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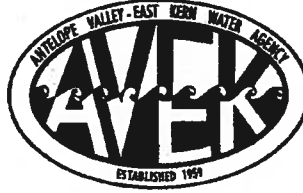
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October 24, 2012

Mr. Adam Ariki, Assistant Deputy Director
Los Angeles County Department of Public Works - Waterworks District
900 S. Fremont Avenue
Alhambra, CA 91803-1331

Re: **Water Supply Fee**

Dear Mr. Ariki, *AAA*

A safe and reliable water supply for the Antelope Valley is a goal that both of our agencies can agree on. The challenges associated with meeting that goal, will be more difficult as sources historically available to our agencies become more restricted.

The funding of additional water supplies for growth in the Valley is a topic discussed extensively in recent months. These discussions have included AVEK customers, Directors, and building community representatives. AVEK has a wide variety of customers, with differing needs and priorities and it is important for us to get input from as many of our customers and retail water Districts as possible. I want to thank you and your staff for your contribution and support in these discussions.

Our discussions have raised substantial policy issues that AVEK needs to be able to apply broadly, many of which I have concluded that we agree on. I believe our customers agree that additional water supplies should not be paid for by existing customers. This would mean that the "beneficiary pays" for the additional water. But it also means that additional water, purchased by a customer or retail water District, would be set aside for that customer or agency for their exclusive use. It would seem appropriate that each customer or District should raise the money to pay for the additional water supply.

X

What we have failed to agree on is which of our agencies should collect the connection fees and on-going costs for the additional water. The Board of Directors has asked me to clarify AVEK's policy regarding this matter. Additional water that is purchased for a retail water District or customer should be paid for by that retail water District or customer, and since the water is set aside for that retail District's or customer's use, any fees or payments for use of the water should be collected by the local water District and not by AVEK. This policy is consistent with agreements we have with Tejon Ranchcorp and Pacific Community Builders.

Thank you again for your contribution and input on these very important issues. AVEK is prepared to work with retail water Districts and other customers to acquire additional supplemental water sources that will address our mutual goal of a safe and reliable water supply for the Antelope Valley.

Respectfully,

Dan Flory
General Manager

1/11/02

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LOS ANGELES COUNTY
DEPARTMENT OF PUBLIC WORKS
WATERWORKS DISTRICTS

LOS ANGELES COUNTY WATERWORKS DISTRICTS
Department of Public Works
P.O. Box 1460
Alhambra, CA 91802-1460

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