

AUGUST 2004 RECYCLED WATER SUMMARY

Capital Projects Summary



RP-1 New Pump Station



RP-1 New Chlorine Contact Basin

Phase I - Projects Under Construction

- RP-1/RP-4 Pump Station (Budget \$7,718,000)
Under construction and scheduled for completion in August 2004.
- RP-1 Chlorination Tank (Budget \$4,817,000)
Under construction and scheduled for completion in August 2004.
- Pine Avenue Intertie (Budget—Phase I & II \$1,066,000) **COMPLETE**
- Wineville Pipeline (Budget \$2,307,200) **COMPLETE**
Inland Paperboard Packaging will begin taking recycled water in Summer 2004.
- Reliant Pipeline (Budget \$1,115,476) **COMPLETE**
- Philadelphia Pipeline (Budget \$3,591,400)
Under construction and scheduled for completion in July 2004.
- Whittram Pipeline (Budget \$3,620,000)
The Whittram Pipeline will serve recycled water to the Banana and Hickory Basins. Project was bid March 11, contract was approved on April 21, with state approval on April 28, 2004. Construction is scheduled for completion by December 2004.
- RP-4 West Branch (Budget \$9,849,000)
Design for the RP-4 West Branch is complete. The pipeline will serve recycled water to Turner Recharge Basins and Empire Lakes Golf Course as well as other customers in Ontario and CVWD. Bid was awarded on May 10, 2004. The project will be completed by Spring 2005.

Total Budget—Active Projects—\$34,084,276

Phase II - Engineering Design

RFP for the Phase II of Regional Recycled Water Distribution System was circulated on March 10, 2004 and includes:

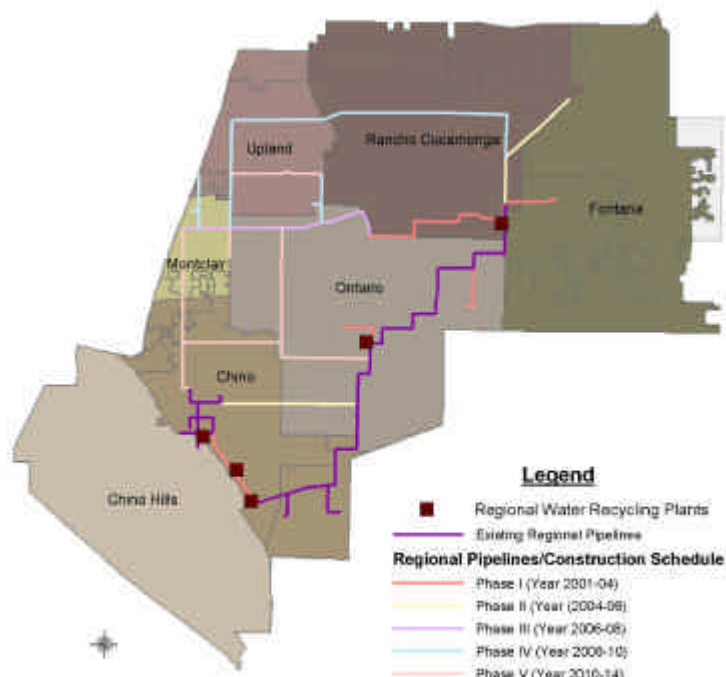
1. Recycled Water Master Plan Update (2005);
2. RP-4 Area 2 MG Regional Recycled Water Reservoir, Pipeline and Pump Station;
3. North Etiwanda Regional Water Pipeline and Pump Station;
4. Etiwanda Avenue 3 MG Regional Recycled Water Reservoir;
5. RP-1 South Regional Recycled Water Pump Station; and
6. San Antonio Channel Recycled Water Pipeline.

Montgomery Watson was awarded for the design of Phase II on June 16, 2004. Major effort is underway to collect updated potential recycled water demand from each of the Cities and water purveyors to update the recycled water master plan.

Projected Budget—\$28,000,000

Edison Regional Recycled Water Transmission Pipeline will be designed and built to interconnect the existing CCWRF and TP-1 Outfall system. This pipeline will serve major agricultural users in Ontario and Chino and ultimately many parks and other landscaping customers. In addition, Archibald Alignment will be built to serve new and existing areas in Ontario and Jurupa community.

Projected Budget—\$12,000,000



Total Implementation Plan

ID	Task Name	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	Phase I			\$34,000,000.00												
2	Phase II							\$28,000,000.00								
3	Phase III							\$25,000,000.00								
4	Phase IV									\$23,000,000.00						
5	Phase V										\$22,000,000.00					

Phase I Implementation Plan

ID	Task Name	Budget	Actual	Remaining	2004															
					Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1	RP-1/RP-4 Pump Station	\$7,718,000	\$5,244,144	\$2,473,856	[Bar chart showing progress through 2004]															
2	RP-1 Chlorination Tank	\$4,817,200	\$3,668,159	\$1,149,041	[Bar chart showing progress through 2004]															
3	Pine Avenue Intertie	\$1,066,000	\$1,008,431	\$57,569	[Bar chart showing progress through 2004]															
4	Wineville Pipeline	\$2,307,200	\$1,262,998	\$1,044,202	[Bar chart showing progress through 2004]															
5	Reliant Pipeline	\$1,115,476	\$1,115,476	\$0	[Bar chart showing progress through 2004]															
6	Philadelphia Pipeline	\$3,591,400	\$727,483	\$2,863,917	[Bar chart showing progress through 2004]															
7	Whittram Pipeline	\$3,620,000	\$464,750	\$3,155,250	[Bar chart showing progress through 2004]															
8	RP-4 West Branch	\$9,849,000	\$484,068	\$9,364,932	[Bar chart showing progress through 2004]															

Phase II & III Implementation Plan

ID	Task Name	Budget	2004												2005												2006			
			Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		
1	RP-4 Recycled Water Reservoir	\$3,200,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			
2	North Etiwanda Pipeline & Pump Station	\$8,000,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			
3	Etiwanda Recycled Water Reservoir	\$4,400,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			
4	RP-1 South Pump Station	\$4,500,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			
5	San Antonio Channel Pipeline	\$8,000,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			
6	Edison Pipeline (Phase III)	\$9,150,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			
7	Archibald Pipeline (Phase III)	\$2,850,000	[Bar chart showing progress through 2004]												[Bar chart showing progress through 2005]												[Bar chart showing progress through 2006]			

Financing Plan

Program Financing Plan:

■ Regional Capital Fund	20-25%
■ SWRCB Grants	10-15%
■ DWR Grant	5%
■ Federal Grants	20%
■ SWRCB Loans	20-35%

Annual Revenue:

■ MWD LPP (Loan Repayment)	\$2 Million
■ Recycled Water Sales	\$4-6 Million

Funding Phase I

■ Regional Capital Fund	\$7 Million
■ SWRCB Recycling Grant	\$5 Million
■ SWRCB Recycling Loan	\$22 Million

Funding Phase II

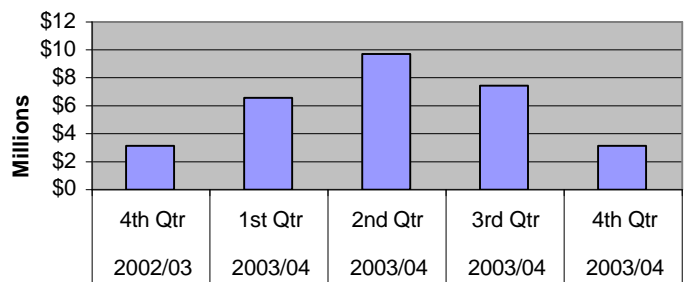
■ Regional Capital Fund	\$2 Million
■ SWRCB Recycling Grant*	\$5 Million
■ SWRCB Loan*	\$11 Million
■ USBR Grant	\$7 Million

*SWRCB Funding application submitted in September 2003 and funding expected in July 2004.

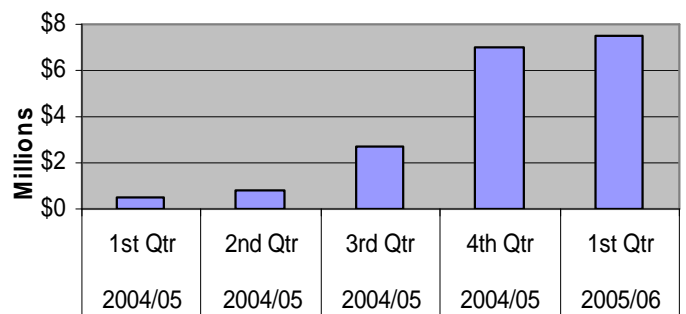
Funding Phase III

■ Regional Capital Fund	\$2 Million
■ SWRCB Loan	\$9 Million
■ DWR Grant	\$7 Million
■ USBR Grant	\$7 Million

Regional Recycled Water Phase I—Projected Cash Flow



Regional Recycled Water Phase II—Projected Cash Flow



Activity Summary

New Customers in 2003

- 13 new recycled water customers were connected:

	Expected Usage (AF)
CW Farm (former Arthur Farms)	1,000
Lewis Homes Corporation	120
Big League Dreams	100
Fairfield Ranch Neighborhood Park	20
Higgins Brick	5
Engelsma Dairy	150
DBRS Medical System	1
Central Chino Business Park	10
Artesian HOA	5
Reliant Energy	1,000
Fairfield Ranch Business park Phase I	5
Macro-Z Technology	1
Industrial Real Estate Development	3
Total	2,420

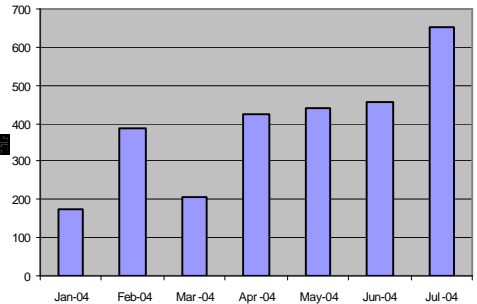
New Customers in 2004

- Fairfield Ranch Business Park Phase II
Denny's restaurant started to use recycled water in June.
- New Chino Hills High School and elementary school
The school board has accepted to use recycled water on the school ground. The City of Chino Hills is in the process of preparing the engineer's report.
- Quetico II
Started to use recycled water in February.
- Sterling & Pinnacle Apartment in Chino Hills
Submitted the engineer's report to DHS.
- Inland Paper Board
In the process of negotiating with Inland Paper Board to use recycled water.
- Kaiser Hospital
DHS approved the engineer's report. With the completion of Philadelphia pipeline in July and the pump station at Regional Plant No. 1 in September, Kaiser will start to use recycled water.
- Murai Farm
The farmer is interested in using recycled water and has a booster pump to increase the pressure for sprinkler irrigation. The engineer's report will be prepared by one of the four consultants hired for recycled water customer development.
- Mission Linen
In the process of developing retrofit concept to maximize the use of recycled water in the facility.
- Cotton Wood Dairy
Submitted the engineer's report to DHS.
- Bakken Property
IEUA issued a permit to connect to Wineville regional recycled water pipeline.
- Fruit Growers Supply
The same lateral for Bakken Property will be used to irrigate the landscape.

Potential Customers in 2005

- City of Chino
CIM (CalPoly & Laundry facility), OLS Energy, College Park (2,500 homes, 2 schools, extension of Ayala Park over 435 acre), and Paradise Textile.
- City of Chino Hills
Vellano Golf Course
- City of Ontario
Ontario Mills, California Commerce Center, Carlisle Tire & Wheel, Cintas, Crothall Laundry, Danco Metal Surfacing, and Agricultural customers
- City of Rancho Cucamonga
Metal Coaters of California, Inc.

Recycled Water Sales



Delivery Period	FY 2003-04	FY 2004-05
July	537	658
Year to Date	2,248	2,742
FY Total	537	658
Budget		8,290

Operation & Planning

- TP-1 Outfall line and RP-4 Outfall line were shutdown on August 4th and August 6th respectively for a period of 24 hours and 8 hours for the construction of RP-1 pump station.
- IEUA plans to construct 11 recycled water hydrants along the existing recycled water system to deliver recycled water for constructions.



3 MG Recycled Water Reservoir in Chino Hills

Customer Development

■ Agricultural customers along the TP-1 Outfall line

Once the RP-1 chlorine contact basin is completed, many agricultural customers and other outfall customers could be served as early as early summer 2004. Prepared priority list of customers and working with Ontario staff to market recycled water.

■ Focused Customer Marketing

Large customers with annual usage over 100 AFY will be targeted. Other smaller customers will be added along the way. IEUA staff is working closely with the retail agencies to develop and update the customer list and to coordinate marketing effort. IEUA's recycled water marketing database was distributed to the Cities of Chino, Chino Hills, Ontario, and Cucamonga Water District to aid with the customer and recycled water use tracking.

■ Targeted Major Customers in 2004

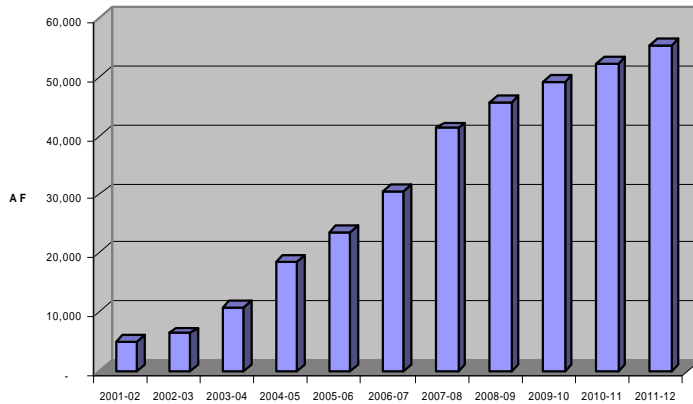
1. Empire Lakes Golf Course (CVWD)	800 AFY
2. Additional Farms on Outfall (Ontario & Chino)	5,000 AFY
3. Ontario Center Owners Association (Ontario)	260 AFY
4. California Co-generation (Chino)	250 AFY
5. Vellano Golf Course (Chino Hills)	500 AFY
6. CIM (Farming Operation & Laundry Facility—Chino)	1,500 AFY
7. Paradise Textile (Chino)	600 AFY
8. Mission Linen (Chino)	500 AFY



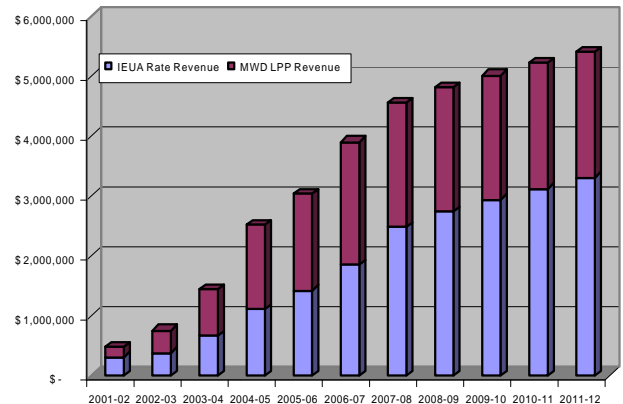
New Kaiser Hospital in Ontario

Projected Sales & Revenue

Projected Recycled Water Sales



Projected Recycled Water Revenue



Regulatory/Permits

- CEQA—PEIR Certified June, 2002
- CBWM Article X—Approved May, 2002
- SARWQCB Basin Plan—Approved January, 2004
- DHS Title 22 Report (Recharge) June, 2004
- SARWQCB Discharge Permit Summer, 2004



Rincon Park in Chino Hills