

including, but not limited to any extension of time, renewal, waiver or other modification. Any failure of the holder to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time thereafter. Holder or any holder may accept late payments, or partial payments, even though marked "payment in full" or containing words of similar import or other conditions, without waiving any of its rights. This Note may only be changed, modified or terminated or have any of its provisions waived by an agreement in writing signed by the parties hereto and, until the Discharge of Senior Obligations, the Collateral Agent with respect to Sections 3, 4 and 5, the third paragraph of Section 2, and this sentence. Each of Issuer and Holder acknowledges and agrees that Sections 3 and 4 hereunder shall be amended to satisfy the requirements of Section 7.03(e) of the Credit Agreement and Section 10.5(b)(iv) of the Note Purchase Agreement.

This Note shall be governed by and construed in accordance with the laws of the State of New York. If any provision of this Note is held to be illegal or unenforceable for any reason whatsoever, such illegality or unenforceability shall not affect the validity of any other provision hereof. This Note shall bind Issuer and its successors and assigns.

**ISSUER AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE MAY BE INITIATED AND PROSECUTED IN THE STATE OR FEDERAL COURTS, AS THE CASE MAY BE, LOCATED IN NEW YORK COUNTY, NEW YORK AND ANY ARBITRATION PROCEEDING PURSUANT HERETO SHALL BE CONDUCTED IN NEW YORK, NEW YORK. ISSUER CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY SUCH COURT HAVING JURISDICTION OVER THE SUBJECT MATTER.**

**IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE, HOLDER AND ISSUER WAIVE TRIAL BY JURY.**

Holder is authorized to fill in any blank spaces and to otherwise complete this Note and correct any patent errors herein.

*[signature pages follow]*

IN WITNESS WHEREOF, the undersigned has caused this Note to be duly executed.

**ISSUER:**

**NEW MEXICO UTILITIES, INC.,** a New Mexico corporation

By: 

Name: Daniel E. Corredor

Title: Chief Financial Officer

[Signature Page to Intercompany Promissory Note]

Acknowledged:

**HOLDER:**

**SOUTHWEST WATER COMPANY, a  
Delaware corporation**

By: 

Name: Daniel B. Corredor  
Title: Chief Financial Officer

[Signature Page to Intercompany Promissory Note]

**PUC DOCKET NO. 45570**  
**MONARCH UTILITIES I, LP.**  
**TO CHANGE RATES FOR**  
**WATER AND SEWER SERVICE**

May 12, 2016

May 12, 2016

**MONARCH'S RESPONSES TO**  
**TAMER'S 1ST RFIS**