

Suburban Water Systems
1211 E. Center Court Dr.
Covina, CA 91724-3603

Revised Cal. P.U.C. Sheet No. 956-W
Cancelling Revised Cal. P.U.C. Sheet No. 789-W

Form No. 15

INDEMNITY AGREEMENT FOR
INCOME TAX COMPONENT OF CONTRIBUTIONS

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 209-W

Daniel M. Conway

Date Filed OCT 17 1995

Name

Effective APR 10 1996

Decision No.

Vice President

Title

Resolution No.

INDEMNITY AGREEMENT

This AGREEMENT is entered into as of _____, by and between _____ ("Government Agency") and Suburban Water Systems ("Utility"), in accordance with the terms and conditions of Utility's filed tariffs and Decision No. 87-09-026 of the Public Utilities Commission of the State of California, dated September 10, 1987.

1. Government Agency declares that it is a federal, state, county, or local government agency which has made a payment to Utility for the purpose of having Utility install water system facilities (the "Project") described as follows:

2. Government Agency understands that, except for payments for water system facilities installed for the reasons set forth in paragraph 3, payments made to Utility for installation of water system facilities similar to the Project are taxable to Utility and for that reason are subject to the Income Tax Component ("ITC") set forth in Utility's Tariff Rule No. 15, Section E, Income Tax Component of Contributions and Advances Provision, a copy of which is attached hereto.

3. Government Agency declares that:

- (a) The Project, for which Government Agency makes the payment referred to above, primarily benefits the public as a whole, and, or
- (b) The payment for the Project results from condemnation of Utility's property, or the threat or imminence thereof, as supported by evidence furnished by Government Agency which is acceptable to Utility.

4. In consideration of Utility not requiring as of the date of this Agreement payment by Government Agency or the ITC which is, or may be, attributable to the Project, Government Agency hereby promises and agrees to indemnify and defend Utility and hold it harmless from and against any and all claims, costs, liabilities and expenses relating to any federal income tax liability, including, but not limited to, the full amount of any income tax, penalty, and interest, which Utility pays or is required to pay to the Internal Revenue Service ("IRS"), and any attorneys' fees, litigation costs or fees, associated therewith, arising from any payment for the Project received by Utility from Government Agency. Government Agency further promises and agrees, upon demand by Utility, to pay to Utility the amount of any expense incurred by Utility in collecting any sum due Utility hereunder, including attorneys' fees, litigation costs or fees, and interest, at the highest rate permitted by law, on any monies advanced or expended by Utility pursuant to this Agreement.

5. This Agreement shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.

6. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, Government Agency and Utility have executed this Agreement by their duly authorized officers or agents as of the date first set forth above.

GOVERNMENT AGENCY:

SUBURBAN WATER SYSTEMS

Name: _____

By _____

Title _____

Address _____

By _____

Title _____

Address _____