

**BY-LAWS OF THE
CALIFORNA DOMESTIC WATER COMPANY**

**ARTICLE I
MEETING OF STOCKHOLDERS**

Section 1. Annual Meeting of Stockholders. (amended March 11, 1983 – Minutes p. 2299) The annual meeting of the stockholders of this corporation for the election of directors to serve for the ensuing year and for the transaction of such other business as may properly come before the same, shall be held at the hour of 9:30 o'clock a.m. on the third Friday in November, at the principal executive office of the corporation presently located at 15505 East Whittier Boulevard, Whittier, California or at such other place at which said principal executive office may be located from time to time.

If the annual meeting of shareholders shall not be held on the date above specified, it shall be held at the hour of 9:30 o'clock a.m. on any day specified in advance by the board of directors, from the third Friday in October to the third Friday in December, inclusive.

Section 2. (amended March 10, 1978 – minutes p. 2088) Written notice of each nomination for director of this corporation to be made at any annual meeting of the stockholders must be received at the principal executive office of this corporation by the Assistant Secretary of the corporation or the designee of such officer or any other executive officer of the corporation not less than 24 hours prior to the stated time for such annual meeting. No person whose nomination for the director of this corporation has not been the subject of prior written notice so delivered shall be qualified for nomination or election as a director of this corporation at any given annual meeting.

**ARTICLE II
MEETING OF DIRECTORS**

Section 1. Regular Meetings. (amended May 17, 1997 – minutes p. 2716) The regular meeting of the Board of Directors shall be held on the third Friday of the second month of each quarter (the third Friday of August, November, February and May).

Section 2. Special Meetings. Special meetings of the board of Directors may be called at any time or place by order of the president or any two directors. Notice of special meeting shall be mailed to each director at his address appearing upon the books of the company, at least one day before such special meeting.

Section 3. Directors acting without a meeting. (amended May 17, 1997 – minutes p. 2716) Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, and with the same force and effect as unanimous vote of directors, if all members of the Board consent in writing to such action.

Section 4. Quorum. (amended May 17, 1997 – minutes p. 2716). A majority of the number of directors as fixed by the articles or by-laws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum, when dully assembled, is valid as a corporate act; provided that a minority of the directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

ARTICLE III DIRECTORS

Section 1. Number of Directors. (amended October 17, 2011 – minutes p. 3219) The number of directors of this corporation shall be not less than five (5) nor more than eight (8), with the exact number of directors to be fixed, within said limits, by written resolution adopted by the affirmative vote of a majority of the entire board of directors at any duly constituted meeting of the board of directors, or by the affirmative vote of a majority of all of the stockholders of this corporation at any duly constituted meeting of the stockholders.

Section 2. Qualifications, Election and Tenure of Office (amended October 17, 2011 – minutes p. 3219) Any person eighteen (18) years or older may serve as a director of the corporation; provided, however, that to ensure that the overall best interests of the corporation, rather than the best interests of any single shareholders, are served, no director shall be a current or former elected official of any shareholder of the corporation that is a city, county, special district or any other type of public agency. The directors shall be elected by ballot at applicable annual meetings of the shareholders, to serve for a term of two years. Terms shall be staggered as determined by the Board of Directors so that: (a) for an odd number of directors, either three (in the case of five total directors) or four (in the case of seven total directors) are elected in every even numbered year, and either two (in the case of five total directors) or three (in the case of seven total directors) are elected in every odd numbered year; and (b) for an even number of directors, either three (in the case of six total directors) or four (in the case of eight total directors) are elected in every even numbered year, and the other three (in the case of six total directors) or four (in the case of eight total directors) are elected in every odd numbered year. Commencing with the 2014 annual shareholders' meeting, directors shall serve terms of four (4) years, except for three directors' positions, which shall be determined by lot to serve terms of only two (2) years and which three positions' terms shall therefore end in conjunction with the 2016 annual shareholders' meeting. Upon completion of the 2014 annual shareholders'

meeting, the corporation shall notify all shareholders of the directors then serving and shall identify which directors are serving two (2) year terms and which directors are serving four (4) year terms. After the 2014 annual shareholders' meeting, directors shall be elected every two (2) years in staggered terms at the applicable annual meeting of the shareholders, such that those three directors' positions determined at the 2014 annual shareholders' meeting to serve two (2) year terms shall be elected at the 2016 annual shareholders' meeting to four (4) year terms, to expire in conjunction with the 2020 annual shareholders' meeting, and those four directors' positions determined at the 2014 annual shareholders' meeting to serve four (4) year terms shall be elected at the 2018 annual shareholders' meeting to serve four (4) year terms, to expire in conjunction with the 2022 annual shareholders' meeting, and so on for future annual shareholders' meetings. If any such annual meeting where directors would otherwise be elected is not held or if the directors are not elected at a particular that meeting, the directors may be elected at a special meeting of shareholders held for that purpose. Each director, including a director appointed or elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. Voting for directors at shareholders' meetings need not be by ballot unless some shareholder present demands this method before the voting has begun.

ARTICLE IV OFFICERS AND THEIR DUTIES

Section 1. Officers. (amended July 17, 1987 – minutes p. 2447) The officers of the corporation shall be a Chairman, one or more Vice Chairmen, a President, a Secretary and a Chief Financial Officer. The corporation may also have, at the discretion of the board of directors, one or more Vice Presidents, one or more Assistant Chief Financial Officers, and such other Officers as may be appointed in accordance with provisions of Section 3 of this Article IV. Any number of offices may be held by the same person, except those of President and Secretary.

Section 2. Election. The Officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or a successor shall be elected and qualified.

Section 3. Subordinate Officers, Etc. The Board of Directors may appoint such other Officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation of Officers. Subject to the rights, if any, of an officer under contract of employment, any Officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board of Directors, or, except in case of any Officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any Officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of and, unless otherwise specified in that notice, the acceptance of the resignation is without prejudice to the rights, if any, of the corporation under any contract to which the Officer is a party.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointment to the office.

Section 6. Chairman. The Chairman shall be the Chief Executive Officer of the corporation and shall preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors or prescribed by the By-Laws.

Section 7. Vice Chairman. The Vice Chairman shall assume the Chairman's duties in the absence of that officer and shall perform such other duties as may be assigned by the Board of Directors from time to time. The Board of Directors may select one or more Vice Chairmen and may designate the order of rank.

Section 8. President. The President shall be the Chief Operating Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision and direction of the business and officers of the corporation, have the general powers and duties of management usually vested in the office of President of a corporation and such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 9. Vice President. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

Section 10. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of the Directors and shareholders, with the time and place of holding, whether regular or special and if special, how authorized, the notice thereof given, the names of those present at Director's meeting, and the number

of shares present or represented at shareholders' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent, a share register, or duplicate share register, showing the names of the shareholders and their addresses; the number and classes of shares held by each; the number and date of certificates issued for the same; and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the shareholders and of the Board of Directors required by the By-Laws or by law to be given. He or she shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 11. Chief Financial Officer. The chief Financial Officer shall keep and maintain, or cause to be kept and maintained in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus) and shares. The books of account shall at all reasonable times be open to inspection by any Director.

This Officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

ARTICLE V SEAL

The seal of the corporation shall have on its margin in a circle the words "California Domestic Water Company, Los Angeles, California", and within the circle the words, "Incorporated October 9th, 1902".

ARTICLE VI VOTE

At all corporate meetings each stockholder, either in person or by proxy, shall be entitled to as many votes as he owns shares of stock. All proxies shall be in writing and filed with the secretary.

ARTICLE VII STOCK

Section 1. (amended November 21, 1986) Each share of stock shall be entitled to receive annually from July 1 through June 30 a prorata portion (based on the issued and outstanding stock of the Company) of water measured by the Company's non-cumulative Annual Pumping Right as set by the Main San Gabriel Basin Watermaster plus any non-cumulative additional pumping rights as may be available to the Company from time to time plus any non-cumulative annual bonus entitlement declared by the Board of Directors in any fiscal year.

Section 2. (amended November 21, 1986) Each stockholder shall be entitled to receive the amount of water represented by the stock owned by such stockholder under and subject to such rules and regulations as may be fixed and determined by the Board of Directors of the corporation. If a share of stock receives more than the prorata share of the water to which such share is entitled in any fiscal year, then an Excess Water Penalty shall be levied on such share in such amount as may be fixed and determined by the Board of Directors.

Section 3. (amended January 30, 1956) The cost of maintenance of the system owned by the corporation and the cost of distribution of water among its stockholders shall be met by the levy of assessments upon the stock of the corporation, and/or by charges for water and water service established by rules and regulations fixed and determined from time to time by the Board of Directors of the corporation.

Section 4. (amended November 21, 1986) Each certificate of stock shall be of such form and device as the Board of Directors may determine; each certificate shall be signed by the Chairman, the Vice-Chairman or the President, countersigned by the secretary and sealed with the seal of the company, and shall express upon its face, its number, the date of its issue, the name of the person(s) to whom issued, and that the stock represented thereby is entitled to a prorata share of the water available to the Company as defined in the By-Laws.

Section 5. The shares may be transferred by the endorsement of the signature of the owner or by his attorney in fact and by delivery of the certificate to the secretary, and such transfer is not valid until the same is so entered upon the books of the company as to show the names of the parties by and to whom transferred, the number of shares and the date of transfer.

Section 6. (amended December 15, 1963) Shares presented to the corporation for registration shall bear only the name or names of the registered owners, or if more than one owner, of their legal relationship, deemed necessary by the Secretary to reflect adequately such description or relationship. No shares shall be issued or accepted for transfer by the corporation indicating the existence of a hypothecation or other encumbrance thereon. This By-Law shall be effective on and after December 15, 1963. Any registration or share certificate contrary to the effective date hereof shall, upon presentation of the certificate, be re-registered and new share certificate issued in accordance with the provisions of this By-Law, provided that the Secretary is satisfied that the corporation would not thereby violate the legal rights of any interested person.

ARTICLE IX
(adopted May 16, 1986)

INDEMNIFICATION OF DIRECTORS, OFFICERS,
EMPLOYEES AND AGENTS

Section 1. For the purposes of this Article IX, Directors, Officers, employees and agents means any person who is or was a director, officer, employee or other agent of this corporation or is or was serving at the request of this corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of such predecessor corporation.

Section 2. For the purposes of this Article IX, a "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative.

Section 3. For the purposes of this Article IX, "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under this Article IX.

Section 4. This corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor) by reason of the fact that such person is or was a director or officer of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such director or officer acted in good faith and in a manner such director or officer reasonably believed to be in the best interest of the corporation and, in the case of a criminal proceeding, has no reasonable cause to believe the conduct of such director or officer was unlawful. The termination of any proceeding by judgment, order, settlement,

conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the director or officer did not act in good faith and in a manner which the director or officer reasonably believed to be in the best interests of this corporation or that the director or officer had reasonable cause to believe that his or her conduct was unlawful.

Section 5. This corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such director or officer is or was a director or officer of this corporation, against expenses actually and reasonable incurred by such director or officer in connection with the defense or settlement of such action if such director or officer acted in good faith, in a manner such director or officer believed to be in the best interests of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. However, no indemnification shall be made under this section 5:

- A. In respect of any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to the corporation in the performance of such director's or officer's duty to the corporation, unless and only to the extent that the corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such director or officer is fairly and reasonable entitled to indemnity for the expenses which such court shall determine;
- B. Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- C. Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

Section 6. To the extent that a director or officer of this corporation has been successful on the merits in defense of any proceeding referred to in Sections 4 and 5 above or in defense of any claim, issue or matter therein, the director or officer shall be indemnified against expenses actually and reasonably incurred by such director or officer in connection therewith.

Section 7. Any indemnification under the preceding Section 5 shall be made by this corporation only if authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because the director or officer has met the applicable standard of conduct set forth in Section 5 above by:

- A. A majority vote of a quorum consisting of directors who are not parties to such proceedings;

- B. Approval of the shareholders with the shares owned by the director or officer to be indemnified not being entitled to vote thereon; or
- C. The court in which such proceeding is or was pending upon application made by this corporation or the director or officer or the attorney or other person rendering services in connection with the defense, whether or not such application by the director or officer, attorney or other person is opposed by this corporation.

Section 8. Expenses incurred in defending any proceeding described in Section 4 above shall be advanced by this corporation. Expenses incurred in defending any proceeding described in Section 5 above shall be advanced prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall be determined ultimately that the director or officer is entitled to be indemnified as authorized in this Article.

Section 9. This corporation shall have the power upon affirmative vote of the majority of the directors thereof to provide for indemnification of employees or agents of this corporation other than directors or officers to any extent deemed desirable by the Board of Directors either by contract or by Board action taken from time to time. Indemnification under such circumstances may but need not be curtailed by any of the qualifications contained in this Article with respect to indemnification of directors and officers.

Section 10. Any provision for indemnification for directors, officers, employees or agents as permitted or required herein shall be void if and to the extent inconsistent with any condition expressly imposed by a court in approving any settlement.

Section 11. This corporation shall have the power to purchase and maintain insurance on behalf of any director, officer, employee or agent of the corporation against any liability asserted against or incurred by such director, officer, employee or agent in such capacity or arising out of such person's status as such whether or not this corporation would have the power to indemnify the director, officer, employee or agent against such liability under the provisions of this Article.

Section 12. None of the preceding Sections shall apply to any proceeding against any trustee, investment manager, or other fiduciary of any employee benefit plan sponsored by this corporation in such person's capacity as such even though such person may also be a director, officer, employee or agent of this corporation. This corporation shall, however, indemnify the directors, officers and employees of this corporation or any of its subsidiary affiliated corporations acting as a fiduciary of any such employee benefit plan and further, this corporation shall have the power to purchase and maintain insurance on behalf of any such fiduciary.

Section 13. The provisions of this Article shall be both prospective and retroactive except that in the event of any retroactivity, this corporation shall have the power to assert the defense of any applicable period of limitations.

ARTICLE X
AMENDMENTS

These articles may be altered or amended as follows:

1. At the annual meeting of the stockholders, or at any other meeting of the stockholders called for that purpose by the directors by a vote representing two-thirds of the subscribed stock.
2. By the written consent of the holders of two-thirds of the subscribed stock.
3. By the board of directors at any meeting at which all members of the board are present.
4. (amended November 21, 1986) By written consent of all of the Directors.

KNOW ALL MEN BY THESE PRESENT:

That we, the undersigned, being holders and owners of all of the subscribed capital stock of the California Domestic Water Company hereby assent to the foregoing by-laws and adopt the same as the by-laws of this corporation.

IN WITNESS WHEREOF we have hereunto subscribed our names this 14th day of October, 1902.

D. C. Burrey, Paul H. McPherrin, Signed F. M. Porter, J. F. Goodenow

THE UNDERSIGNED, The Board of Directors of the California Domestic Water company hereby certify that the foregoing by-laws were duly adopted at a meeting of the stockholders of said corporation held upon the 14th day of October, 1902, and that said by-laws were ratified, approved and affirmed by said board of directors at a meeting of said board held upon the same date.

IN WITNESS WHEREOF we have hereunto set our hands this 14th day of October, 1902.

D.C. Burrey, Paul H. McPherrin, Signed F.M. Porter, J.F. Goodenow

Secretary