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PUBLIC SERVICE
COMMISSION

October 22, 2012

Ms. Kate Whitney
Montana Public Service Commission
1701 Prospect Avenue
Helena, MT 59620

Re: Application of Park Water Company (U 314 W) For Authority to Issue Evidence of
Indebtedness and Other Related Requests.

Dear Ms. Whitney:

Pursuant to Condition c. of the stipulation entered into between Mountain Water
Company, Carlyle Infrastructure Partners LP, Montana Consumer Counsel, and City of Missoula
in Docket No. D2011.1.8 and approved in Ordering Paragraph No. 2 of Order No. 7149d,
enclosed please find the Application of Park Water Company to the California Public Utilities
Commission (CPUC) for Authority to Issue Evidence of Indebtedness and Other Related
Requests, filed with the CPUC on October 22, 2012.

Sincerely,

PARK WATER COMPANY


LEIGH K. JORDAN
Executive Vice President
562.923.0711, ext. 1204
leigh@parkwater.com

Enclosure

PO Box 7002
9750 Washburn Road
Downey, CA 90241
T 562 923 0711
F 562 861 5902
parkwater.com

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARK WATER COMPANY)
(U 314 W) for authority to issue evidence)
of indebtedness and other related requests.)

APPLICATION NO. _____

APPLICATION OF
PARK WATER COMPANY (U 314 W)

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COMMISSION

Edward N. Jackson
Director of Revenue Requirements
Park Water Company
9750 Washburn Rd.
P. O. Box 7002
Downey, CA 90241
Phone: (562) 923-0711
Fax: (562) 861-5902
E-mail: ed.jackson@parkwater.com

October 22, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PARK WATER COMPANY)
(U 314 W) for authority to issue evidence)
of indebtedness and other related requests.)

APPLICATION NO. _____

This application is made pursuant to Sections 816 et. seq. and 851 of the California Public Utilities Code, and it respectfully shows:

I

PARK WATER COMPANY (hereinafter sometimes referred to as "Park" or "Applicant") is a California corporation with its principal office and place of business located at 9750 Washburn Road, Downey, California 90241. A copy of Park's Articles of Incorporation, as amended and restated and filed with the Secretary of State of California on December 19, 2011, has been heretofore filed with the Public Utilities Commission of the State of California (the "Commission"), as Exhibit C attached to Application 12-05-001, filed on May 1, 2012, and made a part thereof. Park operates a public utility water system in the southeastern and northeastern sections of Los Angeles County (the "Central Basin Division"). Park has a wholly-owned public utility subsidiary in California, Apple Valley Ranchos Water Company ("AVR"), which operates a public utility water system in and near the Town of Apple Valley in San Bernardino County. Park also has a wholly owned public utility subsidiary in Montana, Mountain Water Company ("Mountain Water"), which provides water service within and around the community of Missoula, Montana. Tariffs and service area maps for Park and its California public utility subsidiary are on file with the Commission.

II

A general description of Applicant's property and its field of operation, the original cost of its property and equipment, by class, and the cost thereof to Applicant and the depreciation and amortization reserves applicable to such property and equipment, by class, are contained in Park's Annual Reports which have been filed with the Commission.

III

Financial Statements in accordance with Rule 2.3, including Park's latest available balance sheet as of September 30, 2012 and its income statement for nine months ended September 30, 2012 that includes regulatory account activity and notes concerning Park's current capitalization, are attached hereto as Exhibit A and incorporated herein by reference. Also included in Exhibit A are the current and pro-forma capitalization on a single Park-consolidated basis. As discussed in Section VI, the Commission and the Montana Public Service Commission recognize a single consolidated capital structure for Park and all of its subsidiaries for ratemaking purposes.

Park's existing debt consists of First Mortgage Bonds issued to Pacific Life Insurance Company, American United Life Insurance, Nationwide Insurance, State Life Insurance, Pacific Life Annuity, Pioneer Life Insurance, and Pioneer Mutual under the Original Indenture and Restated Indenture (described hereafter) and supplements thereto. A complete description of Park's existing debt is included in Exhibit A (Notes To Financial Statements).

Correspondence or communications with regard to this Application should be addressed and delivered to Edward N. Jackson, Director Revenue Requirements, Park Water Company, P. O. Box 7002, 9750 Washburn Road, Downey, California 90241-7002, telephone (562) 923-0711 with courtesy copies to David A. Ebershoff, Fulbright & Jaworski, L.L.P., 555 S. Flower Street, 41st Floor, Los Angeles, California 90071, telephone (213) 892-9329,

IV

This Application is a "Rate Setting" proceeding even though it does not set rates, because it does not fit in any other category. Park does not believe a hearing is necessary in this proceeding since Park does not anticipate any issues arising from this Application. Park's purposes for issuing the debt covered by this Application are among the approved purposes listed in Section 817 of the California Public Utilities Code. Park is not requesting authority to issue debt to fund specific future capital projects or other purpose listed in Section 817 which might require a determination of reasonableness or necessity for acquisition, construction or maintenance of utility property. Park is not in danger of becoming over-leveraged as a result of this new debt. The authorization requested herein does not presuppose the reasonableness of the cost of this debt or the resultant capital structure for calculation of Park's rates. The Commission

typically defers that determination to the Cost of Capital proceedings. In the current Cost of Capital proceeding (A, 12-05-001, filed on May 1, 2012) Park included a forecasted debt issuance of \$15 million in 2013, consistent with the authorization sought in this Application, and incorporated the impact into its estimated capital structure and debt cost.

Park requests that the Commission proceed ex parte in this Application because the public interest does not require a hearing on the transactions for which authority is sought and therefore no useful purpose will be served by the additional time required for hearings. Park believes that it is in the best interests of both the Company and ratepayers for the Commission to proceed expeditiously with this matter since the current market is favorable for access to long-term debt. A proposed schedule for completing the proceeding is attached as Appendix A.

V

Park seeks authority to issue evidence of long-term debt in the aggregate principal amount not to exceed \$15,000,000. Park anticipates that the long-term debt issued will be either in the form of its First Mortgage Bonds (the “Bonds”) or unsecured debt if there is an opportunity for such an issuance at advantageous terms. Park has not entered into any contract associated with the authority requested in this application. Park seeks this authority now, rather than waiting until all terms and conditions of the financing agreements are known, so that it will have the authority in a volatile market to secure indebtedness in the most beneficial, expeditious, and effective manner as market conditions dictate.

Park anticipates that the Bonds will be privately placed, subject to approval of this Application by the Commission¹. The Bonds will be new series of First Mortgage Bonds issued under and secured by the Indenture, dated November 1, 1973, between Park and certain Trustees (the “Original Indenture”), as supplemented, amended and restated by the Eighth Supplemental Indenture, dated as of February 1, 2002 (the “Restated Indenture”) and certain later supplements to the Restated Indenture (the “Supplements to the Restated Indenture”) to be further supplemented by the Thirteenth Supplemental Indenture [and other supplemental indentures

¹ There is a lending agreement between Henry H. Wheeler Jr. and Carlyle Infrastructure Partners L.P. (the “Wheeler Agreement”) which gives Mr. Wheeler the right to lend certain funds to Park if Park concludes that an outside borrowing is necessary (attached as Exhibit F-4 to the Merger Agreement which was attached as Exhibit A to A.11-01-019). This agreement was recognized and accepted in the Settlement Agreement (Condition No. 25) which was adopted by the

relating to the Bonds]. The Original Indenture was filed with the Commission and the Restated Indenture was filed as an Exhibit to A. 01-12-011. The Original Indenture, Restated Indenture and Supplements to the Restated Indenture are incorporated herein by reference.

Park anticipates that the form of the Bonds will be similar to the form of bond included in its Eleventh and Twelfth Supplemental Indentures, dated October 6, 2008, and filed as Exhibit B hereto, with such changes or additions deemed necessary or appropriate in order to meet current market demands. The Eleventh and Twelfth Supplemental Indentures were entered into in connection with Park's most recent executed issuance of First Mortgage Bonds authorized by the Commission in D.08-09-030.

Park anticipates that any unsecured debt, subject to approval by the Commission of this Application, would be issued subject to a note purchase agreement at terms and conditions consistent with market conditions and market practice.

In addition, Park requests authorization to amend the terms of its unsecured line of credit (Credit Agreement), which currently has a term of up to 12 months, to allow the use of short-term debt instruments for terms up to 24 months. This would give Park the opportunity to avoid periods of market uncertainty when issuing long-term debt instruments and improve its financial flexibility by having the option to defer the issuance of longer term securities. In addition, given that issuance costs for long-term debt do not increase directly with the amount of that debt, it is more cost-effective to accumulate shorter-term debt in order to eventually issue long-term debt in a larger issuance. The short-term debt instruments would still be used for short-term purposes and would still be accounted for as short-term debt, not to be included in the determination of Park's long-term debt or capital structure. While Public Utility Code § 818 requires that long-term debt (term of greater than 12 months) be used for proper purposes (those listed in Public Utility Code § 817) unless expressly permitted in an order authorizing debt, the Commission has authorized such exceptions in the past for other utilities, when good cause is shown and the purposes of the debt specifically identified. Most recently, in D.11-01-034, the Commission authorized San Jose Water Company to amend its line of credit of to allow short-term debt for terms up to 24 months (see also D.10-09-006 for PG&E and D.01-06-016 for Del Oro water Company).

Commission in D.11-12-007. Mr. Wheeler has been informed of Park's intent to issue debt and has declined to participate.

VI

Park's purposes for issuing the long-term debt covered by this Application are among the approved purposes listed in Section 817 of the California Public Utilities Code: for the reimbursement of moneys actually expended from Park's treasury pursuant to Section 817 (h). for: 1) the retirement of one or more outstanding bonds, notes, or other evidence of indebtedness pursuant to Section 817 (g); and 2) the construction, completion, extension, or improvement of its facilities pursuant to Section 817 (b).

Park will use a portion of the proceeds that it receives from the Bonds or other debt issued, to reimburse its treasury for its payment of \$2,444,020 for the aggregate principal amount and accrued interest (\$2,427,677 of principal and \$16,343 of accrued interest) paid to holders of its unsecured notes (the "Notes") which matured March 14, 2012. The Notes, authorized by D.97-03-018 were issued on March 14, 1997 to a limited number of minority stockholders in exchange for their shares of common stock, which was then retired. The Commission, in D.01-04-032, authorized Park to amend the Notes to extend the maturity of the Notes from March 14, 2007 to March 14, 2012. The Notes bore an interest rate of 7.38%.

Park will use the remainder of the proceeds that it receives from the Bonds, or other debt issued, \$12,555,980, to reimburse its treasury for the construction, completion, extension, or improvement of facilities. Park borrows funds required by the operations of its Central Basin Division and Park's subsidiaries. It transfers capital as needed to its division and subsidiaries through inter-company transactions, thereby allowing the subsidiaries to benefit from Park's greater borrowing power and obtain debt at a lower cost. In the most recent general rate proceedings for Park's subsidiaries in California and Montana, and in subsequent Cost of Capital proceedings for Park and AVR in California, both the Commission and the Montana Public Service Commission have recognized a single consolidated capital structure for Park and all of its subsidiaries and they have used this single consolidated capital structure for ratemaking purposes. Therefore, Park proposes to issue debt to reimburse its treasury for having paid off the Notes and for its previous capital expenditures in its Corporate and Central Basin Divisions and in its subsidiaries. The Commission in Decision 08-09-030 approved this methodology. That decision authorized Park to refinance \$18,000,000 of certain bonds and to use the remaining \$2,000,000 of proceeds of the authorized debt issuance to reimburse its treasury for capital expenditures that Park financed in its Corporate and Central Basin Divisions and in its California

and Montana utility subsidiaries between November 1, 1999 and December 31, 1999. The Commission noted that the capital expenditures for which Park's treasury was being reimbursed were expended for capital improvements in both Park's California divisions and subsidiary and its Montana subsidiary and stated that the reimbursement of treasury funds expended for these capital improvements is an allowable use of bond proceeds, as set forth in § 817(h) (D.08-09-030, page 5).

Park has previously been authorized to issue long-term debt to reimburse its treasury for capital expenditures through December 31, 1999. Between January 1, 2000 and August 31, 2001, Park expended \$13,338,000 for capital projects undertaken by Park and Park's subsidiaries, Apple Valley Ranchos Water and Mountain Water. Attached hereto, as Exhibit C, is a schedule of these capital expenditures. These expenditures were funded from Park's earnings and its treasury. Accordingly, as a result of these capital expenditures, Park's cash reserves are depleted and it proposes to use a portion of the net proceeds from the sale of the Bonds to reimburse its treasury for these capital expenditures.

The depletion of Park's cash reserves is exacerbated by the fact that as of September 30, 2012, Park and AVR, on a combined basis, had over \$11.9 million tied up in regulatory assets, primarily associated with un-recovered balances in their WRAM/MCBA balancing accounts.

VII

Applicant represents that it has no knowledge of any matters occurring or proposed subsequent to the period covered by its last filed Annual Report corresponding to the statement required by Section 2 of General Order No. 104-A.

VIII

Applicant represents that it has complied with D.06-01-019, specifically as it applies to the affiliate transaction rules in Section 8 thereof.

IX

The Commission's Utility Long-Term Debt Financing Rule (D.12-06-015, Attachment A) lists certain exemptions and states:

The exemptions listed below will only be granted upon a compelling showing by a utility in an application for financing authority, that the terms of such exemption are applicable to the utility, for the proposed debt issuance:

1. Bond issues of \$42 million or less, adjusted each year for the Consumer Price Index (CPI) found on the California Department of Finances' website or its successor, are exempt from the Financing Rule. Therefore, the current baseline of \$42 million in 2012 must be increased each year by the most recent CPI.

The authority requested by Park in this application is to issue debt in the amount of \$15 million, substantially less than \$42 million, and, accordingly, the terms of the above exemption apply to the proposed debt issuance.

Pursuant to General Order 156, Park will make efforts to encourage, assist, and recruit Women-, Minority-, Disabled Veteran-Owned Business Enterprises (WMDVBE) in being appointed as lead underwriter, book runner, co-manager, or in other roles in the issuance of the proposed debt offerings and will report on its efforts in its General Order 156 Annual Report.

X

Park respectfully requests that the Commission proceed *ex parte* in the Application because the public interest does not require a hearing on the transactions for which authority is sought hereby, because no useful purpose would be served by such a hearing, and because the delay involved in a hearing would be adverse to the interest of both Park and its customers.

WHEREFORE, Park prays that this Commission issue its Order *ex parte*:

- (a) authorizing Park to issue up to \$15,000,000 of First Mortgage Bonds or other evidence of indebtedness according to the terms described in this Application;
- (b) authorizing Park to execute the Thirteenth Supplemental Indenture and other supplemental indentures as necessary relating to the Bonds or other evidence of indebtedness authorized by the Commission in this proceeding which will, among other things, provide the purchasers of the Bonds liens on the assets of Park under the Restated Indenture, as supplemented
- (c) authorizing Park to provide the purchasers of the Bonds with liens on its assets and property pursuant to the terms of the Restated Indenture, and the Thirteenth Supplemental Indenture and any other supplements as necessary relating to the Bonds or other evidence of indebtedness authorized by the Commission in this proceeding

- (d) authorizing Park to amend the terms of its unsecured line of credit, which currently has a term of up to 12 months, to allow the use of short-term debt instruments for terms up to 24 months.
- (e) declaring such order to be effective on its date; and
- (f) granting such further, additional and other relief as the Commission may deem to be necessary or proper.

Dated at Downey, California: October 22, 2012.

Respectfully submitted,

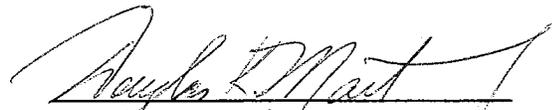
PARK WATER COMPANY

BY: 
Douglas K. Martinet
Senior Vice President/CFO

STATE OF CALIFORNIA)
)
County of Los Angeles)

I, the undersigned, am Senior Vice President/CFO of PARK WATER COMPANY, a corporation, Applicant herein; I have read the foregoing Application and know the contents thereof and I certify that the same is true of my own knowledge, except as to any matters which are therein stated upon information or belief, and as to those matters I believe them to be true. I certify under penalty of perjury that the foregoing is true and correct.

Executed on October 22, 2012, at Downey, California.



Douglas K. Martinet
Senior Vice President/CFO

PROPOSED SCHEDULE

- October 22, 2012 - Submission
- December 22, 2012 - Proposed Decision
- January 24, 2013 - Final Decision

Park Water Company
Balance Sheet as of September 30, 2012

ASSETS AND OTHER DEBITS

Utility Plant at Cost	69,471,610
Depreciation Reserve	(24,924,188)
Intercompany Investments and Receivables	19,975,676
Current and Accrued Assets	7,037,893
Deferred Debits	<u>16,719,470</u>
TOTAL	<u>88,280,461</u>

LIABILITIES AND OTHER CREDITS

Capital Stock and Surplus Profit (Deficit)	(34,721,181)
Long Term Debt	52,000,000
Intercompany Advance and Payable	42,185,183
Current and Accrued Liabilities	16,030,442
Deferred Credits	7,925,002
Advances for Construction	1,250,730
Contributions in Aid of Construction	<u>3,610,285</u>
TOTAL	<u>88,280,461</u>

Park Water Company
Income Statement
Nine Months ending September 30, 2012

Operating Revenue	20,569,727
Less	
Operating Expenses	15,958,364
Depreciation	940,196
Taxes (Other Than Income)	<u>244,790</u>
Net Operating Revenue	3,426,377
Less	
Other Income (Deductions)	169,902
Income Deductions	<u>3,939,302</u>
Net Income (Loss) Before Taxes	(682,827)
Estimated Income Taxes (1) Benefit	<u>273,131</u>
Net Loss Less Income Taxes	<u><u>(409,696)</u></u>

(1) Internal financial reporting estimates the Income Tax Provisions at 40% of Net Income

Park Water Company Consolidated
Balance Sheet as of September 30, 2012

ASSETS AND OTHER DEBITS

Utility Plant at Cost	273,675,010
Depreciation Reserve	(82,039,825)
Intercompany Investments and Receivables	0
Current and Accrued Assets	13,255,148
Deferred Debits	<u>37,874,001</u>
TOTAL	<u>242,764,334</u>

LIABILITIES AND OTHER CREDITS

Capital Stock and Surplus Profit	72,966,175
Long Term Debt	52,138,000
Intercompany Advance and Payable	0
Current and Accrued Liabilities	30,421,179
Deferred Credits	30,374,883
Advances for Construction	48,215,808
Contributions in Aid of Construction	<u>8,648,289</u>
TOTAL	<u>242,764,334</u>

Park Water Company Consolidated
Income Statement
Nine Months ending September 30, 2012

Operating Revenue	50,716,686
Less	
Operating Expenses	31,626,883
Depreciation	5,363,201
Taxes (Other Than Income)	<u>1,436,472</u>
Net Operating Revenue	12,290,130
Less	
Other Income (Deductions)	232,343
Income Deductions	<u>3,057,635</u>
Net Income (Loss) Before Taxes	9,000,152
Estimated Income Taxes (1)	<u>(3,695,277)</u>
Net Income Less Income Taxes	<u><u>5,304,875</u></u>

(1) Internal financial reporting estimates the Income Tax Provisions at 40% of Net Income

Park Water Company and Subsidiaries
Consolidated Capitalization

(\$ in thousands)

	Sept 30, 2012	Est. ProForma (new Debt)
Equity:		
Common stock and paid-in capital	2,573	2,573
Retained Earnings	<u>70,393</u>	<u>70,393</u>
Total Equity	72,966	72,966
Long Term Debt:		
First mortgage bonds, net (A)	52,000	67,000
Unsecured notes, including curent portion*	<u>0</u>	<u>0</u>
Total Long-term debt	52,000	67,000
Total Capitalization	124,966	139,966
Long-term debt to capitalization	41.6%	47.9%
Equity to capitalization	58.4%	52.1%

* Excludes \$138,000 ARRA/SRF loan to MWC (on MWC's books), the principal and interest of which is being paid off through a separate surcharge on bills of MWC customers.

(A) Although unknown at this time, on this schedule all new debt is shown as bonds.

PARK WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

Stocks Authorized

The Articles of Incorporation authorized 25,000 shares of \$.01 per value common stock of which 1,000 are outstanding as of September 30, 2012.

Long Term Debt

Long Term Debt outstanding as of September 30, 2012 is as follows:

Holder of Obligation	Date of Issue	Date of Maturity	Principal Amt. Authorized	Outstanding Sept 30, 2012	Rate	Interest Paid 2012
Nationwide Life	1995	2025	\$ 10,000,000	\$ 10,000,000	7.59%	\$ 759,000
American United	2000	2020	\$ 6,000,000	\$ 6,000,000	8.82%	\$ 264,600
State Life Insurance	2000	2020	\$ 500,000	\$ 500,000	8.82%	\$ 22,050
Pioneer Life Insurance	2000	2020	\$ 500,000	\$ 500,000	8.82%	\$ 22,050
Pacific Life	2006	2036	\$ 15,000,000	\$ 15,000,000	5.99%	\$ 898,500
American United	2008	2033	\$ 8,000,000	\$ 8,000,000	7.56%	\$ 302,400
State Life Insurance	2008	2033	\$ 1,500,000	\$ 1,500,000	7.56%	\$ 56,700
Pioneer Mutual	2008	2033	\$ 500,000	\$ 500,000	7.56%	\$ 18,900
Pacific Life	2008	2038	\$ 7,000,000	\$ 7,000,000	7.65%	\$ 267,750
Pacific Life Annuity	2008	2038	\$ 3,000,000	\$ 3,000,000	7.65%	\$ 114,750
Totals			\$ 52,000,000	\$ 52,000,000		\$2,726,700

Additional information concerning this long-term debt is available in the following Commission files:

<u>Application No.</u>	<u>Decision #</u>	<u>Date of Decision</u>
54321	81891	09-14-73
56631	87220	04-19-77
58856	90653	08-14-79
83-09-47	84-05-058	05-16-83
87-10-022	87-12-001	12-09-87
90-09-038	90-11-074	11-21-90
90-08-054	91-05-024	05-08-91
92-09-048	93-01-022	01-08-93
95-05-027	95-08-060	08-11-95
96-11-017	97-03-018	03-07-97
97-03-032	98-02-020	02-04-98
99-03-023	99-05-024	05-13-99
01-02-036	01-04-032	04-19-01
01-12-011	02-02-042	02-21-02
05-09-028	06-01-019	01-12-06
06-01-004	06-08-015	08-24-06
09-01-001	09-12-001	12-03-09

Dividends

1990	No dividends were paid
1991	No dividends were paid
1992	Dividends were paid on the 27,609 shares of common stock in the amount of \$1,499,997
1993	No dividends were paid
1994	No dividends were paid
1995	No dividends were paid
1996	No dividends were paid
1997	No dividends were paid
1998	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$5,000,000
1999	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$2,200,000
2000	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$3,480,000
2001	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$1,513,000
2002	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$332,000
2003	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$1,200,000
2004	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$2,000,000
2005	No dividends were paid
2006	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$1,200,000
2007	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$700,000
2008	No dividends were paid
2009	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$330,000
2010	Dividends were paid on the 24,415.64 shares of common stock in the amount of \$2,000,000
2011	No dividends were paid
2012	Dividends were paid on 1,000 shares of common stock in the amount of \$1,000,000.

Nature of Obligation

First Mortgage Bonds: The Company has pledged substantially all of its property as collateral for the bonds under trust indentures dated August 31, 1995, June 1, 2000, January 27, 2006, and October 6, 2008 due to American United, Nationwide Life Insurance, State Life Insurance Company, Pioneer Mutual Life Insurance Company, and Pacific Life Insurance Company, and Pacific Life & Annuity Insurance Company, as shown in the table on the preceding page.

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

ELEVENTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

To

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

Dated as of October 6, 2008

THIS ELEVENTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the "*Eleventh Supplemental Indenture*") dated as of October 6, 2008, by and between PARK WATER COMPANY, a California corporation (the "*Company*") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (the "*Trustee*").

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the "*Original Indenture*") and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002 and (j) a Tenth Supplemental Indenture dated as of January 27, 2006 (which Original Indenture and any and all supplemental indentures thereto, including this Eleventh Supplemental Indenture, being sometimes collectively referred to as the "*Indenture*") for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture ("*Bonds*"); and

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the Indenture (hereinafter the "*Trustee*") to the Bank of New York Trust Company, N.A., which was the successor to BNY Western Trust Company, which was the successor to Harris Trust Company of California, which was the successor to Bank of America National Trust and Savings Association, which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

- (i) \$8,000,000 in aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;
- (ii) \$10,000,000 in aggregate principal amount of the Company's 7.32% Series Bonds due May 1, 2014; and
- (iii) \$10,000,000 in aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(iv) \$7,000,000 in aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020;

(v) \$15,000,000 in aggregate principal amount of the Company's 5.99% Series Bonds due January 27, 2036.

WHEREAS, Section 2.06 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Eleventh Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Eleventh Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Eleventh Supplemental Indenture be registered Bonds of the 7.56% Series due October 6, 2033 (the "7.56% Series Bonds") in the aggregate principal amount of Ten Million Dollars (\$10,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Eleventh Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Eleventh Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 7.56% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 7.56% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE 7.56% SERIES BONDS

Section 1. There is hereby created a series of Bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 7.56% Series due October 6, 2033". All of said Bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of \$1,000. Said

Bonds shall bear interest at the rate of seven and fifty-six hundredths percent (7.56%) per annum payable semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the 6th day of April and October of each year, shall mature October 6, 2033, and shall be redeemable as hereinafter provided, *provided, however*, that the 7.56% Series Bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.56%. The 7.56% Series Bonds and the Trustee's Certificate shall be substantially in the form set forth in Schedule A hereto.

Section 2. The 7.56% Series Bonds shall be redeemable at the option of the Company in whole, but not in part, at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the 7.56% Series Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"*Make-Whole Amount*" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed, taking into account the application of any mandatory redemption required under Section 3 of Article One of this Eleventh Supplemental Indenture, and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.56% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.56%, the Make-Whole Amount shall be zero.

"*Reinvestment Rate*" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, (taking into account the application of any mandatory redemption required under Section 3 of Article One of this Eleventh Supplemental Indenture) or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed (taking into account the application of any mandatory redemption required under Section 3 of Article One of this Eleventh Supplemental Indenture). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a

straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

“*Statistical Release*” shall mean the then most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.56% Series Bonds.

“*Weighted Average Life to Maturity*” of the principal amount of the 7.56% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then “Remaining Dollar-Years” of such principal by the aggregate amount of such principal. The term “Remaining Dollar-Years” of such principal shall mean the sum of the products obtained by (1) multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.56% Series Bonds scheduled to become due on such date after giving effect to such redemption and the application of any mandatory redemption required under Section 3 of this Article One of this Eleventh Supplemental Indenture, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date and (2) totaling the products obtained in (1).

Section 3. On October 6, 2027 and on each October 6 thereafter to and including October 6, 2032, the Company will prepay \$1,428,571.43 principal amount (or such lesser principal amount as shall then be outstanding) of the 7.56% Series Bonds at par and without payment of the Make-Whole Amount or any premium, *provided* that upon any partial prepayment of the 7.56% Series Bonds under the Indenture, the principal amount of each required prepayment of the 7.56% Series Bonds becoming due under this Article One, Section 3 on and after the date of such prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Bonds is reduced as a result of such prepayment. Notwithstanding anything in this Eleventh Supplemental Indenture or the 7.56% Series Bonds to the contrary, any payment of principal, interest, Make-Whole Amount, or any other amount under any 7.56% Series Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on any such payment on such next succeeding Business Day; *provided, however*, that if a scheduled principal payment date under Article One Section 3 of this Eleventh Supplemental Indenture or the maturity date of any 7.56% Series Bond (any such date, a “*Scheduled Principal Payment Date*”) is a date other than a Business Day, the payment otherwise due on such Scheduled Principal Payment Date may be made at the election of the Company either (i) on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day, or (ii) on the Business Day immediately preceding the Scheduled Principal Payment Date. If the Company elects to make the payment on the Business Day immediately preceding the Scheduled Principal Payment Date, (i) the notice requirements of Section 12 of the Indenture shall not apply, (ii) the Company shall not be required to pay any Make-Whole Amount or to pay any similar

prepayment or redemption premium that would otherwise be required, and (iii) the Company shall provide written notice of its intent to make such payment at least fifteen (15) Business Days prior to the Scheduled Principal Payment Date. "Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which commercial banks in California are required or authorized to be closed.

Section 4. 7.56% Series Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the 7.56% Series Bonds, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all 7.56% Series Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such 7.56% Series Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any 7.56% Series Bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by its check mailed to such person at his address as shown by the records of the Trustee, except as otherwise provided in an agreement between the Company and the registered holder which is permitted by the Indenture.

Section 6. All of said 7.56% Series Bonds shall be secured by the Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

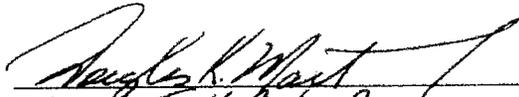
In case any one or more of the provisions of this Eleventh Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Eleventh Supplemental Indenture, and this Eleventh Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

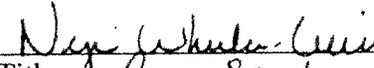
ARTICLE FOUR

This Eleventh Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Eleventh Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Eleventh Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: 
Title: Sen. V.P. / C.F.O.

By: 
Title: Corp. Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

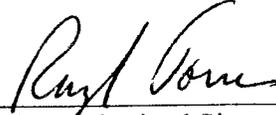
IN WITNESS WHEREOF, Park Water Company has caused this Eleventh Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Eleventh Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: _____
Title: _____

By: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: 
Title: Authorized Signatory

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On September 30, 2008, before me, Tina Michelle Sims, Notary Public,
Date Name And Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Nyri A. Wheeler and Douglas K. Martinet,
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Tina Michelle Sims
Signature of Notary Public

(Seal)



New form required as of January 1, 2008

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

- _____
Title(s)
- Partner(s) Limited
 - Attorney-In-Fact General
 - Trustee(s)
 - Guardian/Conservator
 - Other: _____

Title or Type of Document

Number Of Pages

Date Of Document

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
7.56% Series due October 6, 2033

No. R-__

\$ _____

PARK WATER COMPANY, a California corporation (hereinafter called the "*Company*"), hereby promises to pay to

_____ or registered assigns, on October 6, 2033
the sum of

_____ DOLLARS (\$ _____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of seven and fifty-six hundredths percent (7.56%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on April 6 and October 6 in each year, commencing on April 6, 2009, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.56%. Payments of principal, premium and interest are to be made at the principal office of the Trustee (as hereinafter defined) in Los Angeles, California; *provided*, that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter defined, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of that Indenture, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the "*Original Indenture*"), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Mellon Trust Company, N.A. as sole trustee (the "*Trustee*"), to which Indenture and all supplemental indentures thereto including the Eleventh Supplemental Indenture dated as of October 6, 2008 (the "*Eleventh Supplement*") (collectively, the "*Indenture*") reference is hereby made for a description of the property mortgaged and pledged, the nature and

SCHEDULE A

(to Eleventh Supplemental Indenture)

extent of the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 7.56% Series due October 6, 2033 (hereinafter referred to as the 7.56% Series Bonds). The Company will make required prepayments of principal on the dates and in the amounts specified in the Indenture. The remaining unpaid principal balance of the 7.56% Series Bonds shall be due and payable on October 6, 2033.

Subject to the provisions of the Indenture, all 7.56% Series Bonds are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"*Make-Whole Amount*" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed, taking into account the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement, and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.56% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.56%, the Make-Whole Amount shall be zero.

"*Reinvestment Rate*" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed (taking into account the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement), or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed (taking into account the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such

relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

“Statistical Release” shall mean the then most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.56% Series Bonds.

“Weighted Average Life to Maturity” of the principal amount of the 7.56% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then “Remaining Dollar-Years” of such principal by the aggregate amount of such principal. The term “Remaining Dollar-Years” of such principal shall mean the sum of the products obtained by (1) multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.56% Series Bonds scheduled to become due on such date after giving effect to such redemption and the application of any mandatory redemption required under Section 3 of Article One of the Eleventh Supplement, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date and (2) totaling the products obtained in (1).

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

If an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: October __, 2008

PARK WATER COMPANY

By _____
Senior Vice President

ATTEST:

Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2008

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Signatory

Recording Requested by and when
Recorded return to:

Fulbright & Jaworski L.L.P.
555 South Flower Street
Forty-First Floor
Los Angeles, California 90071
Attention: David A. Ebershoff

TWELFTH SUPPLEMENTAL INDENTURE

PARK WATER COMPANY

To

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

Dated as of October 6, 2008

THIS TWELFTH SUPPLEMENTAL INDENTURE (hereinafter sometimes called the "*Twelfth Supplemental Indenture*") dated as of October 6, 2008, by and between PARK WATER COMPANY, a California corporation (the "*Company*") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (the "*Trustee*").

WITNESSETH:

WHEREAS, the Company executed and delivered to Security Pacific National Bank and D.R. McEachren, as trustees, its Indenture dated as of November 1, 1973 (hereinafter sometimes referred to as the "*Original Indenture*") and has executed and delivered to such trustees or successor trustees the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of September 12, 1979, (b) a Second Supplemental Indenture dated as of February 1, 1988, (c) a Third Supplemental Indenture dated as of January 15, 1991, (d) a Fourth Supplemental Indenture dated as of March 11, 1993, (e) a Fifth Supplemental Indenture dated as of May 20, 1993, (f) a Sixth Supplemental Indenture dated as of August 29, 1995, (g) a Seventh Supplemental Indenture dated as of June 1, 2000, (h) an Eighth Supplemental Indenture dated as of May 1, 2002, which restated in its entirety the Original Indenture and all amendments and supplements thereto prior to such Eighth Supplemental Indenture, (i) a Ninth Supplemental Indenture dated as of May 15, 2002, (j) a Tenth Supplemental Indenture dated as of January 27, 2006 and (k) an Eleventh Supplemental Indenture dated as of October 6, 2008 (which Original Indenture and any and all supplemental indentures thereto, including this Twelfth Supplemental Indenture, being sometimes collectively referred to as the "*Indenture*") for the purpose of securing bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the Indenture ("*Bonds*"); and

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the Indenture (hereinafter the "*Trustee*") to the Bank of New York Trust Company, N.A., which was the successor to BNY Western Trust Company which was the successor to Harris Trust Company of California which was the successor to Bank of America National Trust and Savings Association which succeeded Security Pacific National Bank and D.R. McEachren as the original trustees thereunder; and

WHEREAS, there are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

- (i) \$8,000,000 in aggregate principal amount of the Company's 8.18% Series Bonds due May 20, 2014;
- (ii) \$10,000,000 in aggregate principal amount of the Company's 7.32% Series Bonds due May 1, 2014;
- (iii) \$10,000,000 in aggregate principal amount of the Company's 7.56% Series Bonds due October 6, 2033;

(iv) \$10,000,000 in aggregate principal amount of the Company's 7.59% Series Bonds due August 31, 2025;

(v) \$7,000,000 in aggregate principal amount of the Company's 8.82% Series Bonds due June 1, 2020; and

(vi) \$15,000,000 in aggregate principal amount of the Company's 5.99% Series Bonds due January 27, 2036.

WHEREAS, Section 2.06 of Article I of the Indenture provides that the Company may issue additional principal amounts of Bonds as may be authorized by supplemental indentures executed by the Company and the Trustee for such purpose, which Bonds are to be secured by the lien of the Indenture; and

WHEREAS, the Company now desires to authorize the issuance of additional Bonds which are to be secured by the lien of the Indenture by entering into this Twelfth Supplemental Indenture; and

WHEREAS, the Board of Directors of the Company has duly authorized the execution and delivery of this Twelfth Supplemental Indenture, and the amendment and supplement of the Indenture as herein provided; and

WHEREAS, the Company desires that the additional Bonds authorized by this Twelfth Supplemental Indenture be registered Bonds of the 7.65% Series due October 6, 2038 (the "7.65% Series Bonds") in the aggregate principal amount of Ten Million Dollars (\$10,000,000), and that the form of such Bonds, the form of the Trustee's Certificate to be endorsed on such Bonds and the form of endorsement for registration of such Bonds are to be substantially as set forth in Schedule A to this Twelfth Supplemental Indenture, subject to such insertions, omissions and variations as are required or permitted by the Indenture;

WHEREAS, the Company has determined that the execution, acknowledgment and delivery of this Twelfth Supplemental Indenture has been in all respects duly authorized and all acts and things necessary to make said 7.65% Series Bonds, when executed by the Company and authenticated by the Trustee, valid, legal and binding obligations of the Company and entitled in all respects to the security of the Indenture, have been done and performed, or prior to the issue of said 7.65% Series Bonds will be done and performed;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE 7.65% SERIES BONDS

Section 1. There is hereby created a series of Bonds to be issued hereunder which will be entitled or known as "First Mortgage Bonds 7.65% Series due October 6, 2038". All of said

Bonds shall be dated the date of issue, except as otherwise provided in Section 2.08 of Article Two of the Indenture. Bonds shall be in denominations which are multiples of \$1,000. Said Bonds shall bear interest at the rate of seven and sixty-five hundredths percent (7.65%) per annum payable semiannually at the office of the Trustee in the City of Los Angeles, California (or, if there be a successor to said Trustee, at its principal office) or directly to the registered bondholders pursuant to Section 5.01 of Article Five of the Indenture on the 6th day of April and October of each year, shall mature October 6, 2038, and shall be redeemable as hereinafter provided, *provided, however*, that the 7.65% Series Bonds shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.65%. The 7.65% Series Bonds and the Trustee's Certificate shall be substantially in the tenor of the form set forth in Schedule A hereto.

Section 2. The 7.65% Series Bonds shall be redeemable at the option of the Company in whole but not in part at any time, upon the notice and in the manner provided in Article Twelve of the Indenture (except that the publication of the notice therein provided for may be dispensed with if the written notice therein required shall be given to all registered owners), upon the payment of the principal amount of the 7.65% Series Bonds to be redeemed and interest thereon to the redemption date plus a premium equal to the "Make-Whole Amount" determined two business days prior to the date of such redemption:

"*Make-Whole Amount*" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.65% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.65%, the Make-Whole Amount shall be zero.

"*Reinvestment Rate*" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the

Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

“Statistical Release” shall mean the then most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.65% Series Bonds.

“Weighted Average Life to Maturity” of the principal amount of the 7.65% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then “Remaining Dollar-Years” of such principal by the aggregate amount of such principal. The term “Remaining Dollar-Years” of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.65% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

Section 3. As provided therein, the entire unpaid principal balance of the 7.65% Series Bonds shall be due and payable on the stated maturity date hereof. Notwithstanding anything in this Twelfth Supplemental Indenture or the 7.65% Series Bonds to the contrary, any payment of principal, interest, Make-Whole Amount, or any other amount under any 7.65% Series Bond that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on any such payment on such next succeeding Business Day. “Business Day” shall mean any day other than a Saturday, a Sunday, or a day on which commercial banks in California are required or authorized to be closed.

Section 4. 7.65% Series Bonds shall be subject to transfer by the registered holder in person or by attorney duly authorized, on the books of the Company kept for that purpose at the office of the Trustee under the Indenture upon surrender of the 7.65% Series Bonds, and a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Section 5. As to all 7.65% Series Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of the Indenture and payment of or on account of the principal and interest of any such 7.65% Series Bond shall be made only to or upon the order in writing of such registered holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid. As and when deposits are made by the Company with the Trustee for the payment of interest on or of the principal of any 7.65% Series Bond, the Trustee shall, on the due date of such interest or principal, pay the same to the person entitled thereto by its check mailed to such person at his address as shown by the records of the Trustee, except as otherwise

provided in an agreement between the Company and the registered holder which is permitted by the Indenture.

Section 6. All of said 7.65% Series Bonds shall be secured by the Indenture and shall be subject to all of the terms and conditions thereof, as specifically set forth therein.

ARTICLE TWO

Except to the extent hereby amended, the Indenture is in all respects hereby ratified, confirmed and approved by the Company.

ARTICLE THREE

In case any one or more of the provisions of this Twelfth Supplemental Indenture shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Twelfth Supplemental Indenture, and this Twelfth Supplemental Indenture shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

ARTICLE FOUR

This Twelfth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which is and shall be taken, accepted and received by the parties hereto and by all other persons as an original and all thereof shall constitute one and the same agreement.

IN WITNESS WHEREOF, Park Water Company has caused this Twelfth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Twelfth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California corporation

By: *Raymond K. Mart*
Title: *52 V.P./C.F.O.*

By: *Wynne White-Green*
Title: *Corp Secretary*

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee

By: _____
Title: Authorized Signatory

IN WITNESS WHEREOF, Park Water Company has caused this Twelfth Supplemental Indenture to be executed in its corporate name by its President or a Vice President and by a Secretary or an Assistant Secretary for and on its behalf and The Bank of New York Mellon Trust Company, N.A. has caused this Twelfth Supplemental Indenture to be executed in its corporate name by one of its authorized officers, all as of the date first above written.

PARK WATER COMPANY, a California
corporation

By: _____
Title: _____

By: _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., a national banking
association, as Trustee

By: Rayl Toner
Title: Authorized Signatory

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
 COUNTY OF LOS ANGELES)

On September 30, 2008, before me, Tina Michelle Sims, Notary Public,
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Nyri A. Wheeler and Douglas K. Martinet,
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Tina Michelle Sims

Signature of Notary Public

(Seal)



New form required as of January 1, 2008

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title or Type of Document

- Partner(s) Limited
- General

Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Date Of Document

Signer is representing:
 Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

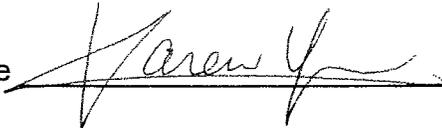
On October 2, 2008 before me, Karen Yu, Notary Public
Raymond Torres personally appeared

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certified under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

Title of Document Type _____
Number of Pages _____ Date of Document _____
Signer(s) Other Than Named Above _____

[FORM OF BOND]

PARK WATER COMPANY

First Mortgage Bond
7.65% Series due October 6, 2038

No. R-___

\$_____

PARK WATER COMPANY, a California corporation (hereinafter called the "*Company*"), hereby promises to pay to

_____ or registered assigns, on October 6, 2038
the sum of

_____ DOLLARS (\$_____)

in coin or in currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest thereon from the date hereof, at the rate of seven and sixty-five hundredths percent (7.65%) per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months), in like coin or currency, payable semiannually on April 6 and October 6, in each year, commencing on April 6, 2009, until the principal hereof shall be paid; *provided* that this Bond shall bear interest on any overdue principal, premium, if any, and on overdue interest (to the extent permitted by law) at a rate of 9.65%. Payments of principal, premium and interest are to be made at the principal office of the Trustee (as hereinafter defined) in Los Angeles, California; *provided*, that principal, premium and interest may be paid as otherwise provided by an agreement between the Company and the registered holder which is permitted by the Indenture (as hereinafter defined).

This Bond is one of an authorized issue of Bonds of the Company known as its First Mortgage Bonds, not limited in aggregate principal amount except as provided in the Indenture hereinafter defined, all issued and to be issued in one or more series under and equally and ratably secured (except as any sinking, amortization, improvement, renewal or other analogous fund, established in accordance with the provisions of that Indenture, may afford additional security for the Bonds of any particular series) by an Indenture dated as of November 1, 1973 (the "*Original Indenture*"), duly executed and delivered by the Company to Security Pacific National Bank and D.R. McEachren, as trustees, both of whom have been succeeded by The Bank of New York Mellon Trust Company, N.A. as sole trustee (the "*Trustee*") to which Indenture and all supplemental indentures thereto including the Twelfth Supplemental Indenture dated as of October 6, 2008 (the "*Twelfth Supplement*") (collectively, the "*Indenture*") reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of

SCHEDULE A
(to Twelfth Supplemental Indenture)

the security, the terms and conditions upon which the Bonds are and are to be secured and the rights of the holders or registered owners thereof and of the Trustee in respect of such security. As provided in the Indenture, such Bonds may be issued in series, for various principal sums, may bear different dates and mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided or permitted.

This Bond is one of the bonds described in the Indenture and designated therein as the First Mortgage Bonds, 7.65% Series due October 6, 2038 (hereinafter referred to as the 7.65% Series Bonds). The entire unpaid principal balance of the 7.65% Series Bonds shall be due and payable on October 6, 2038.

Subject to the provisions of the Indenture, all 7.65% Series Bonds are subject to redemption at the option of the Company, as a whole, but not in part, at any time or from time to time upon payment of (a) the principal amount thereof, (b) accrued interest thereon to the date of redemption and (c) a premium, if any, equal to the "Make-Whole Amount", determined as of two business days prior to the date of such redemption.

"*Make-Whole Amount*" shall mean the excess, if any, of (a) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting such amounts at the "Reinvestment Rate" from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the 7.65% Series Bonds being so redeemed. If the Reinvestment Rate is equal to or higher than 7.65%, the Make-Whole Amount shall be zero.

"*Reinvestment Rate*" shall mean (1) the sum of 0.5% plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Pacific time) for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining "Weighted Average Life to Maturity" of the principal being redeemed, or (2) if no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.5% plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the "Statistical Release" under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being redeemed. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"*Statistical Release*" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding 7.65% Series Bonds.

"*Weighted Average Life to Maturity*" of the principal amount of the 7.65% Series Bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then "Remaining Dollar-Years" of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the sum of the products obtained by multiplying (i) the remainder of (A) the amount of principal that would have become due on each scheduled payment date if such redemption had not been made, less (B) the amount of principal of the 7.65% Series Bonds scheduled to become due on such date after giving effect to such redemption, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date.

If this Bond is called for redemption and payment duly provided, this Bond shall cease to bear interest from and after the date fixed for such redemption.

This Bond may be redeemed from certain condemnation and casualty proceeds in accordance with the Indenture.

As provided in the Indenture, (a) if and to the extent authorized by the consent (evidenced as provided in Article Nine of the Indenture) of the holders of not less than 66-2/3% in aggregate principal amount of all Bonds then Outstanding that are adversely affected thereby, such changes in, additions to or eliminations from the Indenture as such holders and the Company may deem necessary or advisable may be made by supplemental indenture; *provided* that no such change shall be made without the consent of the holder of each Outstanding Bond that is adversely affected that would (i) extend the stated maturity of the principal of, or any installment of interest on, any Bond, or (ii) reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (iii) extend the time or reduce the amount of any sinking fund payment in respect thereof, or (iv) reduce the percentage of the principal amount of Bonds the consent of the holders of which is required for the authorization of any such change, addition or elimination, or (v) modify certain other provisions of the Indenture, and (b) if and to the extent authorized by the consent of the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, compliance with certain covenants and conditions of the Indenture may be waived.

In case an Event of Default (as defined in the Indenture) shall occur and be continuing, the principal of all the Bonds outstanding may be declared and may become due and payable in the manner and with the effect provided in the Indenture.

This Bond is a registered Bond without coupons and is transferable by the registered holder thereof in person or by the duly authorized attorney of such holder on the Bond Register

to be kept for the purpose at the principal office of the Trustee as Bond Registrar and transfer agent for the Bonds, in Los Angeles, California. Upon surrender of this Bond accompanied by written instruments of transfer in form approved by the Trustee, duly executed by the registered holder in person or by such attorney, and upon cancellation hereof, one or more new Bonds of the same series and maturity, in authorized denominations, in an aggregate principal amount equal to the principal amount remaining unpaid upon this Bond, shall be issued to the transferee in exchange herefor, as provided in the Indenture. The Company and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment hereon, and on account hereof and for all other purposes.

No recourse shall be had for the payment of the principal of or interest on this Bond, or in respect of this Bond or the Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any predecessor or successor corporation, either directly or through the Company, by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, any and all such liability of incorporators, stockholders, officers and directors being released by the holder hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Indenture.

This Bond shall not be valid or become obligatory for any purpose until the certificate endorsed hereon shall be signed by the Trustee under the Indenture.

IN WITNESS WHEREOF, PARK WATER COMPANY has caused these presents to be signed in its name by its President or a Vice President and attested by its Secretary or an Assistant Secretary.

Dated: October __, 2008

PARK WATER COMPANY

By _____
Senior Vice President

ATTEST:

Secretary

[TRUSTEE'S CERTIFICATE TO BE ENDORSED ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein, described in the within-mentioned Indenture.

Dated: _____, 2008

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Signatory

Park Water Company and Subsidiaries
 Summary of Company Funded Capital Expenditures
 January 1, 2000 through August 31, 2001

(\$ in thousands)

Division/Subsidiary	2001		Total
	2000	Jan - Aug	
Park - Corporate Division	\$452	\$553	\$1,006
Park - Central Basin Division	\$2,994	\$1,587	\$4,580
Mountain Water Company (Montana)*	\$2,645	\$1,026	\$3,672
Apple Valley Ranchos Water Company	\$2,420	\$1,661	\$4,080
Total	\$8,511	\$4,827	\$13,338

* Includes capital expenditures for Linda Vista Water Company which has since been merged into Mountain Water Company.

CERTIFICATE OF SERVICE

I hereby certify that on October 22, 2012 I served a copy of the “Application of Park Water Company (U 314 W) For Authority to Issue Evidence of Indebtedness and Other Related Requests.” by the following service to the attached service list:

E-Mail Service: sending the entire document and exhibits as attachments to The Chief Administrative Law Judge.

Federal Express to The Chief Administrative Law Judge.

Executed on October 22, 2012 at Downey, California.

/s/ Ellen M. Zimbalist

ELLEN M. ZIMBALIST

Administrative Assistant

RECEIVED BY
2012 OCT 23 A 11: 17
PUBLIC SERVICE
COMMISSION

Service List

Application of Park Water Company (U 314 W) For Authority to Issue Evidence of
Indebtedness and Other Related Requests.

October 22, 2012

Email and Federal Express Delivery

Karen V. Clopton
Chief Administrative Law Judge
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102