

# ORIGINAL

Decision No. 4086

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
FRESNO CANAL AND LAND COMPANY for  
authority to sell and of FRESNO CANAL  
AND LAND CORPORATION for authority to  
purchase certain properties, and the  
Application of FRESNO CANAL AND LAND  
CORPORATION to issue its capital  
stock of the par value of \$1,000,000.00  
and its bonds in the face value of  
\$600,000.00

Application  
No. 2727.

Short and Sutherland, by W. A. Sutherland,  
for petitioners.

MEMBER, Commissioner.

O P I N I O N

This is an application of Fresno Canal and Land Com-  
pany (formerly Fresno Canal and Irrigation Company), for an  
order authorizing the transfer of its irrigation properties to  
Fresno Canal and Land Corporation in exchange for \$1,000,000.00  
par value of capital stock of the latter company, and of Fresno  
Canal and Land Corporation for an order authorizing the issue of  
said capital stock and of its bonds of the face value of  
\$600,000.00 to be secured by mortgage or deed of trust upon  
the property to be thus acquired by Fresno Canal and Land Cor-  
poration.

A public hearing herein was held in Fresno on January 19, 1917. The following exhibits have been filed subsequent to the hearing, have been given the exhibit numbers indicated and under stipulation by petitioners are part of the evidence herein:

- Petitioners' Exhibit No. 6--Proposed deed of trust or mortgage, Fresno Canal and Land Corporation to First Federal Trust Company.
- " " No. 7--Supplemental indenture--April 28, 1893--Fresno Canal and Irrigation Company to California Safe Deposit and Trust Company.
- " " No. 8--Mortgage, November 28, 1894, Fresno Canal and Irrigation Company to United Guardian Company, Limited.
- " " No. 9--Mortgage, April 14, 1896, Fresno Canal and Irrigation Company to L. A. Nares and Charles A. Laton.
- " " No. 10--Statement in re Laguna Lands, Limited.
- " " No. 11--Segregation of 20% overhead.
- " " No. 12--Agreement, Nov. 15, 1916, Laguna Lands and Blankenhorn-Hunter Company.
- " " No. 13--List of Free Water Rights.
- " " No. 14--Copy Minutes Board of Directors, Fresno Canal and Irrigation Company, March 22, 1889.
- " " No. 15--Contracts paying for water less than 62½ cents per acre.

Fresno Canal and Land Company is engaged in supplying water for irrigation purposes to consumers in Fresno and Kings counties. It secures water from the Kings River and serves approximately 200,000 acres. Its predecessor, Fresno Canal and Irrigation Company, was incorporated on February 16, 1871. By decree of the Superior Court of the County of Fresno, dated November 6, 1916, its name was changed to Fresno Canal and Land Company.

At the public hearing herein, Fresno Canal and Land Company, through its president, Mr. L. A. Nares, made public declaration that the company is a public utility, subject in all respects to supervision and regulation by the Railroad Commission. Fresno Canal and Land Corporation, the new corporation, will likewise be a public utility.

Fresno Canal and Land Company has outstanding \$1,250,000.00 par value of capital stock divided into 12,500 shares of the par value of \$100.00 per share. All of said stock with the exception of directors' qualifying shares, is owned by United Guardian Company, Limited, an English corporation.

A balance sheet of Fresno Canal and ~~Land~~ <sup>Irrigation</sup> Company, prepared by Price, Waterhouse and Company as of October 31, 1916, shows mortgage indebtedness as follows:

<u>Date</u>	<u>Mortgagee</u>	<u>Indebtedness Secured</u>
May 15, 1891	Cal. Safe Deposit & Trust Co.	\$1,000,000.00
Apr. 14, 1896	L. A. Nares and Chas. A. Laton	521,792.16
Nov. 28, 1894	United Guardian Co., Limited	52,069.99
Total - - - - -		\$1,573,862.15

The history of these mortgages is, in brief, as follows:

The mortgage to California Safe Deposit and Trust Company, dated May 15, 1891, was executed for the purpose of raising funds with which to purchase the Laguna de Tache grant of 64,000 acres. \$850,000.00 was secured from the sale of the bonds issued thereunder and was applied upon the total purchase price of approximately \$1,150,000.00. The bonds issued under this mortgage matured July 1, 1911. In 1913, First Federal Trust Company, successor to California Safe Deposit and Trust

Company, as trustee under this mortgage, brought suit for foreclosure. The matter has remained in abeyance, however, under an agreement with the bondholders to the effect that the payment of the bonds might be extended for an additional period. Practically all of the indebtedness under this mortgage is held by English investors.

The mortgage to Nares and Laton, dated April 14, 1896, was given to secure Manchester Trust Limited, of Manchester, England, United Trust, Limited, of Liverpool, England, and Liverpool Mortgage Insurance Company, Limited, of Liverpool, England, for moneys advanced to pay bond interest. These advances, at the date of the mortgage, amounted to \$80,000.00. The mortgage is drawn to cover advances up to \$400,000.00.

The mortgage dated November 28, 1894, to United Guardian Company, Limited, was given to secure United Guardian Company for moneys advanced for bond interest and other expenses.

Following is a balance sheet of Fresno Canal and Irrigation Company as of October 31, 1916, prepared by Price, Waterhouse and Company:

BALANCE SHEET

As of October 31, 1916.

A S S E T S

CAPITAL ASSETS:

Rights and franchises	\$ 384,832.33	
Canals and rights-of-way Gould Canal:	1,311,688.38	
Purchase of stock and construction etc.	145,859.56	
Fresno reservoir	3,939.41	
Tenders' houses	9,018.06	
Lands	12,300.00	
Office furniture and fixtures	2,933.90	<u>\$1,870,571.64</u>

INVESTMENTS:

Laguna Lands Limited:		
26,632 shares of capital stock 1 pd. each at \$4.87	129,698.82	
Mortgage debentures	152,332.50	
Current account	42,293.90	<u>324,325.22</u>

CURRENT ASSETS:

Notes receivable	9,461.65	
Accounts "           \$103,115.82		
Less doubtful accts. <u>16,361.75</u>	86,754.07	
Cash in bank	5,723.96	<u>101,939.68</u>

DEFERRED CHARGES:

October, 1915, operating expenses	5,528.62	
Prepaid taxes	2,308.66	<u>7,837.28</u>
		<u>\$2,304,673.82</u>

L I A B I L I T I E S

CAPITAL STOCK:

12,500 shares of \$100.00 each	\$1,250,000.00
--------------------------------	----------------

FUNDED DEBT:

First mortgage 5% bonds	1,000,000.00
-------------------------	--------------

MORTGAGES:

United Guardian Company, Ltd., 6 1/2%	52,069.99	
Nares and Laton, Trustees, 5%	521,792.16	<u>573,862.15</u>

ACCOUNTS AND TAXES PAYABLE

4,443.87

DEFICIT:

Per balance sheet, Sept. 30, 1916	521,538.46	
Add: Subsequent expenditures applicable thereto	2,093.74	<u>523,632.20</u>
		<u>\$2,304,673.82</u>

Following is a comparative earnings statement of Fresno Canal and Irrigation Company, prepared by Price, Waterhouse and Company, for the five years ending September 30, 1916:

FRESNO CANAL AND IRRIGATION COMPANY,  
COMPARATIVE PROFIT AND LOSS ACCOUNTS,  
Five Years ending September 30, 1916.

	1912	1913	1914	1915	1916
<u>INCOME:</u>					
Water rents	\$118,973.74	\$121,280.67	\$125,658.27	\$124,349.34	\$125,933.27
Land revenue	<u>112.00</u>	<u>          </u>	<u>100.00</u>	<u>          </u>	<u>          </u>
	119,085.74	121,280.67	123,758.27	124,349.34	125,933.27
<u>EXPENSES:</u>					
Maintenance	32,894.45	34,242.91	41,339.18	45,108.55	46,914.60
Legal expense	4,486.70	5,712.37	4,781.17	9,607.44	6,214.20
General expense	4,975.96	9,057.14	2,611.33	6,664.01	8,563.14
Taxes	6,191.64	6,935.56	6,301.35	6,547.76	6,695.76
Office expense	1,482.00	1,788.35	2,521.91	2,512.82	1,997.93
Laguna maintenance	5,095.80	8,600.12	7,124.23	5,012.79	5,162.32
Rebates	363.50	383.55	318.75	265.60	
Rent Gould Canal	1,500.00	1,500.00	1,500.00	1,500.00	
Exchange	<u>448.60</u>	<u>400.02</u>	<u>190.85</u>	<u>46.74*</u>	<u>369.48*</u>
	<u>57,458.63</u>	<u>68,620.00</u>	<u>66,488.77</u>	<u>75,172.23</u>	<u>76,677.47</u>
 NET OPERATING REVENUE AVAIL- ABLE FOR INTER- EST, etc.	 \$61,647.11	 \$52,660.67	 \$57,269.50	 \$49,177.11	 \$49,255.80

\*Deficit.

Fresno Canal and Land Corporation was incorporated on January 5, 1917, with a total authorized capital stock of the par value of \$1,000,000.00, divided into 10,000 shares of the par value of \$100.00 per share. The entire authorized capital stock is to be issued by Fresno Canal and Land Corporation in exchange for the properties to be conveyed to it by Fresno Canal and Land Company. Fresno Canal and Land Corporation proposes to mortgage its properties and to issue \$600,000.00 face value of bonds, this indebtedness to be substituted for the present total mortgage indebtedness of \$1,573,862.15. The balance of the indebtedness, it is represented by petitioners, will be paid off by the stockholders of Fresno Canal and Land Company. Petitioners report having made an arrangement for the sale of these bonds at 90 per cent of their face value and accrued interest.

Fresno Canal and Land Corporation has submitted as Petitioners' Exhibit No. 6, a copy of its proposed mortgage or deed of trust, dated February 1, 1917. This deed of trust mortgages all property now owned or hereafter acquired to First Federal Trust Company of San Francisco, trustee, as security for a total authorized issue of \$1,000,000.00 face value of First Mortgage Gold Bonds, said bonds to be payable February 1, 1927, to bear interest at 5 per cent per annum and to be callable upon sixty days' notice at 102 per cent of their face value plus accrued interest. Bonds are to be issued in denominations of \$500.00 and \$1,000.00. \$600,000.00 face value of these bonds are to be issued as and when \$1,000,000.00 face value of 5 per cent bonds of Fresno Canal and Irrigation Company, dated May 15, 1891, are delivered to the trustee, or its order, for cancellation. \$400,000.00 face value of these bonds are to be issued from time to time provided the company's net income

during the twelve months next preceding shall be at least 1-3/4 times the interest on all bonds outstanding and applied for and provided further that the amount of bonds outstanding and those proposed to be issued shall not exceed 60 per cent of the appraised value of the company's properties, as found by the Railroad Commission of the State of California at or within one year prior to the date when said additional bonds are issued.

A sinking fund for the redemption of bonds is provided for as follows:

February 1, 1918 to February 1, 1922, inclusive,  
\$12,000.00 per annum.

February 1, 1923, and each year thereafter, all net revenues for twelve months preceding, over and above the amount necessary to pay bond interest, up to \$50,000.00, said payment in no case to be less than \$20,000.00 per annum.

In event of default, as the same is defined in the indenture, 25 per cent in interest of the outstanding bonds may require the trustee to declare the principal of the bonds due. The holders of 25 per cent in interest of the outstanding bonds may further require the trustee to take all needful steps for the protection of the bondholders, and to exercise the right of entry or sale, or to take judicial proceedings as the trustee shall deem most expedient.

At the public hearing herein, petitioners presented as Petitioners' Exhibit No. 1, a valuation of the properties of Fresno Canal and Land Company not including any interest in the Laguna de Tache lands, prepared by I. Teilman, Chief Engineer of said Company. This valuation purports to show a total reproduction cost new as of March 1, 1916 of \$4,806,382.78, of which amount \$3,000,000.00 represents the value assigned by petitioners to water rights. Petitioners expressly stated at the hearing that no claim is made herein for the value of water rights.

The testimony shows that the first water rights were acquired

by Fresno Canal and Irrigation Company in the early '70's by buying two small canals known as the Sween and Centerville ditches, each of which carried approximately 50 cubic feet of water per second. These canals were paid for in water rights giving free water to the lands which these ditches were then irrigating or could irrigate.

Sometime thereafter, Fresno Canal and Irrigation Company filed notices of appropriation upon an amount of water somewhat in excess of 1000 cubic feet of additional water of the Kings River. This appropriation gave rise to a number of law suits with the then owners of the Laguna de Tache Grant and in the early '80's a permanent injunction was secured by said owners restricting the Fresno Canal and Irrigation Company to the 100 cubic feet of water per second carried by the Sween and Centerville ditches.

In order to secure additional water it became necessary for Fresno Canal and Irrigation Company to purchase the Laguna de Tache Grant of 64,000 acres, in 1894. The total purchase price amounted to approximately \$1,150,000.00, of which sum \$850,600.00 was paid by Fresno Canal and Irrigation Company from the proceeds of the sale of \$1,000,000.00 face value of its first mortgage bonds. The balance of the purchase price, which with commissions amounted to approximately \$322,000.00, was covered by a mortgage known as the Clarke mortgage.

In the year 1899, Fresno Canal and Irrigation Company began selling the lands of the Laguna de Tache Grant. In all, about 5209.59 acres were sold in this manner for a consideration of \$199,703.95. Of this amount, \$131,881.90 was paid on account of mortgage taxes, interest and principal on the Clarke mortgage. The company found difficulty in selling these lands, because of the mortgage resting upon the property, and accordingly made an arrangement for the formation of a corporation to be known as Laguna Lands, Limited, which corporation, it was proposed, should purchase the lands free from the lien of the mortgage.

In the meantime, United Guardian Company, Limited, had secured an interest in the Laguna Lands by reason of ad-

vances made for payment of bond interest. The sale of the Laguna Lands to Laguna Lands, Limited, was made by Fresno Canal and Irrigation Company and United Guardian Company, under an agreement dated December 18, 1912, under which Laguna Lands, Limited, paid for the property in capital stock of the par value of \$250,000.00 and debentures of the face value of \$1,000,000.00 issued approximately as follows:

To Fresno Canal and Irrigation Company.....	\$1,080,831.00
To United Guardian Company, Limited.....	169,169.00
	<u>\$ 1,250,000.00</u>

At the present time, Fresno Canal and Land Company's

interest in Laguna Lands, Limited, is as follows:

26,632 shares of stock (at \$4.87 each).....	\$ 129,698.82
Mortgage debentures.....	152,332.50
Current accounts .....	<u>42,293.90</u>
	\$ 324,325.22

From the testimony herein, it appears that the cost to Fresno Canal and Land Company of its water rights is made up primarily of--

1. The amounts paid for the Sween and Centerville ditches.
2. The difference between the amount paid for the Laguna de Tache lands and the amount received from the sales thereof.
3. The sums expended in protecting said water rights through litigation.

The sum claimed by petitioners for rights of way, as shown in Petitioners' Exhibit No. 1, totals \$450,764.95. The testimony shows that in practically all cases these rights of way are owned merely as easements. Petitioners have appraised them, however, at the market value of adjoining lands.

I also wish to call attention to an item of \$291,920.97 which appears in Petitioners' valuation under the heading "Interest during construction, engineering contingencies, organization and legal expenses". At the hearing, Mr. Teilman explained that this figure was arrived at by taking a uniform percentage of 20 per cent and applying it to all the items of property, with the exception of a small amount of real estate. At the request of the Railroad Commission, petitioners have filed a segregation showing the manner in which the item of \$291,920.97 was arrived at. The explanation, as given by petitioners, is as follows:-

Interest during construction, assuming time to be 2 years and half of money to be available the first year only,	
9% on \$1,459,604.00 .....	\$131,364.00
Engineering and superintendence 8% ....	116,768.00
Organization and legal expenses 3% ....	<u>43,788.00</u>
	\$291,920.00

At the hearing, petitioners also presented as Petitioners' Exhibit No. 2 a valuation report, dated November 9, 1916, made by Louis C. Hill of Quinton, Code and Hill, Los Angeles, to the Blankenhorn-Hunter Company of Pasadena. This report purports to show a total value of the physical properties of Fresno Canal and Irrigation Company of \$1,458,901.65. As Mr. Hill was not present at the hearing, the Railroad Commission had no opportunity to examine into the manner in which this report was prepared. The Commission is, therefore, unable to state what weight should be attached to the figures arrived at by Mr. Hill.

The corporate life of Fresno Canal and Irrigation Company, as provided by its original articles of incorporation, will expire in February, 1921. It was originally intended to take care of the refinancing of these properties through an issue of bonds

by Fresno Canal and Land Company. An application was made to the Railroad Commission for the necessary authority (Application 2636). Thereafter Fresno Canal and Land Company decided that, in view of the provisions of Section 7 of Article 12 of the Constitution of California, providing in part that the franchise or charter of any quasi-public corporation shall not be extended, it would be necessary to convey its property to a new corporation. Fresno Canal and Land Corporation was accordingly incorporated for this purpose. The present application was thereafter filed with the Commission and Application No. 2636 was dismissed at the request of petitioner. (Decision 4038).

As pointed out in Decision No. 3320, made on May 10, 1916, in the application of San Jose Water Company for an order authorizing the conveyance of its property to San Jose Water Works, (Application No. 2176), the State of California has wisely reserved to itself the power to review at stated periods, the relationship between each public utility corporation and the public and to impose such conditions on the transfer of a public utility corporation's properties and franchises as the accumulated experience of years might show to be wise and necessary. In the present proceeding, I am of the opinion that the convenience of the public will be served by allowing Fresno Canal and Land Company to convey its property to Fresno Canal and Land Corporation and by allowing the latter Company to issue securities as applied for, subject to the conditions specified in the order herein.

Fresno Canal and Land Company claims that it owns no franchises apart from its franchise to be a corporation. Fresno Canal and Land Corporation should enter into a stipulation agreeing to undertake all <sup>liabilities and</sup> ~~obligations~~ now resting upon Fresno Canal and Land Company. The filing of such stipulation will be made a condition precedent to the transfer of any properties in this proceeding.

The net result of the granting of this application, in so far as the amount of outstanding securities is concerned, will be to reduce the amount of capital stock outstanding from \$1,250,000.00 to \$1,000,000.00, par value, and the mortgage indebtedness from \$1,573,862.15 to \$600,000.00.

After a consideration of the evidence presented by petitioners, I submit the following form of Order:

O R D E R.

FRESNO CANAL AND LAND COMPANY and FRESNO CANAL AND LAND CORPORATION having applied to the Railroad Commission for an order authorizing Fresno Canal and Land Company to convey its property to Fresno Canal and Land Corporation for the consideration specified in the opinion which precedes this order, and for an order authorizing Fresno Canal and Land Corporation to issue 10,000 shares of its capital stock, at par, in payment for said property and to issue \$600,000.00 face value of its bonds at 90 per cent of their face value and accrued interest to be used in retiring pro tanto the first mortgage bonds of Fresno Canal and Land Company, and a public hearing having been held on said application and the Railroad Commission finding that the purposes for which the proceeds of the stock and bonds to be issued by Fresno Canal and Land Corporation will be used are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Fresno Canal and Land Company is hereby authorized to convey to Fresno Canal and Land Corporation, in consideration for the issue by Fresno Canal and Land Corporation to Fresno Canal and Land Company of the capital stock of Fresno Canal and Land

Corporation of the par value of \$1,000,000.00, the entire property of Fresno Canal and Land Company except its right to be a corporation and its interest in the capital stock and mortgage debentures of Laguna Lands Limited, the real property to be conveyed <sup>being</sup> /described in Exhibit A which is attached to this order and made a part hereof.

2. Fresno Canal and Land Corporation is hereby authorized to issue to Fresno Canal and Land Company 10,000 shares of its capital stock of the par value of \$100.00 per share in payment for the properties herein authorized to be conveyed to Fresno Canal and Land Corporation by Fresno Canal and Land Company.

3. Fresno Canal and Land Corporation is hereby authorized to execute a mortgage or deed of trust upon its properties substantially in the form of a mortgage or deed of trust filed in this proceeding on January 19, 1917, as Petitioners' Exhibit No.6, and to issue \$600,000.00 face value of bonds thereunder at not less than 90 per cent of their face value and accrued interest, the proceeds from the sale of said bonds to be used to discharge pro tanto the first mortgage bonds of Fresno Canal and Land Company now outstanding.

The authority herein given is granted upon the following conditions and not otherwise, to-wit:

(a) Fresno Canal and Land Corporation shall take the property to be conveyed to it by Fresno Canal and Land Company, free and clear of all indebtedness, and Fresno Canal and Land Company shall not execute and deliver its deed of conveyance to Fresno Canal and Land Corporation until all such indebtedness has been paid or released.

(b) The authority herein given to Fresno Canal and Land Company to convey its property to Fresno Canal and Land Corporation shall not become effective until Fresno Canal and Land Corporation shall have filed with the Railroad Commission a stipulation, duly authorized by its board of directors, agreeing that Fresno Canal and Land Corporation, its successors and assigns, will assume all the liabilities and obligations of Fresno

Canal and Land Company, and shall have secured from the Railroad Commission a supplemental order reciting that such stipulation, in form satisfactory to the Railroad Commission, has been filed herein.

(c) The authority herein given to Fresno Canal and Land Corporation to issue bonds shall not become effective until the Fresno Canal and Land Corporation shall have secured from the Railroad Commission a supplemental order herein reciting that a proposed deed of trust or mortgage in form satisfactory to the Railroad Commission has been filed herein.

(d) Fresno Canal and Land Corporation shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds and stock herein authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission, stating the sale or sales of said stock and bonds during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(e) Within thirty days from the execution of the deed of conveyance from Fresno Canal and Land Company to Fresno Canal and Land Corporation, Fresno Canal and Land Corporation shall file with the Railroad Commission a certified copy thereof.

(f) The authority herein granted to Fresno Canal and Land Corporation to issue bonds is conditioned upon the payment by Fresno Canal and Land Corporation of the fee prescribed by the Public Utilities Act.

(g) The authority herein given to Fresno Canal and Land Company to convey its property to Fresno Canal and Land Corporation and to Fresno Canal and Land Corporation to issue stock and bonds shall apply only to such conveyance and to such issue, of stock and bonds, as shall have been made on or before November 1, 1917.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 7<sup>th</sup> day of February, 1917.

Max Thelen  
H. Leonard  
W. Gordon

Stuart R. Dehn

Commissioners.

Railroad Commission State of California  
FEB 9 1917  
Assistant Secretary

EXHIBIT A

1. All those tracts and parcels of land lying and being in the County of Fresno, State of California, and described as follows, to-wit:

(a) Commencing at a point at the intersection of the north line of section one (1), township fifteen (15) south, range nineteen (19) east, Mount Diablo base and meridian, and the center line of the west canal bank running north and south through the center of the northeast quarter of the northeast quarter of said section; thence running south 208 feet; thence running west 208 feet; thence running north 208 feet, thence running east 208 feet to the point of beginning and containing one (1) acre of land.

(b) Commencing at the northeast corner of Section twenty-nine (29), township twelve (12) south, range twenty-one (21) east, Mount Diablo base and meridian, and running thence south 191 feet to a point on the east boundary of said section; thence south 47 degrees west 386 feet to a point; thence north 34 degrees west 540 feet to the north boundary line of said section; thence running east 580 feet along said boundary line to point of beginning, containing 3.62 acres.

(c) All of the land on lot two (2) of the Salinger Tract, lying north of and adjoining the main canal, said land being a tapering strip of land lying and being alongside the entire north line of said lot and between said north line and said main canal and having an approximate width of 48 feet at the westerly end and an approximate width of 22 feet on the easterly end of said strip, containing one (1) acre, more or less.

(d) Beginning at the center of section seven (7) in township thirteen (13) south of range nineteen (19) east, Mount Diablo base and meridian, thence running east along the center line of said section a distance of 1500 feet, running thence north to the south line of the county road; running thence west and northwesterly along the south line of said county road to the center line of said section, thence running south 30 feet to point of beginning, containing two (2) acres of land.

(e) All of the southeast quarter ( $SE\frac{1}{4}$ ) of section seven (7), township thirteen (13) south, range nineteen (19) east, Mount Diablo base and meridian, lying north of Herndon Canal, containing one-quarter ( $\frac{1}{4}$ ) acre, more or less.

(f) Commencing at a point on the section line between sections twenty-two (22) and twenty-three (23) in township seventeen (17) south, range twenty-one (21) east, Mount Diablo base and meridian, from which the one-quarter corner common to said section bears north 1000 feet; thence south 54 degrees, 45 minutes east, 160 feet; thence south 77 degrees, 30 minutes east, 150 feet; thence south 81 degrees, 45 minutes east, 370 feet; thence south 68 degrees, 5 minutes east, 200 feet; thence north 30 degrees, 40 minutes east, 200 feet; thence north 48 degrees, 45 minutes east, 520 feet; thence south 390.3 feet to the center of county road on south bank of Cole Slough; thence following center of road south 50 degrees, 35 minutes west, 1073 feet;

thence following center of road north 54 degrees, 47 minutes west, 1090 feet; thence following center of road north 32 degrees, 45 minutes west, 300 feet; thence following center of road north 89 degrees, 48 minutes west, 436.4 feet; thence north 30 feet to the north line of road; thence south 89 degrees, 48 minutes east, 400 feet; thence north 75 feet; thence north 45 degrees, 00 minutes east, 100 feet; thence south 71 degrees, 00 minutes east, 182 feet; thence south 57 degrees, 15 minutes east, 180 feet; thence south 39 degrees, 15 minutes east, 70 feet; thence south 74 degrees, 20 minutes east, 158 feet to the point of beginning, containing nineteen (19) acres, more or less.

(g) Beginning 13.50 chains north, 41 degrees east of the meander corner 36 chains west of the southeast corner of said section twenty-four (24), township thirteen (13) south range twenty-three (23) east, M.D.B. & M., thence along the meander line north 41 degrees east, 20.50 chains; thence north  $47\frac{1}{2}$  degrees east, 8 chains; thence north 11 degrees east, 8 chains; thence north 4 degrees east, 19.50 chains; thence north 65 degrees east, 5.60 chains to east line of said section 24; thence north 1.00 chain, thence west 7.00 chains; thence south  $38\frac{1}{2}$  degrees, 21.90 chains; thence south 13 degrees west, 17.00 chains; thence south  $23\frac{1}{2}$  degrees west, 17.60 chains, thence south  $66\frac{1}{2}$  degrees east, 4.50 chains to point of beginning, containing fifty-five (55) acres, more or less.

(h) Lots numbered eight (8) to fifteen (15), both inclusive, and fractional lots numbered sixteen (16) to eighteen (18), both inclusive, in Block fourteen (14) of Central Addition to Fresno according to map of said Central Addition on file in the office of the County Recorder of said Fresno County.

2. Also, the following described canals and ditches owned, enjoyed and used by the Corporation in the distribution of water for irrigation and other purposes, to-wit:

#### FRESNO CANAL HEADING.

Beginning at a point on the north bank of Kings River, which point is near the east line of the  $NW\frac{1}{4}$  of the  $NW\frac{1}{4}$  of section 35, township 13 south, range 23 east, M.D.B. & M.; thence in a general westerly direction 12.1 miles to Limbaugh Gate, which gate is near the center of section 31, township 13 south, range 22 east, M.D.B. & M.

#### LONE TREE CHANNEL.

Beginning at a point in the south bank of Fresno Canal, which point is near the center of section 32, township 13 ~~west~~ south, range 23 east, M.D.B. & M., and running thence in a general southwesterly direction 8.04 miles to a point in section 26, township 14 south, range 22 east, M.D.B. & M., near the north line thereof.

#### HIGHLAND CANAL.

Beginning at the end of Lone Tree Channel near the north line of section 26, township 14 south, range 22 east, M.D.B.

& M., and running thence in a southeasterly direction 5.40 miles to a point in the east line of the west half of section 7, township 15 south, range 23 east, M.D. B. & M.

McCALL CANAL.

Beginning at the end of Lone Tree Channel near the north line of section 26, township 14 south, range 22 east, M.D.B. & M., and running thence in a southwesterly direction 4.64 miles to a point in the south line of section 17, township 15 south, range 22 east, M.D. B. & M.

MILL DITCH.

Beginning at the end of Fresno Canal heading near the center of section 31, township 13 south, range 22 east, M.D. B. & M., and running thence in a general westerly direction 7.86 miles to a point known as Barton Corner, which is near the quarter corner common to sections 26 and 35, township 13 south, range 20 east, M.D. B. & M.

HERNDON CANAL.

Beginning at the end of Mill Ditch near the quarter corner common to sections 26 and 35, township 13 south, range 20 east, M.D.B. & M., and running thence in a general northwesterly direction 24.90 miles to the quarter corner common to sections 17 and 20, township 13 south, range 17 east, M.D. B. & M.

VICTORIA CANAL.

Beginning at a point on the south bank of Herndon Canal, which point is near the center of the southwest quarter of section 18, township 13 south, range 20 east, M.D. B. & M., and running thence in a southwesterly direction 1.10 miles to near the center of section 24, township 13 south, range 19 ~~west~~ east, M.D. B. & M.

FLUME DITCH.

Beginning at a point in the north bank of Herndon Canal near the quarter corner common to sections 7 and 8, township 13 south, range 19 east, M.D.B. & M., and running thence in a general northwesterly direction 1.14 miles to the northeast corner of section 12, township 13 south, range 18 east, M.D. B. & M.

KENNEDY CANAL.

Beginning at a point in the south bank of Herndon Canal near the west quarter corner of section 7, township 13 south, range 19 east, M.D. B. & M., and running thence in a general southwesterly direction 3.03 miles to the northwest corner of the northeast quarter of the northwest quarter of section 25, township 13 south, range 18 east, M.D.B. & M.

#### THOMPSON CANAL.

Beginning at a point in the south bank of Herndon Canal near the east quarter corner of section 10, township 13 south, range 18 east, M.D.B. & M., and running thence in a general southerly direction 5.15 miles to a point in the north bank of Houghton Canal, which point is near the center of section 3, township 14 south, range 18 east, M.D.B. & M.

#### EMPIRE CANAL.

Beginning at a point on the west bank of the Thompson Canal near the southeast corner of section 22, township 13 south, range 18 east, M.D.B. & M., and running thence in a general southwesterly direction 4.46 miles to a point in the north bank of Houghton Canal near the center of section 5, township 14 south, range 18 east, M.D. B. & M.

#### HERNDON WASTEWAY.

Beginning at a point in the west bank of Herndon Canal near the center of section 9, township 13 south, range 18 east, M.D.B. & M., and running thence in a westerly direction 0.50 miles to the north bank of San Joaquin River near the quarter corner common to sections 8 and 9, township 13 south, range 18 east, M. B. & M.

#### BIG SANDRIDGE DITCH.

Beginning at a point in the south bank of Herndon Canal near the northeast corner of section 18, township 13 south, range 18 east, and running thence in a general southwesterly direction 7.05 miles to the northwest corner of the southwest quarter of the southeast quarter of section 29, township 13 south, range 17 east, M.D.B. & M.

#### DRY CREEK CANAL.

Beginning at the end of Mill Ditch near the quarter corner common to sections 26 and 35, township 13 south, range 20 east, M.D. B. & M., and running thence in a general southwesterly direction 19.62 miles to the southwest corner of section 33, township 14 south, range 18 east, M.D.B. & M.

#### FANNING CANAL.

Beginning at a point in the south bank of Dry Creek Canal near the northwest corner of the northwest quarter of the southeast quarter of section 5, township 14 south, range 20 east, M.D. B. & M., and running thence in a general southwesterly direction 4.76 miles to Burleigh Pond in the northeast quarter of section 23, township 14 south, range 19 east, M.D. B. & M.

#### HOUGHTON CANAL.

Beginning at a point in the west bank of Dry Creek Canal near the northeast corner of the northwest quarter of the

southeast quarter of section 5, township 14 south, range 20 east, M.D. B. & M., and running thence in a general westerly direction 15.74 miles to the center of section 2, township 14 south, range 17 east, M.D.B. & M.

TEILMAN DITCH.

Beginning at a point in the west bank of Houghton Canal near the east quarter corner of section 1, township 14 south, range 19 east, M.D.B. & M., and running thence in a general southwesterly direction 1.45 miles to the center of section 12, township 14 south, range 19 east, M.D. B. & M.

MORTENSEN CANAL.

Beginning at a point in the west bank of Houghton Canal at a point near the east quarter corner of section 1, township 14 south, range ~~18~~ 19 east, M.D. B. & M., and running thence in a general westerly direction 0.83 miles to a point near the south quarter corner of section 1, township 14 south, range 19 east, M. D. B. & M.

THOMPSON EXTENSION CANAL.

Beginning at a point in the south bank of Houghton Canal, near the quarter corner common to sections 2 and 3, township 14 south, range 18 east, M.D. B. & M., and running thence in a general southwesterly direction 4.20 miles to a point in the north bank of Dry Creek Canal near the southeast corner of section 21, township 14 south, range 18 east, M.D. B. & M.

FANCHER CREEK CANAL.

Beginning at the end of Fresno Canal near the center of section 31, township 13 south, range 22 east, M.D.B. & M., and running thence in a general southwesterly direction 9.09 miles to a point near the center of section 17, township 14 south, range 21 east, M.D.B. & M.

BRALEY CANAL.

Beginning at a point in the west bank of Fancher Creek Canal near the south line of section 8, township 14 south, range 21 east, M.D.B. & M., and running thence in a westerly direction 6.83 miles to a point in the north bank of Fanning Canal near the center of the northwest quarter of section 17, township 14 south, range 20 east, M.D.B. & M.

CENTRAL CANAL.

Beginning at the end of Fancher Creek Canal near the center of section 17, township 14 south, range 21 east, M.D.B. & M., and running thence in a general southwesterly direction 11.84 miles to a point near the quarter corner common to sections 1 and 12, township 15 south, range 19 east, M.D.B. & M.

#### FRESNO COLONY CANAL.

Beginning at a point in the north bank of Central Canal near the center of section 25, township 14 south, range 20 east, M.D.B. & M., and running thence in a general westerly direction 10.91 miles to a point in the north bank of Central Wasteway near the southwest corner of section 35 township 14 south, range 19 east, M.D. B. & M.

#### NORTE CENTRAL CANAL.

Beginning at a point in the north bank of Central Canal near the center of section 25, township 14 south, range 20 east, M.D.B. & M., and running thence in a general westerly direction 2.76 miles to the southeast corner of the northeast quarter of the northeast quarter of section 28, township 14 south, range 20 east, M.D.B. & M.

#### AMERICAN COLONY CANAL.

Beginning at a point in the south bank of Central Canal near the northwest corner of section 36, township 14 south, range 20 east, M.D.B. & M., and running thence in a general southwesterly direction 3.62 miles to the southwest corner of the northwest quarter of the northwest quarter of section 4, township 15 south, range 20 east, M.D.B. & M.

#### CENTRAL WASTEWAY.

Beginning at a point in the west bank of Central Canal near the southeast corner of section 36, township 14 south, range 19 east, M.D.B. & M., and running thence in a general westerly direction 10 miles to a point in the east bank of Dry Creek Canal near the southwest corner of section 28, township 14 south, range 18 east, M.D.B. & M.

#### EAST PERRIN COLONY CANAL.

Beginning at the end of Central Canal near the quarter corner common to sections 1 and 12, township 15 south, range 19 east, M.D.B. & M., and running thence in a general southeasterly direction 0.76 miles to the northeast corner of the northwest quarter of the southeast quarter of section 12, township 13 south, range 20 east, M.D.B. & M.

#### WEST PERRIN COLONY CANAL.

Beginning at the end of the Central Canal near the quarter corner common to sections 1 and 12, township 15 south, range 19 east, M.D.B. & M., and running thence in a general southwesterly direction 3.0 miles to the quarter corner common to sections 14 and 15, township 15 south, range 19 east, M.D. B. & M.

#### WASHINGTON CANAL.

Beginning at the end of Fancher Creek Canal near the

center of section 17, township 14 south, range 21 east, M.D.B. & M. and running thence in a general southwesterly direction 3.66 miles to a point near the center of section 31, township 14 south, range 21 east, M.D.B. & M.

#### OLEANDER CANAL.

Beginning at the end of Washington Canal near the center of section 31, township 14 south, range 21 east, M.D.B. & M. and running thence in a general southwesterly direction 1.19 miles to the east end of flume near the east quarter corner of section 1, township 15 south, range 20 east, M.D.B. & M.

#### WASHINGTON COLONY CANAL.

Beginning at the end of Washington Canal near the center of section 31, township 14 south, range 21 east, M.D.B. & M., and running thence in a general southwesterly direction 2.34 miles to a division point near the center of the southeast quarter of section 2, township 15 south, range 20 east, M.D.B. & M.

#### GOULD CANAL.

Beginning at a point in the south bank of Kings River near the southwest corner of section 24, township 13 south, range 23 east, M.D.B. & M., and running thence in a general westerly direction 24.16 miles to a point in the north bank of Herndon Canal near the center of the southeast quarter of section 21, township 15 south, range 20 east, M.D.B. & M.

#### ENTERPRISE CANAL.

Beginning at a point in the north bank of Gould Canal in the southwest quarter of section 27, township 13 south, range 23 east, M.D.B. & M., and running thence in a general westerly direction 36.46 miles to a point in the south bank of Herndon Canal in the northwest quarter of section 20, township 13 south, range 20 east, M.D.B. & M.

#### JEFFERSON CANAL.

Beginning at a point in the south bank of Enterprise Canal, near the center of section 12, township 13 south, range 21 east, M.D.B. & M., and running thence in a general southwesterly direction 2.61 miles to a point near the center of section 15, township 13 south, range 21 east, M.D.B. & M.

#### HANSEN CANAL.

Beginning at a point in the south bank of Gould Canal in the northwest quarter of section 32, township 13 south, range 23 east, M.D.B. & M., and running thence in a general southwesterly direction 4.44 miles to a point near the south line of section 3, township 14 south, range 22 east M.D.B. & M.

HELM CANAL.

Beginning at a point in the north bank of Gould Canal near the northeast corner of section 21, township 13 south, range 21 east, M.D.B. & M., and running thence in a general north-westerly direction 7.38 miles to a point in the east bank of Enterprise Canal near the south quarter corner of section 34, township 12 south, range 20 east, M.D.B. & M.

SIERING CANAL.

Beginning at a point in the west bank of Fowler Switch Canal at the south line of section 16, township 14 south, range 22 east, M.D. B. & M., and running thence in a general westerly direction 4.18 miles to a point in the east bank of Briggs Ditch in the southeast quarter of section 14, township 14 south, range 21 east, M.D.B. & M.

G R A N T C A N A L S.

SANTA FE CANAL.

Beginning at a point in the north bank of Murphy Slough near the quarter corner common to sections 22 and 23, township 17 south, range 21 east, M.D. B. & M., and running thence in a general northwesterly direction 2.54 miles to a point in the west half of section 16, township 17 south, range 21 east, M.D.B. & M.

"A" CANAL.

Beginning at a point in the west bank of Teilman Cut near the east line of section 22, township 17 south, range 21 east, M.D.B. & M. and running thence in a general westerly direction 3.13 miles to a point in the east bank of "B" Canal, lot 27, section 20, township 17 south, range 21 east, M.D.B. & M.

MAIN GRANT CANAL.

Beginning at a point in the west bank of Teilman Cut near the east line of section 22, township 17 south, range 21 east, M.D.B. & M., and running thence in a general westerly direction 5.75 miles to a point near the northeast corner of lot 25, section 25, township 17 south, range 20 east, M.D.B. & M.

"B" CANAL.

Beginning at a point in the north bank of Grant Canal on lot 16, section 29, township 17 south, range 21 east, M.D. B. & M. and running thence in a northwesterly direction 7.56 miles to a point in lot 2, section 16, township 17 south, range 20 east, M.D.B. & M.

"B2" CANAL.

Beginning at a point on the west bank of B Canal on

lot 10, section 29, township 17 south, range 21 east, M.D.B. & M. and running thence in a westerly direction 3.07 miles to a point in the west line of lot 1, section 26, township 17 south, range 20 east, M.D.B. & M.

"O" CANAL.

Beginning at the end of Grant Canal near the northeast corner of lot 26, section 25, township 17 south, range 20 east, M.D.B. & M., and running thence in a general westerly direction 6.02 miles to a point in the east bank of Burrol Canal near the southeast corner of section 19, township 17 south, range 20 east, M.D.B. & M.

"F" CANAL.

Beginning at a point in the north bank of C Canal on lot 26, township 17 south, range 20 east, M.D.B. & M., and running thence in a general northwesterly direction 2.86 miles to a point in the west bank of Turner Ditch in lot 9, section 20, township 17 south, range 20 east, M.D.B. & M.

"E" CANAL.

Beginning at the end of Grant Canal near the northeast corner of lot 26, section 25, township 17 south, range 20 east, M.D.B. & M., and running thence in a general southwesterly direction 11.50 miles to a point near the southeast corner of section 34, township 17 south, range 19 east, M.D.B. & M.

SIPHON CANAL.

Beginning at a point in the south bank of E Canal on the west line of lot 5, section 2, township 18 south, range 20 east, M.D.B. & M., and running thence in a general southwesterly direction 1.59 miles to a point at the south end of siphon across Zalda Canal on head of Island Canal near the northeast corner of lot 4, section 10, township 18 south, range 20 east, M.D.B. & M.

"E" WASTEWAY.

Beginning at a point in the south bank of E Canal near the north line of lot 17, section 36, township 17 south, range 19 east, M.D.B. & M., and running thence in a general southwesterly direction 2.31 miles to a point at the south end of a gate constructed through the Reclamation Levee near the southeast corner of lot 1, section 11, township 18 south, range 19 east, M.D.B. & M.

NORTH ISLAND CANAL.

Beginning at the end of Siphon Canal which is the south bank of Zalda Canal near the northeast corner of lot 4, section 10, township 18 south, range 20 east, M.D.B. & M., and running thence in a general southwesterly direction 9.83 miles to a point at the west end of a gate constructed through reclamation levee near the east line of lot 10, section 27, township 18 south, range 19 east, M.D.B. & M.

SOUTH ISLAND CANAL.

Beginning at a point in the south bank of North Island Canal near the south line of lot 4, section 10, township 18 south, range 19 east, M.D.B. & M., and running thence in a general southwesterly direction 4.06 miles to a point on the east bank of North Island Canal on lot 15, section 18, township 18 south, range 20 east, M.D.B. & M.

$\frac{1}{2}$ -interest in  
CROSS-CUT CANAL.

Beginning at a point in the south bank of Fowler Switch Canal in the north half of section 3, township 16 south, range 21 east, M.D.B. & M., and running thence in a general southerly direction 5.36 miles to a point in the north bank of Murphy Slough near the southwest corner of lot 5, township 17 south, range 21 east, ~~M.~~ M.D.B. & M.