

RESOLUTION No. 2003-05-01

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SAN ANTONIO WATER COMPANY  
ESTABLISHING  
**A POLICY ON THE EFFICIENT USE OF THE AVAILABLE WATER SUPPLY  
AND  
APPLICABLE RESTRICTIONS FOR THE ABUSE OR WASTE OF WATER**

WHEREAS, each Shareholder is entitled to receive such part of the entire water of the company that is available for distribution as the number of shares of stock held by said Shareholder bears to the number of shares outstanding; and

WHEREAS, the amount of water available for distribution for any season, year or period of time is determined by the Board of Directors after considering such relevant factors, including but not limited to: the local and regional weather cycles, the storm water runoff and recharge data, the groundwater level data, available alternative water supplies and the company production facilities; and

WHEREAS, the local watershed has experienced a lack of snow fall or sustaining rain fall for recharge in the past years, plus the extreme lack of precipitation in southern California in year 2002 and the declining imported water supply available to the southern California region have all contributed to further declines in the water supply available.

NOW THEREFORE, BE IT RESOLVED that the San Antonio Water Company hereby establishes the following water efficiency and control policies to encourage the beneficial use of available water and to avoid the unnecessary use and waste of water available to the consumer. The progressive steps of this policy are:

1. Company shall continue water conservation education and encouragement notifications to the consumers, as begun in summer of 2001.
2. Company personnel are authorized to assist a consumer who requests help in identifying a water system leak(s) on their property while avoiding entry of a structure.
3. Company personnel are authorized to offer assistance in obtaining a 'water audit' on the consumer's property to determine their water use reduction options. {Implementation of any identified options would be the consumer's responsibility}
4. Company must require that all water service requests for new or enlarged meter services provide a copy of their landscaping plans and/or approved fire sprinkler system plan along with the proposed building plan, with corresponding water demands, for review and approval prior to the issuance of a 'Will Serve' letter.
5. Company personnel are authorized to make personal contact with consumers when water runoff/waste is observed or reported originating from their property, and to encourage correction of the situation and advise them of possible actions if the condition is not corrected. Subsequent or repeat offenses are also to be reported to the General Manager for follow-up action.
6. When a water runoff/waste condition continues unabated, a five (5) day written notice to correct is to be provided to the offending party, then if the condition is still not corrected the General Manager or the Assistant Manager is authorized to order in installation of a flow rate restrictor in the offending consumer's water service facilities.
7. When consumers are exceeding their allotments and it appears that there is a risk of reducing the system's emergency water reserves, the General Manager is authorized to issue an advisory of the situation and to request voluntary compliance with an alternating days schedule (e.g. odd-even) for irrigation by the consumers or the use of other water reduction methods of benefit.
8. If and when water usage by the consumers result in a reduction in the reservoir storage of emergency water reserves, so as to pose a risk to the system users or a possible partial system water outage, the General Manager is authorized to order flow rate restrictions to be implemented within that portion of the system at greatest risk.

I, Ken Willis, Secretary of the San Antonio Water Company, do hereby certify that the foregoing Resolution was adopted on May 20, 2003, at a regular meeting of the Directors of the San Antonio Water Company by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

SAN ANTONIO WATER COMPANY

---