AGREEMENT BETWEEN THE CITY OF PEORIA AND SUNRISE WATER CO. FOR A TEMPORARY WATER SERVICE CONNECTION

THIS AGREEMENT is made this 22nd day of June 2011, between the City of Peoria, a municipal corporation of the State of Arizona ("Peoria"), and Sunrise Water Co., an Arizona corporation ("Company"), for the purposes and considerations set forth hereinafter.

RECITALS:

A. Company is a public service corporation engaged in furnishing water utility services pursuant to authority granted by the Arizona Corporation Commission. Company's certificated service area is located within Peoria.

B. Company may at times need to shut down one of its existing wells for maintenance or replacement. While the well is shut down, certain Company customers could receive low water pressure.

C. In order to assist in the Company's efforts to provide adequate water pressure during the well shut down, Peoria has agreed to allow Company to connect to Peoria's water system on a temporary basis and at Company's cost.

D. As part of this Agreement, the parties also agree that Company will provide relevant customer information to Peoria for Peoria's wastewater billing purposes.

E. Subject to the conditions set forth in this Agreement, Peoria is willing to provide a temporary water connection to its facilities to Company and Company is willing to pay for such connection. The water connection provided by Peoria to Company shall be limited in scope and duration as further provided in this Agreement.

NOW, THEREFORE, in consideration of the respective rights, privileges and obligations of the parties hereinafter set forth, it is agreed as follows:

AGREEMENTS:

1. Agreement to Furnish Water Connection.

Peoria agrees to provide a water connection to Company's system at a location designated in Appendix "A" ("Connection Point"). The parties may agree in writing to amend Appendix "A" without amending this entire Agreement. Peoria makes no representations or warranties regarding the quality of the water delivered to Company other than the representation that the quality of water delivered to Company at the Connection Point will be of the same general quality of water that Peoria transports and distributes to customers within its municipal water system.

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2. Payment for Water Service.

Company agrees to pay Peoria for all water delivered to Company at the Connection Point. The amount paid by Company shall be based on Peoria's rate schedule in effect at the time of water delivery. For the purpose of determining the applicable rate, Company shall be classified as a commercial rate customer. Peoria will waive any base meter charges for any billing period, when no water has been used.

3. Limitation on Service.

The water deliveries provided by Peoria to Company hereunder shall be strictly limited to customers of the Company situated within the Company's Water Service Area. Company shall not extend service to other customers or otherwise utilize water delivered by Peoria to Company hereunder for the purpose of providing water utility service to locations outside of the Company's Water Service Area.

4. Construction of Connection.

Company shall be responsible for and pay all costs associated with the construction of the physical connection to Peoria's water distribution system. The connection shall be made at the Connection Point. In connection with constructing the connection to the Connection Point, Company shall install necessary valves and fittings to allow the connection to be securely closed if necessary. Forty-eight (48) hours prior to connection construction, Company shall notify, in writing, any Peoria customers whose water supply will be interrupted. Peoria will provide a list of customers that will be affected.

5. Engineering Review: Inspection of Construction.

Prior to the commencement of construction of the connection to Peoria's water distribution main, Company shall submit engineering plans and specifications for the connection to Peoria for review and approval. Peoria's representative shall have the right to inspect the construction and installation of said facilities and shall approve said facilities prior to the commencement of water deliveries to Company hereunder.

The Company shall also ensure it receives all regulatory required approvals from Maricopa County and the State of Arizona before water deliveries are made. This includes Approval to Construct and Approval of Construction if required.

6. Company's Distribution System.

Peoria's obligations to Company under this Agreement shall terminate at the Point of Delivery. Company shall be responsible for the construction, operation and maintenance of all water distribution mains and related facilities and improvements necessary to transport and deliver water from the Point of Delivery to customers within the Company's Water Service Area. Peoria shall have no right, title or interest in such water distribution mains and related facilities and improvements.

7. Water Consumption Information.

Company agrees to provide to Peoria water consumption information for Company's customers that are receiving Peoria wastewater service (listed by account holder name and billing address), for Peoria's use in billing for wastewater services.In order for Company to provide this service, Peoria will submit to Company a map or legal description of its wastewater service area and Company will provide consumption data for all of its customers within Peoria's wastewater service area to Peoria. Peoria agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and collections and is not authorized to disclose such information to any other party except as may be required by law. Such information will be provided by Company to Peoria on a monthly basis, as requested by Peoria. Such information will be provided to Peoria within 30 days of the end of the month. The format of the data shall be as mutually agreed to between Peoria and Company. If the Company fails to provide the water usage information as outlined above, Peoria, in its sole discretion, may elect to terminate this Agreement with a 60 day written notice.

8. Term of Agreement.

The Agreement shall be effective on the date on which it has been approved and executed by both parties, as reflected on the signature page below. The Agreement shall thereafter have a term of five years. At the end of the five (5) year period the Agreement will automatically renew on an annual basis unless either Peoria or the Company provides to the other party a notice of intent to terminate this Agreement. The notice shall be in writing and be provided in accordance with Section 9 to the non-noticing party at least six (6) months before the effective date of such termination.

9. Notices.

All notices, claims, requests and demands hereunder shall be in writing and served in person or via certified (return receipt requested) mail, postage prepaid, addressed as follows:

If to Peoria: City of Peoria
8401 West Monroe Street.
Peoria, Arizona 85345
Attn: Public Works – Utilities Director

If to Company: Sunrise Water Co.
9098 West Pinnacle Peak Road
Peoria, AZ 85383
Attn: J.D. Campbell, President

10. Conflict of Interest.

This Agreement is subject to cancellation by Peoria pursuant to the provisions of Section 38-511, Arizona Revised Statutes, which provides, in general, that a contract may be canceled within three years after its execution if any person significantly involved in initiating, negotiating, securing, drafting or creating a contract on behalf of Peoria becomes an employee or agent of, or consultant to, the other party to the contract.

11. Indemnification.

Each party shall indemnify and agrees to pay, defend and hold harmless the other party from any liability, obligation, action, suit, judgment, fine, award, loss, claim, demand or expense (including reasonable attorneys' fees) arising from any act or omission of the indemnifying party relating to this Agreement.

12. Entire Agreement.

This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. Any amendment or modification of this Agreement shall be in writing and shall be effective when executed by a duly authorized representative of both parties hereto.

13. Waiver.

The failure of a party at any time to require performance by the other party of any term, condition or provision herein shall not affect the parties' subsequent rights and obligations under such provision. Waiver by either party of a breach of any term, condition herein shall not constitute a waiver of any subsequent breach of such provision or a waiver of such provision itself.

14. Successors and Assigns.

This Agreement shall be binding upon and inure to benefit of the successors and assigns of the parties. However, neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

15. Counterparts.

This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers and agents on the day and year first written above.

CITY OF PEORIA,
an Arizona municipal corporation

By _____
Carl Swenson, City Manager

Date: June 9, 2011

ATTEST:

_____
for Wanda Nelson, City Clerk

APPROVED AS TO FORM:

_____
Stephen M. Kemp, City Attorney

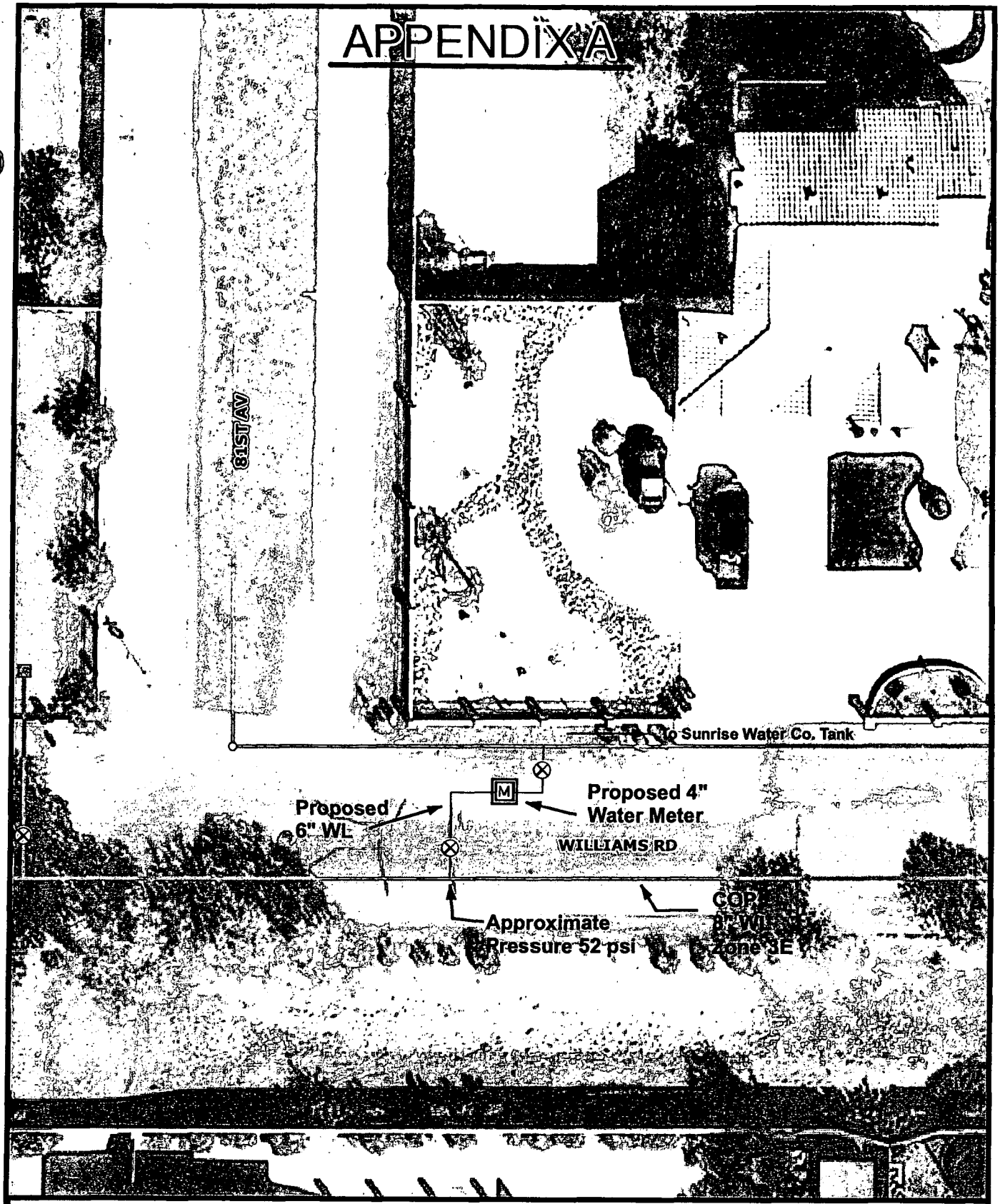
SUNRISE WATER CO.,
an Arizona corporation

By [redacted]
J.D. Campbell, President

Date: 6/22/11, 2011

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APPENDIX A



Connection to Sunrise Water Company

CITY OF PEORIA

City of Peoria

Legend

WATER SYSTEMS

SYSTEM OWNER

— City of Peoria

— Sunrise Water Company

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Not to Scale

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Note: