

Walker, Buzz

From: Ehlers Jeffrey W [Jeffrey.Ehlers@srpnet.com]
Sent: Wednesday, May 07, 2008 2:13 PM
To: Walker, Buzz
Cc: Roberts David C (Dave); Sands Thomas G (Tom)
Subject: SRP/Payson CC Cragin Agreement

Buzz:

This email is confirmation of the mutual understanding we reached yesterday regarding Payson's obligation for payment of O&M costs beginning May 1, 2009. Specifically, on an interim basis and until the year in which Payson first receives water under the Agreement, we agreed that (1) the O&M costs associated solely with the delivery of water for SRP's benefit will be paid entirely by SRP, and (2) the O&M costs associated with system testing will be shared by SRP and Payson based on each party's proportional share in the CC Cragin Facility. Accordingly, we intend to budget and record water delivery and system testing O&M costs separately in accordance with the development and implementation of the Operation, Maintenance, and Capital Budget Plan each year. Beginning in the year Payson first receives water under the Agreement, Payson will pay their proportional share of all O&M costs as provided for in Subparagraph 18.1.3.

At your earliest convenience, please respond to this email indicating your concurrence with this approach.

Jeff Ehlers
SRP Water Rights & Contracts
Phone (602) 236-5504
Fax (602) 236-2159
Mobile (602) 427-7962
Email Jeffrey.Ehlers@srpnet.com