

EXHIBIT 4-A



PEBBLE BEACH  
COMPANY

RECEIVED

SEP 07 2007

MPWMD

June 6, 2007

Independent Reclaimed Water Users Group  
c/o Mr. Michael Bowhay  
General Manager  
Monterey Peninsula Country Club  
3000 Club Road  
Pebble Beach, CA 93953

Re: Agreement with respect to California PUC Decision 06-12-040, dated December 14, 2006, re Cal-Am Special Request Surcharges 1 and 2 ("Surcharges 1 and 2")

Dear Mike:

Our Board of Directors has met and seriously considered your proposal of May 7, 2007. In the spirit of cooperation and continuing our longstanding amiable relationship, we offer the following proposal to resolve this matter:

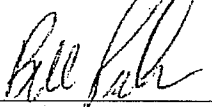
1. Those courses within the Del Monte Forest that use reclaimed water for irrigation purposes will be required to pay 33% of Surcharges 1 and 2 as part of the price of reclaimed water until the earlier to occur of (a) such time as Cal-Am's Coastal Water Project is completed and operational, and Surcharges 1 and 2 are no longer in effect, or (b) until December 31, 2017.
2. IRWUG agrees that once the Coastal Water Project is completed and operational, and Surcharges 1 and 2 are folded into the base rate for potable water, IRWUG will pay such base rate as part of the price of reclaimed water without contesting or objecting.
3. IRWUG reserves its right to contest any other surcharges that arise for design, development, construction, or operation of the Coastal Water Project or any other project proposed and approved.
4. The parties will work together with the Monterey Peninsula Water Management District to prepare any amendments or other documentation necessary to implement the terms of this agreement under the Recycled Water Sales Agreements each of the parties has entered into with the District.

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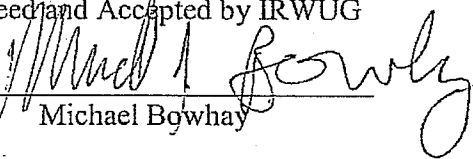
If IRWUG is in agreement with this proposal, please sign and return to me the enclosed duplicate original of this letter.

Sincerely,

Pebble Beach Company

By:   
William L. Perocchi, CEO

Agreed and Accepted by IRWUG

By:   
Michael Bowhay