agreement by Buyer and the consummation of the transactions contemplated will have been duly authorized by all necessary corporate action by Buyer's board of directors and shareholders.

7.4 Absence of Litigation. No Proceeding, pertaining to the transaction contemplated by this Agreement or to it, consummation, will have been instituted or threatened on or before the Closing Date.

7.5 PGC Transaction. All conditions precedent to Seller's obligation to close under the Membership Interest Purchase Agreement shall have been satisfied, and the closing of the transaction under the Membership Interest Purchase Agreement shall occur contemporaneously with the Closing under this Agreement.

ARTICLE EIGHT:
FORM OF AGREEMENT; ENTIRE AGREEMENT; PUBLICITY

8.1 Effect of Headings. The subject headings of the paragraphs and subparagraphs of this Agreement are included for convenience only and shall not affect the construction or interpretation of any of its provisions.

8.2 Entire Agreement; Modification; Waiver. This Agreement and its Exhibits constitute the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making or granting the waiver.

8.3 Notices to Third Parties. All notices to third parties and all other publicity concerning the transaction contemplated by this Agreement shall be jointly planned and coordinated by and between Buyer and Seller. No party shall act unilaterally in this regard without the prior written approval of the others; however, this approval shall not be unreasonably withheld.

ARTICLE NINE:
PARTIES

9.1. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over against any party to this Agreement.

9.2 Binding Nature. This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors, and assigns.

ARTICLE TEN:
REMEDIES

10.1 Arbitration. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Los Angeles, California before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrator, may, in the award, allocate all or part of the costs of the arbitration including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party.

10.2 Recovery of Litigation Costs. If any legal action or any arbitration or other Proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that Proceeding, in addition to any other relief to which it or they may be entitled.

ARTICLE ELEVEN:
SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

11.1 Survival of Representations and Warranties. The representations and warranties of Seller and Buyer contained in this Agreement shall survive for a period of thirty-six (36) months from the Closing Date and shall thereafter expire and be of no further force or effect, and all liability of the Parties with respect thereto shall thereupon be extinguished.

11.2 Indemnification of Buyer. Subject to the terms and conditions of this Article Eleven, Seller agrees to indemnify and hold harmless Buyer and its respective successors and permitted assigns (collectively, the "Buyer Indemnified Parties") against and in respect of any and all claims, demands, losses, damages, costs and reasonable expenses, including reasonable legal fees and expenses, other than any special, incidental, consequential, exemplary or punitive damages or damages relating to lost profits (collectively "Damages"), resulting from or arising out of:

(a) Any breach of any representation or warranty of Seller or the Corporation hereunder or in any certificate or instrument delivered by Seller to Buyer in connection with the Closing for the period such representation and warranty survives hereunder; and

(b) Any failure of Seller to perform or otherwise fulfill or comply with any covenant contained in this Agreement.

11.3 Indemnification of Seller. Subject to the terms and conditions of this Article Eleven, Buyer agrees to indemnify and hold harmless Seller and his successors and permitted assigns (collectively, the "Seller Indemnified Parties") against and in respect of any and all Damages resulting from or arising out of:

(i) any breach or violation of any representation or warranty of Buyer hereunder or in any or certificate or instrument delivered by Buyer to Seller in connection with the Closing for the period such representation and warranty survives hereunder;

(ii) Any failure by Buyer to perform or otherwise fulfil or comply with any covenant contained in this Agreement; and

(iii) the operation of the Business from and after the Closing Date.

11.4 Defense of Third Party Claims. If either party hereto or such party's other Indemnitees receives notice or otherwise obtains knowledge of any third party claim or other matter with respect to which the other party hereto (the "Indemnifying Party") may become obligated to hold harmless or indemnify the Indemnitee hereunder, then the Indemnitee shall promptly deliver to the Indemnifying Party a written notice describing such matter in reasonable detail and specifying the estimated amount of the Damages that may be incurred by the Indemnitee in connection therewith. The Indemnifying Party shall have the right, at its option, to assume the defense of such matter at its own expense and with its own counsel, provided such counsel is reasonably satisfactory to the Indemnitee. If the Indemnifying Party elects to assume the defense of such matter, (i) notwithstanding anything to the contrary contained herein, the Indemnifying Party shall not be required to pay or otherwise indemnify the Indemnitee against any attorneys' fees or other expenses incurred on behalf of the Indemnitee in connection with such matter following the Indemnifying Party's election to assume the defense of such matter, (ii) the Indemnitee shall fully cooperate as reasonably requested by the Indemnifying Party in the defense or settlement of such matter, (iii) the Indemnifying Party shall keep the Indemnitee informed of all material developments and events relating to such matter, and (iv) the Indemnitee shall have the right to participate, at its own expense, in the defense of such matter. ln no event will the Indemnifying Party be liable for any settlement or admission of liability with respect to such matter without its prior written consent.

11.5 Exclusive Remedy. The right of each party hereto and its other Indemnitees to demand and receive indemnification payments pursuant to this Article Eleven shall be the sole and exclusive remedy exercisable by such Party and its other Indemnitees with respect to any claims arising out of or relating to this Agreement or any of the transactions contemplated hereby.

11.6 Reduction for Insurance Proceeds and Tax Savings. The amount of any Damages claimed by any Indemnitee hereunder shall be reduced to the extent of (i) any insurance benefits and proceeds (the "Insurance Benefits"), indemnification or other reimbursement or payment recoverable by the Corporation or the Indemnitee in connection with such Damages or the claim giving rise thereto; and (ii) any Tax savings or benefits realized or to be realized by the Corporation or by any Indemnitee in connection with such Damages or the claim giving rise thereto. For purposes of determining the insurance benefits, any increase in the premium of the insurance policy from which benefits were received resulting solely from the claim made with respect thereto shall itself be considered "Damages."

11.7 Subrogation. The Indemnifying Party shall be subrogated to any and all defenses, claims or setoffs which the Indemnitee asserted or could have asserted with respect to any third party claim as to which the Indemnifying Party is required to provide indemnification pursuant to this Article 11. The Indemnitee shall execute and deliver to the Indemnifying Party such documents as may be necessary or appropriate to establish by way of subrogation the ability and right of the Indemnifying Party to assert such defenses, claims or setoffs. In no event shall the parties hereto be liable for special, incidental, consequential, exemplary or punitive damages or damages relating to lost profits, nor shall there be any double counting of any item of Damage.

11.8 Mitigation, Each of the Parties agrees to take all reasonable steps to mitigate its Damages upon and after becoming aware of any event or condition which could reasonably be expected to give rise to any Damages that are indemnifiable hereunder.

11.9 Buyer Acts and Omissions. Seller shall have no liability under any provision of this Agreement for any Damages to the extent that such Damages relate to actions taken or omitted to be taken by Buyer with respect to the Corporation from and after the Closing Date.

11.10 Treatment of Indemnity Payment. Any indemnity payment made to Buyer pursuant to this Agreement shall be treated as an adjustment to the Purchase Price for all Tax, financial reporting and other purposes.

ARTICLE TWELVE: MISCELLANEOUS

12.1 Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California as applied to contracts that are executed and performed entirely in California.

12.2 Jurisdiction. Any legal action or other proceeding arising out of or relating to this Agreement may be brought only in the courts of the State of California**,** County of Los Angeles, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such legal action or other proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the legal action or other proceeding shall be heard and determined only in any such court and agrees not to bring any legal action or other proceeding arising out of or relating to this Agreement in any other court.

12.3 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the parties.

12.4 Counterparts; Electronic Signature. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by signatures transmitted electronically, including by e-mail or PDF, and such an electronic signature shall be deemed as valid as an original "wet" signature.

12.5 Interpretation. This Agreement shall be construed without regard to any Presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it on the day and year first above written.

SELLER:

DocuSigned by:
Arnie Peterson
0E7DB2F6B0B6479...

ARNOLD D. PETERSON, an individual
a/k/a Arnie Peterson

BUYER:

SPECIALIZED UTILITY SERVICES PROGRAM, INC., a California corporation

By: Signed by:
Dan DeMoss
763B463BE88A4F8...

Name: Dan DeMoss
Title: Executive Director

[SIGNATURE PAGE TO STOCK PURCHASE AGREEMENT]

ADVICE LETTER NO. 47-W SERVICE LIST

Lawrence M. Morales
Owens Valley Water Resources, Inc.
140 N. Harvard Avenue, Unit 100
Claremont, CA 91711
Lawrence.precisioninvest@outlook.com

State Water Resources Control Board
Division of Drinking Water – District 27
464 W, 4th St. RM 437
San Bernardno, CA 92401

City of Los Angeles
Dept. of Water and Power
300 Mandich
Bishop, CA 93514

Inyo – Local Agency Formation Commission
PO Drawer "L"
Independence, CA 93526
inyolafco@inyocounty.us

Inyo County Water Dept. 135
S. Jackson St.
Independence, CA 93526

Big Pine Fire Protection District
PO Box 382
Big Pine, CA 93513