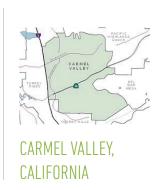


25%

TOTAL AVERAGE COST SAVINGS OVER TWO YEARS







NORTH COUNTY SAN DIEGO:

Decreasing Outdoor Irrigation by 32% with Conversion to Smart Irrigation

October 2014—The ETwater system was implemented in April 2014 at six locations and meters for managing the outdoor irrigation throughout a suburban-planned coastal community in the north-western corner of San Diego. The table of ETwater results for the six-months ending in September 2014 compared year-over-year to the same period 2013 shows noteworthy parallel decrease in both water use and financial expense. ETwater technology was able to accelerate this North County irrigation conversion to achieve almost double the state-wide mandate of 20% reduction in water use called for by the Governor at the beginning of the year. It also exceeded the previous 14 % water savings from the last time San Diego had mandatory water restrictions during the state's drought from 2009 to 2011.

The mandatory water restrictions under consideration in San Diego are already established and automated operating functions within the ETwater cloud-based irrigation system, including: watering schedules of three days a week with a maximum of seven minutes watering per station during the cooler weather months; weather-based timed control of sprinklers; restricting of watering during the day; and, rain forecasting that suspends irrigation if rain predicted. It was automated functionality integral to expediting this successful conversion of irrigation in North County.

HISTORIC CA EXTREME
DROUGHT AND PENDING
MANDATORY WATER-USE
RESTRICTIONS



| | Volume of Water (Gals/Mo) | Dollars / HCF | Costs |
|--------------------|---------------------------|---------------|-------------|
| 2013 (Pre ETwater) | 7,048.40 | \$4.31 | \$30,378.59 |
| 2014 | 5,343.89 | \$4.62 | \$24,688.77 |
| 2015 | 5,294.12 | \$4.97 | \$26,311.76 |

*Total cost savings adjusted based on 2015 pricing tier

More than one-half of the water used by San Diego County's population is for landscape irrigation. The urban landscape is an important part of design and fabric of the community. But as California struggles with a protracted drought, the worst in decades with 3-drier than average years so far, the lack of sustainability planning that permits excessive outdoor watering is no longer practical or affordable. In January 2014, Governor Brown declared a drought state of emergency and issued a "Drought Alert" that mandated a state-wide reduction in water use by 20%. San Diego also relies on large imports of its potable water.

The City Council approved water rate increases of 7.25% in 2014 and a further 7.25% in 2015 to deal with annual cost hikes from San Diego's water suppliers. Unfortunately, neither voluntary restrictions nor the greater expense has stimulated the necessary adjustments in water use, with San Diego only conserving 4% of water as of September 2014, so the City Council is feeling compelled to authorize mandatory restrictions by year's end or else suffer the consequences.

CONSERVATION AND DROUGHT RESPONSE WITH ET WATER

ETwater is a recognized leader with over 14 years' experience in smart irrigation water management, and customers nationally ranging from municipalities, commercial facilities and campuses, to large residential communities. ETwater manufactured the first product to successfully complete the Irrigation Industry

Association's rigorous "Smart Water Application Technology" (SWAT) protocol testing. All ETwater products are Environmental Protection Agency (EPA) WaterSense® and Intertek certified, and the company has received recognition and awards for innovation from the Wall Street Journal, Red Herring and the U.S. Commerce Department.

OPTIMIZED IRRIGATION PLAN CAN PROVIDE INCREASED ANNUAL SAVINGS

The April to September 6-month measurement period in North County San Diego is the time of year in Southern California when there is little deviation in weekly ET (evapotranspiration) patterns. However, the following 6-month period, October-March, typically displays a higher volatility in the weather pattern. Under those fluctuating weather conditions ET water smart irrigation technology has demonstrated significant water and cost savings (provided there is not deficit irrigation) on a year-over-year comparison. ETwater is able to model the incremental annual savings using its publicly available Optimized Irrigation Plan tool (www.hydrorain.com/ etwater) which analyses the soil, plant, historical microclimate and other environmental information on than Diego region.





