

Decision No. 71028.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of TEMESCAL WATER COMPANY for  
authority to increase its rates  
for irrigation service.

)  
)  
)  
)

Application No. 47813  
(Filed August 13, 1965)

Clayson, Stark, Rothrock & Mann,  
by Donald D. Stark and Charles W.  
Drake, for applicant.  
Raymond E. Heytens and Chester O.  
Newman, for the Commission staff.

O P I N I O N

Applicant is a California corporation presently doing  
business pursuant to Articles of Incorporation describing it as  
a mutual water company and authorizing it to issue two classes of  
shares having different rights and obligations.<sup>1/</sup>

By Decision No. 59443, dated December 29, 1959, in  
Case No. 6098 (Temescal Water Company, 57 Cal. P.U.C. 474), the  
Commission issued an interim opinion holding that applicant is a  
public utility water company and continued the matter for the  
purposes, among others, of determining the original cost of the  
water system properties used and useful in the public service,  
together with the depreciation reserve requirements applicable  
thereto, and establishing fair and reasonable rates and rules.

By Decision No. 65115, dated March 19, 1963, in Case  
No. 6098 (60 Cal. P.U.C. 669), the Commission ordered applicant to  
file the rates referred to infra. Thereafter, applicant sold certain  
domestic water facilities to the City of Corona. Applicant is now  
doing business only as an irrigation water distributor.

1/ Common shares and the so-called "Canyon Line" shares. Canyon  
Line shares are non-voting and non-participating.

Public hearings on this application were held before Examiner Rogers in Corona on February 23, 24 and 25, 1966; briefs were filed on April 21, 1966, and the matter was submitted.

Prior to the first day of hearing, notice thereof was published and mailed to all consumers. There were no written protests, nor did any consumer testify at the hearings.

The applicant has 9,751 shares of common stock and 1,206 Canyon Line shares of stock outstanding. Most of the stockholders are citrus and avocado growers and are customers of the utility. Applicant has indicated it intends to recall the Canyon Line stock. A separate application for such authority will be filed in the future.

Applicant's wholly owned subsidiary, Temescal Properties, Incorporated (Temescal Properties), shares the cost of office space and personnel with applicant on a pro rata basis and has essentially the same officers and directors. Much of applicant's upper service area (later described) is acreage leased to citrus and avocado growers by Temescal Properties. In addition, applicant is the major stockholder of Meeks and Daley, Alta Mesa, and Agua Mansa Mutual Water Companies (Meeks and Daley Complex), which also share the applicant's office. Ownership in these mutual water companies' shares entitles applicant to 78.47 percent of a total of approximately 850 miner's inches of said mutuals' adjudicated entitlement of water. There will be referred to herein two portions of applicant's service area, the upper (Temescal Canyon) and lower (City of Corona and vicinity) (Exhibit No. 4). Actually, the upper service area is the southernmost area. The reference is to altitude.

The upper service area customers are supplied from wells, surface supplies, the Railroad Canyon Dam collection facilities and purchases from Metropolitan Water District through Western Municipal Water District of Riverside County (MWD). The MWD water deliveries are made at a point called Lakeview Blowoff into the San Jacinto River Channel approximately 11 miles upstream from Railroad Canyon Dam.

To serve its lower service area customers, applicant has in the past obtained its water supply from its Palm Avenue well, through stock ownership in the three mutual water companies, and from purchases from the City of Corona and Southern California Edison Company.

By agreement on January 21, 1964 (Exhibit 3), applicant leased to the City of Riverside its interest in the mutual water companies, the Mt. Vernon pipeline and booster station, and carrying rights in the Gage Canal for \$2,584 per month and various other considerations until July 1, 1974. In accordance with the above agreement, applicant will substitute MWD water delivered in Corona for the mutual water company complex entitlement in 1966 at a cost to applicant of \$13.65 per acre-foot for a maximum of 700 miner's inches continuous flow.

The distribution system consists of approximately 310,000 feet of gravity and pressure mains ranging in size from 8 inches to 36 inches in diameter, serving a total of 21 upper service area customers and 224 lower service area customers who irrigated 962 and 4,112 acres, respectively, in 1964.

Applicant's Request

Applicant requests authority to establish rates for service which it alleges will enable it to realize a 2.81 percent rate of return on a depreciated rate base of \$1,265,920. To yield such a return, applicant proposes rates estimated to produce gross revenues of \$480,980 based on the estimated level of revenues during 1965, an increase of \$183,520, or approximately 62 percent more than the gross revenues estimated as obtainable for that year at the rates presently in effect. The applicant, in addition to seeking an over-all increase in rates, seeks authority to establish two sets of rates, one for its upper service area, and a lower rate for its lower service area. If the separation of the total area into two areas for rate-making purposes is permitted, as requested, the increase in the rates in the lower service area will be approximately 56 percent and for the upper service area approximately 97.1 percent.

Rates - Present and Proposed

Applicant's present rates were established by Decision No. 65115, dated March 19, 1963, in Case No. 6098, and included rates for water to be sold to the Corona City Water Company for domestic consumption and rates for irrigation water. The sales to the Corona City Water Company have been terminated (Decision No. 67222, dated May 19, 1964, in Application No. 46094) and the rate schedule relating to such sales should be deleted from applicant's filed tariffs.

The existing and proposed rates are as follows:

Comparison of Rates

<u>Rates</u>	<u>Present Rates</u>	<u>Proposed Lower Area</u>	<u>Proposed Upper Area</u>
Annual Quantity Rate, per miner's-inch day: for all water delivered	\$ 0.70	\$ 0.95	\$ 0.95
Annual Minimum or Standby Charge for each acre:	\$42.00*	\$12.00**	\$36.00**

\* The present Minimum Charge entitles the customer to the quantity of water each year which the annual minimum charge will purchase at the quantity rate.

\*\* The proposed standby charges do not include any quantity of water.

The following special conditions are proposed for each area:

1. Written application for service under this schedule shall indicate the number of acres to be irrigated.
2. Any changes in acreage irrigated shall be reported in writing on or before the first of the month following such change.
3. In the event of water service to acreage with supplemental sources of supply, the acreage reportable hereunder shall be as determined by the management of the company. In the absence of special circumstances, the proportion of supplemental water used to the total water used on such acreage during the preceding three-year period shall be deemed reasonable for allocations in such acreage determination.
4. Water shall be delivered at pressures available.

5. The water supplied under this schedule is untreated water from open ditches, canals, conduits and flumes. The company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available or offers it to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith.

6. Standby charges shall be payable monthly, in advance.

7. A miner's-inch day is defined as the volume resulting from a continuous flow of one-fiftieth of a cubic foot of water per second over a 24-hour period.

8. Standby charge shall be billed and payable in equal installments during a 12-month billing period.

The applicant based its rate differential between the upper and lower service areas on a cost-of-service study, including a breakdown of the revenues, expenses, rate base, depreciation and taxes, leading to rates of return which were shown for each service area independently of the other as well as for the combined operations. The applicant's allocations of expenses were stated to be direct allocations based on the use of facilities. The applicant's witness stated, however, that an expense adjustment of one-third of all costs associated with upper service area facilities was allocated to the lower service area for the possible use of facilities for transmission of water from the upper service area in emergencies. This percentage was a judgment figure arrived at by the applicant and its engineer.

The staff recommended a differential in the authorized rates of 6.5 percent based on the additional cost of water and power purchased for the upper service area.

We find the 6.5 percent differential as recommended by the staff to be reasonable, and it will be used herein in determining the applicable rates.

Applicant has used the term "standby charge" in its rate proposals. This terminology has a different connotation from the term "service charge" generally used by other water utilities in describing this portion of a rate schedule. We find that the term "service charge" is preferable and it will be used in the rate schedules authorized herein.

Summary of Earnings

The results of operation at present and proposed rates for the year 1965 as estimated by the applicant and the staff are summarized as follows:

Summary of Earnings

Item	1965 Estimated			
	Present Rates		Proposed Rates	
	Staff	Company	Staff	Company
Operating Revenues	\$301,760	\$297,460	\$480,960	\$480,980
<u>Operating Expenses</u>				
Operating & Maint. Expense	327,710	369,540	327,710	369,540
Taxes Other Than Income	15,750	16,650	15,750	16,650
Taxes Based on Income	100	100	44,620	23,550
Depreciation Expense	22,940	35,700	22,940	35,700
Total Operating Expenses	\$366,500	\$421,990	\$411,020	\$445,440
Net Revenue	(64,740)	(124,530)	69,940	35,540
Rate Base	913,300	1,265,920	913,300	1,265,920
Rate of Return	-	-	7.7%	2.81%

○ Red Figure

Staff Accounting Adjustments

Commission Decision No. 65115, supra, required applicant to restate its investment in utility plant and related reserve requirement on an original cost basis. A study of original cost and related depreciation reserve was prepared by Drake Engineering Services, Inc., and submitted to the Commission. The staff accounting witness said the books of the applicant, with two

exceptions, now reflect the plant and depreciation reserve amounts approved by the Commission. The exceptions include water rights associated with the Riverside agreement of May 23, 1961 (Exhibit 11) upon which Drake Engineering placed a value of \$245,487, and an additional adjustment of \$651 for a float valve inadvertently left out of the original cost valuation study which has been called to applicant's attention. Applicant has indicated these adjustments will be entered on the books as of December 31, 1965.

The financial examiner stated that applicant intends to include in its plant accounts the cost (\$58,500) of the MWD connection (Exhibit 3) that has been advanced to MWD by the City of Riverside even though applicant's portion of such cost will be only \$25,000. It was his opinion that only the \$25,000 should be recorded as applicant's investment in this connection.

The financial examiner stated that the recorded costs of assets leased to the City of Riverside (Exhibit 3) are \$460,432, including depreciable facilities of \$56,114 with related depreciation reserve of \$41,922 at December 31, 1964, and that applicant has not applied to the Commission for authority to execute such agreement.

The witness further stated that applicant's 1965 construction program includes reinforcement of Railroad Canyon Dam at a cost to the applicant of \$90,000 and that under the terms of applicant's agreement with Elsinore Valley Municipal Water District, 25 percent of all costs associated with the dam are to be borne by the district, thereby reducing applicant's cost to \$67,500.



The staff accounting witness stated that as a result of an adjustment to retire contributions related to nonoperative plant, and correcting the accounting for funds received for relocation of plant facilities, contributions in aid of construction have been increased in the net in the staff report from \$4,990 to \$56,241 as of June 30, 1965.

The staff financial examiner objected to the method employed by applicant in allocating field payroll and administrative salaries between applicant and its affiliates, Temescal Properties and the Meeks and Daley complex, and between applicant and the City of Corona. He states that applicant has reflected as a credit to utility operations an insignificant amount of administrative salaries or expenses applicable to field payroll allocated to others.

The financial examiner recommended that a rate of return of 7 percent be found reasonable when applied to the staff rate base of \$913,300.

Rate Base

The components of the average depreciated rate base for the year 1965, as developed by the applicant and the staff as well as amounts adopted as reasonable herein, are set out below:

Rate Base

Item	Applicant Exh. #1	Staff Exh. #7	Adopted
Average Utility Plant	\$1,902,110	\$1,587,100	\$1,714,070
Materials and Supplies	4,470	4,500	4,500
Working Cash	37,760	20,800	20,800
Subtotal	\$1,944,340	\$1,612,400	\$1,739,370
Average Contributions	4,950	67,500	67,500
Subtotal	\$1,939,390	\$1,544,900	\$1,671,870
Average Depreciation Reserve	673,470	631,600	655,500
Average Depreciated Rate Base	\$1,265,920	\$ 913,300	\$1,016,370

It should be noted that there is a major difference between applicant and staff in the amount of contributions. The staff financial examiner described his adjustment of the recorded contributions as primarily attributable to erroneous accounting for relocation of facilities (\$62,352), largely offset by an adjustment increasing utility plant. We find the staff estimate of \$67,500 for average contributions for 1965 is reasonable as a deduction in determining average depreciated rate base.

The staff and the applicant agree that the major differences in the utility plant showings are the rate base items, i.e., the Railroad Canyon Dam, the MWD connection, Lee Lake Dam, and the City of Corona right.

Railroad Canyon Dam

This is a portion of applicant's existing system and is to be reinforced in accordance with requirements of the State of California. The cost of this work, which was done in 1965, was \$90,000. The staff financial examiner said that applicant has an agreement with the Elsinore Valley Municipal Water District, which has storage rights in the dam under which the latter will pay 25 percent of the cost of this work. This fact was not disputed by applicant, except that its witness stated that it had not collected any portion of the cost from the District. We find that only 75 percent, or \$67,500, of the costs of reinforcing the dam should be included in applicant's utility plant.

MWD Connection in Corona

On January 21, 1964, applicant and the City of Riverside made an agreement (Exhibit 3) whereby applicant transferred certain water supplies and facilities to the City in exchange for payment

to the applicant of the cost of a MWD connection. The considerations include the cost of the MWD connection, assessments on the mutual stocks, 68.5 percent of assessments by the Gage Canal Company for the carrying rights in the Gage Canal, the payment of maintenance and operation costs on the Mt. Vernon line and booster station, the waiver of certain canal flowage charges due from applicant to the City, and the assumption by the City of approximately all charges for MWD water over \$15 per acre-foot.

The total cost of this connection to applicant was \$58,500. The position of the applicant is that the total cost of the connection should be included in the utility plant. The staff requested that only \$25,000 be included therein.

Applicant's witness testified that \$58,500 was paid by the City of Riverside to applicant and the applicant in turn paid the \$58,500 to MWD for applicant's share of the cost of the connection. The agreement records the acquisition by applicant of tangible assets used and useful in its services. We find that the \$58,500 should be included in utility plant.

#### Lee Lake Dam

The staff adjusted the cost of this item (\$93,470) out of utility plant for the reason that in the staff's opinion it is not used or useful as utility property. The applicant's evidence is that the dam is used by applicant to recharge its wells immediately below the dam. The record supports a finding that the dam is presently used and useful in applicant's service. We find that this item should be included in applicant's utility plant.

Corona Right

The City of Corona right represents irrigation water rights associated with the City of Riverside contract of May 23, 1961 (Exhibit 11). This agreement gives Temescal a right to receive water from the City of Riverside at a stated price. This is valued by the applicant in the amount of \$245,487.

Temescal's domestic water facilities were transferred to the City of Corona pursuant to Decision No. 67222, supra. On June 30, 1964, applicant and the City of Corona executed an agreement (Exhibit 6) whereby Temescal transferred to the City its legal title to the irrigation water represented by the Riverside contract (Exhibit 11), but retained the right to the water until land in the city changed from agricultural to nonagricultural.

The applicant argues that the legal title to the 1961 Riverside contract was transferred to the City of Corona by the June 30, 1964, agreement with the equitable interest and the right to receive water thereunder remaining in the applicant. It is the position of the applicant that it has a firm right to purchase from the City of Corona the water to which it formerly was entitled by the Riverside contract.

The applicant's manager testified that the City of Corona's engineer advised him that in order to make the transfer authorized by Decision No. 67222, supra, attractive to bond buyers, it would be necessary for the City to acquire the residual interest in the Riverside contract (Exhibit 11) to protect the City for the period of its future expansion into lands now occupied by citrus, and that Temescal needed the water right at the present

time, but that if acreage went out so that Temescal did not have to deliver irrigation waters to land in the City and the City had to use the domestic water, there might be an orderly transition of the use of the water from irrigation to domestic and municipal purposes.

Applicant purportedly includes the water right in its utility plant at its original cost as determined from the books and records of applicant (\$245,487).

There is nothing in the record, however, to show any cost for this so-called water right. Whether or not applicant paid for these rights or received full compensation therefor when it transferred the facilities to the City of Corona does not appear on the record. The fact is apparent, however, that Temescal is required to pay the full cost of all water it receives from the City of Corona.

We find that this so-called water right is not a proper item for inclusion in applicant's utility plant.

#### Average Utility Plant

We find that the weighted average of the undepreciated utility plant and construction work in progress in 1965 in the amount of \$1,714,070 is reasonable for rate-making purposes.

#### Deduction for Depreciation

At the end of the year 1964 applicant's recorded reserve for depreciation was \$718,429. The staff's estimated January 1, 1965 figure for purposes of determining average depreciation reserve for 1965 was \$617,808. We find the staff's estimate to be reasonable and it has been included.

Accruals, retirements, and the salvage during the year 1965 are also largely judgment figures and we find the staff's figures to be reasonable with the exception that an allowance must be made for the depreciation reserve applicable to the Lee Lake Dam in the amount of \$23,588, and for the MWD connection in the estimated amount of \$330. These items, which total \$23,918, should be added in determining the average depreciation reserve for 1965. This results in an average depreciation reserve for the year 1965 of \$655,500, which we find to be reasonable.

Materials and Supplies and Working Cash

These are judgment figures. The applicant's estimate of \$37,760 for working cash seems excessive for a company of this size, and we find the staff's figure of \$20,800 is reasonable. We find the staff's estimate of \$4,500 for materials and supplies is reasonable.

Average Depreciated Rate Base

The Commission hereby finds an average depreciated rate base of \$1,016,370 to be fair and reasonable for the test year 1965.

Revenues

The applicant sold its domestic water facilities in June, 1964, and for this reason the staff made no comparison of operations for prior years. It reviewed the applicant's estimates of water consumption and the resultant revenues for the year 1965 and found them to be reasonable for the purposes of this matter. The estimated revenues at present and proposed rates which we find to be reasonable are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
Metered Irrigation Sales	\$293,800	\$477,320
Other Revenues	<u>3,660</u>	<u>3,660</u>
Total Revenues	\$297,460	\$480,980

Expenses

The applicant estimates the operating and maintenance expense for the year 1965 to be \$369,540 and the staff estimated these expenses to be \$330,810, a difference of \$38,730.<sup>2/</sup>

Applicant estimated the cost of purchased water \$238,220 and the staff estimated \$211,340 for this item.

The \$26,880 difference is mainly caused by the estimates of water purchased from the MWD at the Lakeview Blowoff, which water runs downstream 11 miles into Railroad Canyon Reservoir where it is impounded. The applicant claims a loss of 26.23 percent between the blowoff and the Holman Weir, or a net loss including acquisition from runoff of 20.2 percent. The applicant argues that this

---

<sup>2/</sup> The staff engineer estimated a total of \$327,710, but raised the estimate to include an additional \$2,000 for water purchased from the Edison Company and an additional \$1,100 for power for the Compton booster.

loss would require it to purchase an additional 17,000 miner's-inch days of water at a cost of \$11,390. The staff considered normal amounts of rainfall and losses in computing the water delivered at the Weir. We find from the record that the staff's estimate of water delivered at the Weir and the losses enroute are reasonable. We further find that the staff's estimate of the amount of purchased water is reasonable as based on the use of the least expensive water available.

A big difference in the applicant's and the staff's estimates of operating expenses results from the estimated salaries and expenses attributable to the fact that applicant's employees are operating the domestic system acquired by the City of Corona from applicant. In our opinion, staff's estimates are proper and should be used herein.

We find that an allowance for operating expenses in the amount of \$330,810 for the year 1965 is reasonable.

#### Depreciation

The staff's estimate of depreciation expenses for the year 1965 is \$22,940 and the applicant's is \$35,700. The staff has, however, deducted depreciation and/or amortization expense on the Railroad Canyon Dam, the MWD connection, and the Lee Lake Dam and the Corona rights. We have included in rate base the MWD connection and the Lee Lake Dam. We find that the proper depreciation expenses for the purpose of this matter are the sum of \$25,040.

#### Taxes

The staff's estimates of all taxes at the present and proposed rates are reasonable, subject to an upward adjustment for ad valorem taxes of \$850 on Lee Lake Dam. In figuring payroll taxes we have allocated the amounts of expensed payroll used by the staff.



Summary of Taxes

Item	Present Rates	Proposed Rates
<u>Taxes Other Than Income</u>		
Payroll Taxes	\$ 2,150	\$ 2,150
Ad Valorem Taxes	<u>14,450</u>	<u>14,450</u>
Total Taxes Other Than Income	\$16,600	\$16,600
<u>Taxes On Income</u>		
State Corporation Franchise Tax	100	5,970
Federal Income Taxes	<u>-</u>	<u>40,670</u>
Total Taxes	\$15,850	\$63,240

Summary of Earnings

To recapitulate, using the figures herein adopted, we arrive at the following summary of earnings for the test year 1965 at the present and proposed rates.

Summary of Earnings

Item	1965 Estimated	
	Present Rates	Proposed Rates
Operating Revenues	\$297,460	\$480,980
<u>Operating Expenses</u>		
Operating & Maint. Expense	330,810	330,810
Depreciation Expense	25,040	25,040
Taxes Other Than Income	16,600	16,600
Income Taxes	<u>100</u>	<u>46,640</u>
Total Deductions	\$372,550	\$419,090
Net Revenue	-	61,890
Average Depreciated Rate Base	1,016,370	1,016,370
Rate of Return	-	6.1%

We find that the increases in rates to be authorized by the order herein should provide such additional gross revenues as will enable applicant to meet its expenses of operation and earn a return of 6.1 percent on its depreciated rate base. We find this rate of return to be reasonable under the figures herein adopted.

We further find that the increases in rates and charges authorized herein are reasonable and justified and that the present rates and charges insofar as they differ from those prescribed herein are for the future unjust and unreasonable.

#### Staff Recommendations

The staff engineer and financial examiner made several recommendations concerning the company. These recommendations are reasonable and will be incorporated herein.

#### Conclusions

We conclude that the application should be granted with the exception that the rate differential requested by applicant should be denied and the differential suggested by the staff should be adopted.

### O R D E R

IT IS ORDERED that:

1. Temescal Water Company is authorized to file with this Commission, after the effective date of this order and in conformance with General Order No. 96-A, the schedules of rates attached to this order as Appendix A, and upon not less than five

days' notice to this Commission and to the public to make such rates effective for service rendered on and after September 1, 1966.

2. Concurrently with the filing authorized herein, Temescal Water Company is authorized and directed to withdraw and cancel by appropriate advice letter its presently effective rate Schedule No. 1 covering Annual Measured Resale Service, and its presently effective Schedule No. 2, Annual Measured Irrigation Service.

3. Temescal Water Company shall file a comprehensive system map to the scale of approximately one mile to the inch and in other respects as required by General Order No. 103. Two copies of said map shall be filed with this Commission within six months after the effective date of this order.

4. Beginning with the year 1966, applicant shall review its depreciation rates at intervals of three years and whenever a major change in depreciable plant occurs. Any revised depreciation rates should be determined by (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the remainder by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted to the Commission within three months thereafter.

5. Applicant shall file with this Commission, within sixty days after the effective date hereof, a petition for authorization of its agreement with the City of Riverside dated January 21, 1964.

6. Temescal Water Company shall account for funds received for relocations of facilities, to conform to accounting required by the Commission for such transactions.

7. Temescal Water Company shall revise its present basis for allocation of administrative and general salaries to reflect its present operations and to properly charge as indicated by the testimony of the financial examiner such salaries to utility and nonutility functions and operations.

8. Temescal Water Company shall comply fully with the provisions of this Commission's letter, dated August 31, 1965, regarding adjustments to journal entries recording the original cost valuations and depreciation reserve requirements prepared by Drake Engineering Services, Inc., except as modified herein.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of JULY, 1966.

[Signature]  
President

[Signature]

[Signature]

[Signature]  
Commissioners

Commissioner George G. Grover  
present but not voting.

Schedule No. C-3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation water service furnished on an annual basis.

TERRITORY

Corona and vicinity, Riverside County. (T)

RATES

	<u>Lower Area</u>	
Quantity Rate:		
Per Miner's Inch Day .....	\$ 0.89	(I)
Annual Service Charge:		
For each acre per year .....	20.40	(I)

The Service Charge is applicable to all metered service and to which is to be added a monthly charge computed at the Quantity Rate. (C)

SPECIAL CONDITIONS

1. Written application for service under this schedule shall be made on or before the first day of the season or calendar year in which service is desired and shall indicate the number of acres to be irrigated. (T)

2. Any changes in acreage irrigated shall be reported in writing on or before the first of the month following such change. (N)

3. In the event of water service to acreage with supplemental sources of supply, the acreage reportable hereunder shall be as determined by the management of the Company. In the absence of special circumstances, the proportion of supplemental water used to the total water used on such acreage during the preceding three-year period shall be deemed reasonable for allocations in such acreage determination. (N)

(continued)

Schedule No. C-3M

MEASURED IRRIGATION SERVICE  
(Continued)

SPECIAL CONDITIONS

4. Water shall be delivered at pressures available. (L)
5. The water supplied under this schedule is untreated water from open ditches, canals, conduits and flumes. The Company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available or offers it to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith. (L)
6. The annual service charge applies to service during the 12-month period commencing January 1, and is due monthly in advance. The service charge shall be billed in equal installments during a 12-month billing period. (T)
7. A miner's inch day is defined as the volume resulting from a continuous flow of one-fiftieth of a cubic foot of water per second over a 24-hour period. (L)

Schedule No. T-3M

MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation water service furnished on an annual basis.

TERRITORY

Temescal Canyon, Riverside County. (T)

RATES

	<u>Upper Area</u>	
Quantity Rate:		
Per Miner's Inch Day .....	\$ 0.95	(I)
Annual Service Charge:		
For each acre per year .....	21.60	(I)
The Service Charge is applicable to all metered service and to which is to be added a monthly charge computed at the Quantity Rate.		(C)

SPECIAL CONDITIONS

1. Written application for service under this schedule shall be made on or before the first day of the season or calendar year in which service is desired and shall indicate the number of acres to be irrigated. (T)

2. Any changes in acreage irrigated shall be reported in writing on or before the first of the month following such change. (N)

(continued)

Schedule No. T-3M

MEASURED IRRIGATION SERVICE  
(Continued)

SPECIAL CONDITIONS

3. In the event of water service to acreage with supplemental sources of supply, the acreage reportable hereunder shall be as determined by the management of the Company. In the absence of special circumstances, the proportion of supplemental water used to the total water used on such acreage during the preceding three-year period shall be deemed reasonable for allocations in such acreage determination. (N)
4. Water shall be delivered at pressures available. (L)
5. The water supplied under this schedule is untreated water from open ditches, canals, conduits and flumes. The Company does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water or makes it available or offers it to others for human consumption shall take all necessary precautions to make the same potable and shall assume all risks and liabilities in connection therewith. (L)
6. The annual service charge applies to service during the 12-month period commencing January 1, and is due monthly in advance. The service charge shall be billed in equal installments during a 12-month billing period. (T)
7. A miner's inch day is defined as the volume resulting from a continuous flow of one-fiftieth of a cubic foot of water per second over a 24-hour period. (L)