

**AMENDMENT NO. 2 TO THE
OPERATIONS AND MAINTENANCE AGREEMENT
FOR REACH IV-A
BETWEEN THE
SANTA ANA WATERSHED PROJECT AUTHORITY
AND
INLAND EMPIRE UTILITIES AGENCY
June 20, 2006**

This is Amendment No. 2 to the Agreement between the Santa Ana Watershed Project Authority (“SAWPA”) and the Inland Empire Utilities Agency (“IEUA”) dated April 1, 1983, and shall be effective when signed by the last party. SAWPA and IEUA are individually and collectively referred to as “Party” or the “Parties” respectively.

WHEREAS, SAWPA and the Chino Basin Municipal Water District, now known as the Inland Empire Utilities Agency, executed an Agreement on April 1, 1983 for the Operation and Maintenance (“O&M”) of a portion of Reach IV-A of the SAWPA-owned Santa Ana Regional Interceptor (“SARI”), and IEUA has been performing O&M activities under this Agreement since that time; and

WHEREAS, Amendment No. 1 to the Agreement was executed February 1, 1986, amending the scope of work by adding the O&M of meter S-05; and

WHEREAS, it is the intent of this amendment to revise the Agreement term from one requiring written approval of the parties to extend the term, to one which automatically renews annually, unless written notification is provided by either Party.

NOW, THEREFORE, based on the foregoing incorporated recitals and in consideration of the mutual covenants and conditions set forth in the Agreement, Amendment No. 1 and this Amendment No. 2, the Parties hereby agree to replace Section 3: Term, in its entirety with the following:

SECTION 3: TERM

The term of this Agreement is hereby extended and shall hereafter be automatically renewed and extended in one year increments, provided, however, that either Party may terminate this Agreement upon 60 days prior written notice.

IN WITNESS THEREOF, the Parties have executed this Amendment No. 2 on the dates set forth below.

SANTA ANA WATERSHED PROJECT AUTHORITY

Dated: 6-20-06

By Mark W. Jones

Its Chairman

INLAND EMPIRE UTILITY AGENCY

Dated: 8.2.06

By John L. Anderson
Authorized Representative

John L. Anderson
Type Name

President
Title