

OFFICIAL RECORD

Requested By:
DC/PUBLIC WORKS

Assessor's Parcel Number: N/A

Date: JANUARY 22, 2010

Recording Requested By:

Douglas County - NV
Karen Ellison - Recorder

Page: 1 Of 14 Fee: 0.00
BK-0110 PG- 4444 RPTT: 0.00



Name: EILEEN CHURCH, PUBLIC WORKS

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A

INTERLOCAL AGREEMENT #2010.019

(Title of Document)

INTERLOCAL AGREEMENT RELATING TO WATER SERVICE

FILED

NO. 2010.019

This INTERLOCAL AGREEMENT RELATING TO WATER SERVICE ("Agreement") is entered into this 21st day of January 2010, by and between Douglas County, a political subdivision of the State of Nevada (hereinafter referred to as "DOUGLAS") and Indian Hills General Improvement District, a political subdivision of the State of Nevada (hereinafter referred to as "IHGID") and hereinafter sometimes referred to individually as "Party" and collectively as "Parties".

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BY: *[Signature]*
DEPUTY

RECITALS

WHEREAS subsection 1 of Nevada Revised Statutes (NRS) section 277.100 defines a public agency eligible to enter into an interlocal contract to include counties, general improvement districts, unincorporated towns and consolidated municipalities, and IHGID and DOUGLAS are public agencies under that definition; and

WHEREAS NRS 277.180(1) provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which any of the contracting agencies is authorized by law to perform; and

WHEREAS IHGID and DOUGLAS are authorized by the laws of Nevada to construct, improve, maintain, provide capital improvements and related services for the delivery of water including, but not limited to, the purchase and administration of water rights; and

WHEREAS DOUGLAS provides retail water service through DOUGLAS Public Works Department to certain areas of Douglas County, Nevada within its service district boundaries. DOUGLAS owns, maintains and operates its own distribution system for the delivery of water to its retail service area including daily storage and fire protection capacity; and

WHEREAS IHGID provides retail water service to the residents of IHGID within its service district boundaries. IHGID owns, maintains and operates its own distribution system for the delivery of water to its retail service area including daily storage and fire protection capacity; and

WHEREAS DOUGLAS has explored the possibilities of utilizing water supplied by the Town of Minden to meet the demands of DOUGLAS, IHGID and CARSON CITY; and

WHEREAS the Project accomplished by this Agreement is referred to as the North Douglas County and Carson City Water Line Intertie Project (Project). The Project involves participants including the parties hereto, Carson City, the Town of Minden and the Carson Water Subconservancy District (CWSD). The Project and this Agreement are contingent upon the agreements referred to below in paragraph 1 becoming effective. The Project has significant regional benefits as it will provide a reliable water supply and interconnectivity between the County and Carson City. The

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Town will benefit by utilizing its water rights and the County, IHGID, CWSD and Carson City will benefit from a reliable water supply that does not require costly treatment; and

WHEREAS the Carson Water Subconservancy District (CWSD) desires to also be a partner in the Project to provide for possible future regional benefit by upsizing the water lines for additional capacity; and

WHEREAS the Parties by entering into this Agreement will each enjoy greater flexibility and availability within their water systems for mutual assistance in times of emergency and will be able to provide more effective and efficient water services, management of water rights and promotion and protection of the health, comfort, safety, life, welfare and property of the inhabitants of the County, including those residing within the IHGID; and

WHEREAS the intertie Project, the subject of this Agreement, has significant regional benefits as it will provide a reliable water supply and interconnectivity between the DOUGLAS and IHGID. The Town of Minden will benefit by utilizing its water rights and DOUGLAS and IHGID will benefit from a reliable water supply that does not require costly treatment; and

WHEREAS the Parties by entering into this Agreement will each enjoy greater flexibility and availability within their water systems for mutual assistance in times of emergency and will be able to provide more effective and efficient water services, management of water rights and promotion and protection of the health, comfort, safety, life, welfare and property of the inhabitants of IHGID and DOUGLAS; and

WHEREAS the subject intertie Project will entail the design and construction of large diameter pipelines and pump stations to carry water from the Town of Minden wells north to supply the CWSD, IHGID, DOUGLAS and CARSON CITY; and

WHEREAS DOUGLAS will have a separate agreement with the Town of Minden for the delivery of water to DOUGLAS and DOUGLAS's customers including the CWSD, IHGID and CARSON CITY.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the Parties agree as follows:

1. REQUIRED APPROVAL.

a) This Agreement will only become effective after it is approved by the governing body of each Party, and upon the effective dates of the following agreements integral to the Project: 1. "INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE" between Douglas County and Minden; 2. "INTERLOCAL AGREEMENT RELATING TO WATER SERVICE" between Douglas County and Carson City; 3. "INTERLOCAL CONTRACT between Douglas County and the Carson Water Subconservancy District Addressing Funding for the Construction of Phase 1 of

the North Douglas County and Carson City Water Line Intertie;" 4. "INTERLOCAL AGREEMENT BY AND BETWEEN CARSON CITY AND THE TOWN OF MINDEN FOR THE SALE AND TRANSFER OF WATER RIGHTS AND THE DELIVERY OF WATER;"RELATING TO THE PURCHASE OF WATER between Carson City and Minden; 5. "INTERLOCAL AGREEMENT RELATING TO WATER RIGHTS AND WATER DELIVERY" between IHGID and Minden; and 6. "INTERLOCAL CONTRACT between CARSON CITY and the Carson Water Subconservancy District Addressing Funding for the Construction of Phase 1 of the North Douglas County and Carson City Water Line Intertie."

b) This Agreement shall not become effective until IHGID has issued bonds or secured State Revolving fund money backed by the revenue generated from the operation of its water delivery system for the purpose of paying for IHGID's capital expenditure obligations under this Agreement. Such money will be used only for capital expenditures, not maintenance or operation costs.

2. TERM OF AGREEMENT. This Agreement is to provide a means of delivering and sharing water resources between the Parties. The nature of the Agreement requires that the Parties use their best efforts to keep it in place as long as customers of both entities are dependent on the interconnection of the Parties' water systems. Once DOUGLAS or IHGID commences the purchase of water from the Town of Minden, all water resource commitments shall remain under the terms and conditions of this Agreement and any operating parameters agreed to subsequent to the date of approval of this Agreement. As such, unless this Agreement is terminated as provided herein, it will run perpetually from its effective date.

3. IHGID'S RESPONSIBILITIES.

a) IHGID will purchase water from DOUGLAS in the total annual amount not to exceed the amount of acre-feet of water purchased from or conveyed to the Town of Minden by IHGID for pumping from Minden wells with a peak available flow of 1,400 gallons per minute (GPM) for Phase I, and an additional 1,100 GPM for Phase II for a total available flow not to exceed 2,500 GPM. The Parties agree that such water will be delivered by DOUGLAS through the interconnection of IHGID's and DOUGLAS's water delivery systems in accordance all applicable Federal, State and local laws and regulations governing the delivery of water and produced from the well or wells and related infrastructure.

b) IHGID agrees to enter into a separate agreement with the Town of Minden for the transfer and conveyance of water rights to the Town of Minden's wells.

c) IHGID agrees to be bound by the terms of this Agreement developed within the parameters of the terms of Paragraph 5 of this Agreement including the obligation to pay any and all expenses related to the operation of the DOUGLAS water delivery system as those expenses are directly related to the delivery of water from DOUGLAS to IHGID pursuant to this Agreement.

d) IHGID agrees to reimburse to DOUGLAS Phase I actual construction costs and Phase II actual construction costs, including all costs associated with the design, bidding, permitting, testing and inspection of the improvements in accordance with the percentages in Exhibit A. The final costs will be based on actual executed contract amounts and final construction costs. Such reimbursement will be made in accordance with and within 30 days of IHGID's receipt of invoices from DOUGLAS.

4. DOUGLAS'S RESPONSIBILITIES.

a) DOUGLAS will approve an agreement, only after affording the CWSD, IHGID and CARSON CITY the opportunity to review construction and bidding documents and to provide input, for construction of the intertie Project to accomplish the interconnection between DOUGLAS's water delivery system and IHGID's water delivery system.

b) DOUGLAS agrees to establish a restricted reserve fund to account for depreciation funds for the sole use of replacement of the improvements referenced in Section 3.d.

c) DOUGLAS agrees to be bound by the terms of this Agreement developed pursuant to the terms of Paragraph 5 of this Agreement.

5. MUTUAL RESPONSIBILITIES.

a) Each Party agrees that any and all duties required of either Party pursuant to the terms of this Agreement are contingent upon DOUGLAS entering into a separate agreement for the purpose of constructing infrastructure to allow for delivering water from the Town of Minden by DOUGLAS to IHGID's water delivery system.

b) Each Party agrees that the staff of DOUGLAS and the staff of IHGID will mutually develop the operational guidelines of this Agreement and will address such issues as notification, operating parameters, timeframes for exchange of water, reimbursement of operating and depreciation costs, and such other matters necessary as determined by staff.

c) Each Party agrees that in the event of any failure of any existing or future infrastructure of either Party's water delivery system or of the water delivery system constructed by DOUGLAS's contractor required to meet the obligations of this Agreement, which interrupts, restricts or impairs the delivery of water, necessary repairs, rehabilitation or replacements, such failure will be addressed promptly and in conformance with all applicable industry and water utility standards.

d) Each Party agrees that any and all well(s) and infrastructure located within existing DOUGLAS water systems are owned and operated by DOUGLAS and any and all well(s) and infrastructure located within the existing IHGID water system are owned

and operated by IHGID. The Parties agree that any future wells or infrastructure which expand the existing IHGID water system, including connection to the intertie Project, shall be owned and operated by IHGID. The Parties agree that any future wells or infrastructure which expand the existing DOUGLAS water systems shall be owned and operated by DOUGLAS.

e) The Parties agree that each Party shall be responsible for the maintenance, repair or reconstruction of any and all well(s) or any other infrastructure owned by that respective Party.

f) The Parties agree that all water being provided by DOUGLAS to IHGID or from IHGID to DOUGLAS shall be in compliance with all Federal and State water quality standards.

g) To promote the efficient use of water resources which are the subject of this Agreement, both Parties agree to adopt and enforce conservation programs consistent with their respective community master plans.

h) The Parties agree to meet not less than every six months to review the operations of the respective utilities and to discuss operational issues and forecasting for future activities that may impact the operations of the interconnection or the costs and expenses associated therewith. The Parties agree to be proactive in dealing with both operational and financial aspects of their respective operations and the associated impacts on the interconnection.

i) In the event that Phase II improvements are not required by one or more of the entities to meet their individual peak demands set forth in Section 3.a., but are necessary to meet the combined peak demands of all involved entities, one or more entities may elect to move forward with the Phase II improvements without the involvement of the other entities. All costs will be covered by the entities moving forward with the Phase II improvements. However, when the non-participating entities require the additional capacity, they will reimburse the entities that had already moved forward the costs they incurred utilizing the percentages as set forth in Section 3.d., plus any carrying costs incurred by the entities that moved forward initially.

6. **PLANS.** Either Party has the right to inspect any plan pertinent to the Project contemplated by this Agreement. Each Party will provide the other with complete information about the infrastructure of their respective water systems. Furthermore, each Party will share with the other its water testing results to ensure water provided hereunder meets Federal, State and local requirements. Such documentation is restricted and should be treated in accordance with NRS 239C.090 and NRS 239C.220.

7. METHODOLOGY AND RATES.

a) IHGID and DOUGLAS agree that the methodology for charging reimbursement costs for water delivered through this Agreement is based on the inclusion of the following items which include, but are not limited to, the wholesale cost of water delivered from the Town's system, Douglas County's actual operation and maintenance costs for pumps, motors, pipelines, water treatment equipment, including replacement costs, and actual costs for chemicals, power, and labor.

b) Based on the methodology and costing criteria in subsection 7 (a) above, the operating and maintenance costs to deliver water to IHGID from DOUGLAS or from IHGID to DOUGLAS, has been jointly determined by the Parties. Exhibit "B" details the draft water rates for delivery of water to IHGID. The rates are subject to change based on factors including final construction costs and actual power costs.

c) The costs in subsections 7 (a) and (b) above will be evaluated for appropriateness on an annual basis by the Public Works directors of each Party. If a cost difference is determined, any revised rates must be approved by the governing boards of both bodies. The Parties agree to revisit the rates annually for the first three (3) years and not less than once every five (5) years after the first three (3) years to insure that the rates accurately reflect the costs to the respective utilities. Unless both Parties agree that a full rate study is appropriate, the revisiting of rates does not require a full rate study but is a basic evaluation of costs versus rates. The cost of conducting a full rate study or evaluation, as well as the cost of actions necessary for rate revisions such as public hearings, shall be borne equally by both Parties.

Billing for the cost to deliver water will be calculated monthly and be paid within 30 days of the date of the receipt of invoice.

8. NOTICES.

a) All written notices under this Agreement shall be delivered to the following officials at the addresses stated:

Carl Ruschmeyer, Director of Douglas Co. Public Works
P.O. Box 218, Minden, NV 89423
cruschmeyer@co.douglas.nv.us

Jim Taylor, General Manager
Indian Hills General Improvement District
3394 James Lee Park Rd. #A
Carson City, NV 89705
jtaylor@indianhillsnevada.com

b) All emergency notifications regarding delivery of water or water quality will be delivered via telephone to the respective 24 hour Dispatch Centers below:

DOUGLAS – DOUGLAS County Dispatch Center at (775) 782-9935
IHGID – IHGID Dispatch Center at (775) 887-2007

9. LIMITED LIABILITY. The Parties will not waive and intend to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both Parties shall not be subject to punitive damages.

10. INDEMNIFICATION. Each Party agrees to indemnify and hold harmless the other Party, to the extent provided by law, including, but not limited to, NRS chapter 41, from and against any liability arising out of the performance of this Agreement proximately caused by any act or omission of its officers, agents, and employees. The Parties will not waive and intend to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both Parties does not include punitive damages.

11. OWNERSHIP OF FACILITIES. Each entity maintains ownership of its own facilities and no transfer of ownership is implied as part of this Agreement.

12. REASONABLE CARE. Each Party shall exercise reasonable care in the performance of its obligations and rights under this Agreement to ensure that the other Party's facilities and operations are not impaired or damaged.

13. PROTECTION OF A PARTY'S SEPARATE FACILITIES. If any occurrence or conditions during operation or maintenance of the interconnection threaten the physical integrity or operational capability of a Party's separate facilities, upon notification to the other Party the affected Party may stop operation or maintenance of the interconnection and/or take any other action that the affected Party determines to be necessary to protect its own separate facilities. Any Party may remove part of the interconnection if required, for emergency repair of its separate facilities provided that such affected interconnection facilities are restored to operation as soon as possible by the removing Party.

14. RESPONSIBILITY FOR DAMAGE TO FACILITIES. If damage occurs to interconnection facilities during the operation of interconnection under this Agreement, then responsibility to pay for any necessary repairs of said damaged facilities shall be as follows:

a) If damage occurs when the interconnection is being operated within the Operating Standards (said Operating Standards to be agreed upon in writing by the Parties subsequent to execution of this Agreement as part of the design of the interconnection) then responsibility to pay for any necessary repairs to said damaged facilities shall be allocated based on ownership.

b) If damage occurs when the interconnection is being maintained and/or is being operated beyond the Operating Standards, then responsibility to pay for any

necessary repairs to said damaged facilities shall be allocated to the Party responsible for the nonstandard operations.

c) If damage occurs to either Party's separate facilities during operation of the interconnection facilities under this Agreement, then responsibility to pay for any necessary repairs to the damaged separate facilities shall be as follows:

i) If damage occurs when the interconnection is being operated within the Operating Standards, then responsibility to pay for any necessary repairs to said damaged separate facilities shall be allocated to the owner of said damaged facilities.

ii) If damage occurs when the interconnection is being maintained and/or is operated beyond the Operating Standards, then responsibility to pay for any necessary repairs to said damaged separate facilities shall be allocated to the Party responsible for nonstandard operations.

15. DISPUTES. The Parties agree to first meet and confer to resolve any dispute. If such meet and confer does not resolve the dispute, the Parties agree to mediate before a department of the Ninth Judicial District Court of the State of Nevada in and for the County of Douglas, selected by a flip of the coin, any dispute between them that cannot be resolved by negotiations between the Parties. The Parties may also agree to another independent mediator. The fee, rate or charge of the mediator will be shared equally by the Parties, who will otherwise be responsible for their own attorney's fees and costs. If mediation is unsuccessful, litigation may proceed before a department of the Ninth Judicial Court of the State of Nevada in and for the County of Douglas that was not involved in the mediation process and attorney's fees and costs will be awarded to the prevailing party at the discretion of the Court.

16. FORCE MAJEURE. Neither Party shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to protests, strikes, legal impossibility, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, emergencies or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the Party asserting such an excuse, and the excused Party is obligated to promptly perform in accordance with the terms of this Agreement after the intervening cause ceases. In the event of an emergency, as defined at NRS 414.0345 or NRS 455.090, either Party may make use of available water to perform any function of emergency management.

17. SEVERABILITY. If any provision contained in this Agreement is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Agreement unenforceable.

18. TERMINATION. This Agreement deals with water resources and the providing of utility service by two retail community water utility systems. As such, the public interest is not served by the termination of this Agreement by one of the Parties to this Agreement absent an opportunity to resolve any dispute in accordance with paragraph 15 above.

This Agreement may be terminated only by the mutual consent and agreement of the Parties or by the order of a court having jurisdiction. If a Party is in breach of a portion of this Agreement then the Party alleging such breach shall provide written notice to the other Party specifying the nature of the violation and allowing thirty (30) days for the Party in breach to correct the violation. If the breach is not corrected within the thirty (30) day period then the matter shall addressed as set forth in paragraph 15 above.

19. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents may be open to public inspection and copying. The Parties will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests or the order of a court having jurisdiction.

20. CONFIDENTIALITY. Each Party shall keep confidential all information, in whatever form, produced, prepared, observed or received by that Party to the extent that such information is confidential by law or otherwise required by this Agreement.

21. PROPER AUTHORITY.

a) The Parties hereto present and warrant that the person executing this Agreement on behalf of each Party has full power and authority to enter into this Agreement and that the Parties are authorized by law to perform the services set forth in this Agreement.

b) The Parties are associated with each other only for the purpose and to the extent set forth in this Agreement, and in respect to performance of services and payment of costs pursuant to this Agreement, each Party is and shall be a public agency separate and distinct from the other Party and, subject only to the terms of this Agreement, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Agreement. Nothing contained in this Agreement shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities, and obligations of the other agency or any other Party.

22. GOVERNING LAW: JURISDICTION. This Agreement and the rights and obligations of the Parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The Parties agree that venue in any judicial action concerning this Agreement shall be in a northern Nevada court having jurisdiction.

23. ENTIRE CONTRACT AND MODIFICATION. This Agreement constitutes the entire Agreement of the Parties and such is intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other contracts that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Agreement specifically displays a mutual intent to amend a particular part of this Agreement, general conflicts in language between any such attachment and this Agreement shall be construed consistent with the terms of this Agreement. Unless otherwise expressly authorized by the terms of this Agreement, no modification or amendment to this Agreement shall be binding upon the Parties unless the same is in writing and signed by the respective Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first above written.

DOUGLAS COUNTY BOARD
OF COUNTY COMMISSIONERS

IHGID BOARD
OF TRUSTEES

By: *Michael A. Olson*
Michael A. Olson
Chairman

By: *[Signature]*
Chair

Date: January 21, 2010
Approved as to form:

Date: 20 January 2010
Approved as to form:

By: *[Signature]*
District Attorney

By: *[Signature]*
Counsel

ATTEST:

ATTEST:

By: *[Signature]*
County Clerk
BY: *Jessie Sudders*
Clerk to the Board

By: _____
Clerk Recorder

**EXHIBIT A
NORTH DOUGLAS COUNTY - CARSON CITY WATERLINE INTERTIE
COST ALLOCATION (ALTERNATIVE B)**

PHASE I	DOUGLAS COUNTY	IHGD	CARSON CITY TOTAL
SECTION 1 (30" JOHNSON and HEYBOURNE to IHGD TEE)	16.95%	28.73%	100.00%
ESTIMATED COST	\$3,156,725	\$ 749,061	\$ 3,156,725
SECTION 2 (18" IHGD TEE to IHGD WTP)	100.00%	-	100.00%
ESTIMATED COST	\$1,270,035	\$ -	\$ 1,270,035
SECTION 3 (30" IHGD TEE to NORTH VALLEY / CARSON CITY BPS)	22.22%	77.78%	100.00%
ESTIMATED COST	\$4,019,925	\$ 3,126,698	\$ 4,019,925
SECTION 4 (24" EXTENSION TO CARSON CITY WELL SITE)	-	100.00%	100.00%
ESTIMATED COST	\$487,500	\$ 487,500	\$ 487,500
SECTION 5 (1.5 MG JOHNSON LANE TANK AND PARALLEL 18" AND MINDEN BOOSTER PUMP STATION)	18.95%	73.73%	100.00%
ESTIMATED COST	\$4,185,350	\$ 893,184	\$ 4,185,350
SECTION 6 (BPS TO NORTH SUNRIDGE DRIVE)	100.00%	-	100.00%
ESTIMATED COST	\$1,027,325	\$ -	\$ 1,027,325

NOTE - REFER TO EXHIBIT B FOR LOCATION OF SECTIONS.

PHASE II	DOUGLAS COUNTY	IHGD	CARSON CITY TOTAL
SECTION 1 (30" HEYBOURNE AND MUELLER TO JOHNSON AND HEYBOURNE)	41.67%	30.56%	100.01%
ESTIMATED COST	\$7,353,450	\$ 2,247,214	\$ 7,354,185
SECTION 2 (NORTH COUNTY / CARSON CITY BPS UPGRADES)	60.00%	0.00%	100.00%
ESTIMATED COST	\$273,000	\$ -	\$ 273,000

NOTE - REFER TO EXHIBIT B FOR LOCATION OF SECTIONS.

SEE "NORTH DOUGLAS COUNTY WATER SYSTEM ANALYSIS," BY MANHARD CONSULTING, LTD., JULY 2009 FOR CALCULATIONS.

TOTAL ESTIMATED CAPITAL COST	PHASE I	PHASE II	TOTAL
COST SHARING BASED ON DEMANDS AND PORTIONS USED	\$ 3,163,034	\$ 3,227,983	\$ 6,393,017
DOUGLAS COUNTY	\$ 3,012,309	\$ 2,247,214	\$ 5,259,524
CARSON CITY	\$ 7,869,517	\$ 2,151,968	\$ 10,121,505
TOTAL	\$ 14,146,560	\$ 7,627,185	\$ 21,774,945

Exhibit "B"

Douglas Wholesale Water Rates for IHGID and Carson City

11/24/2009

All Rates based on Dollars per 1000 gallons delivered by Douglas County to IHGID or Carson City

	1. Depreciation Phase In	2. O&M Base	Douglas TOTAL Rate per 1000 gal. To Carson City	Minden Total Rate per 1000 gal.	Total Rate per 1000 gal.
Year 1	\$ 0.050	\$ 0.100	\$ 0.150	\$ 0.451	\$ 0.601
Year 2	\$ 0.074	\$ 0.100	\$ 0.174	\$ 0.457	\$ 0.631
Year 3	\$ 0.104	\$ 0.100	\$ 0.204	\$ 0.461	\$ 0.665
Year 4	\$ 0.138	\$ 0.100	\$ 0.238	\$ 0.465	\$ 0.703
Year 5	\$ 0.173	\$ 0.100	\$ 0.273	\$ 0.475	\$ 0.748
Year 6	\$ 0.173	\$ 0.100	\$ 0.273	\$ 0.500	\$ 0.773
Year 7	\$ 0.173	\$ 0.100	\$ 0.273	\$ 0.539	\$ 0.812
Year 8	\$ 0.173	\$ 0.100	\$ 0.273	\$ 0.580	\$ 0.853
Year 9	\$ 0.173	\$ 0.100	\$ 0.273	\$ 0.622	\$ 0.895
Year 10	\$ 0.173	\$ 0.100	\$ 0.273	\$ 0.642	\$ 0.915

	3. Depreciation Phase In	4. O&M Base	Douglas TOTAL Rate per 1000 gal. To IHGID	Minden Total Rate per 1000 gal.	Total Rate per 1000 gal.
Year 1	\$ 0.022	\$ 0.040	\$ 0.062	\$ 0.451	\$ 0.513
Year 2	\$ 0.033	\$ 0.040	\$ 0.073	\$ 0.457	\$ 0.530
Year 3	\$ 0.046	\$ 0.040	\$ 0.086	\$ 0.461	\$ 0.546
Year 4	\$ 0.061	\$ 0.040	\$ 0.101	\$ 0.465	\$ 0.566
Year 5	\$ 0.076	\$ 0.040	\$ 0.116	\$ 0.475	\$ 0.591
Year 6	\$ 0.076	\$ 0.040	\$ 0.116	\$ 0.500	\$ 0.616
Year 7	\$ 0.076	\$ 0.040	\$ 0.116	\$ 0.539	\$ 0.655
Year 8	\$ 0.076	\$ 0.040	\$ 0.116	\$ 0.580	\$ 0.696
Year 9	\$ 0.076	\$ 0.040	\$ 0.116	\$ 0.622	\$ 0.738
Year 10	\$ 0.076	\$ 0.040	\$ 0.116	\$ 0.642	\$ 0.758

- 1 Depreciation Phase In over 5 years. These funds will be placed in a restricted account to be utilized solely for the replacement of the Phase 1 transmission mains, water tank, and North County booster station.
This rate may change as actual costs are developed upon completion of the construction of the improvements necessary to deliver water to the north valley, IHGID, and Carson City areas. This is apportioned based on water deliveries through the Phase 1 improvements to Carson City.
- 2 O&M base set on assumed maintenance and operational costs created by the County for the Phase 1 transmission mains, water tank, and North County booster station.
This rate may change as power and other O&M costs change over time.
This is apportioned based on water deliveries through the Phase 1 improvements to Carson City.
- 3 Depreciation Phase In over 5 years. These funds will be placed in a restricted account to be utilized solely for the replacement of the Phase 1 transmission mains and water tank.
This rate may change as actual costs are developed upon completion of the construction of the improvements necessary to deliver water to the north valley, IHGID, and Carson City areas. This is apportioned based on water deliveries through the Phase 1 improvements to IHGID.
- 4 O&M base set on assumed maintenance and operational costs created by the County for the Phase 1 transmission mains and water tank.
This rate may change as power and other O&M costs change over time.
This is apportioned based on water deliveries through the Phase 1 improvements to IHGID.

COPY

CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: Jan 22 2010
Clerk of the 9th Judicial District Court
of the State of Nevada, in and for the County of Douglas.
By Chad McElroy Deputy