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WATER ALLOCATION- Tier 1 Allotment Rate \$0.50 per hcf

The water allocation plan will assist the Sheep Creek Water Company Board and Staff as to how and when the water allotment will be adjusted. This plan can give Shareholders and customers a better idea as to why the allotment will be adjusted. The Board of Directors plan to help the Shareholders as best as possible with the available water to the company. The water allocation plan is based on the production from the Wrightwood Well Field. The Wrightwood Well Field allotment is for the Tier 1 water rate. Sheep Creek's water supply is based solely on recharge in the Swarthout Canyon in Wrightwood. Sheep Creek cannot base the water allotment on how wet the winters are due to the time it takes the water to reach the ground water table. The following are the steps taken to determine what stage of the allotment schedule the company is in.

- 1. The water allotment must be determined by the current production levels and the groundwater levels. Allotments below are estimates based on safe production.
- 2. As groundwater levels and production increase or decrease is how the water allotment is to be determined.
- 3. Due to the time to approve reductions and notify water users, staff will need to monitor groundwater and production levels closely to determine the trend for the several months.
- 4. The allotment schedule is determined by the number of shares (8,000) with the available safe production yield up to the company's 3,000 acre foot water right.
- 5. The allotment schedule will be set in stages to allow notification to shareholders and water users.
- 6. Shareholders will be notified of the current allotment on the current water bill.
- 7. Current water allotments will be posted at www.sheepcreekwater.com
- 8. A tiered water allocation will be used during emergency or drought conditions.
- 9. Allotments will not be increased until it is determined that groundwater levels and production has stabilized.
- 10. Water rates subject to change.

ALLOTMENT SCHEDULE

Stage 1-1,350 CF per share

• Normal operating conditions, all sources are operating under normal production and water levels. Production yield in excess of 3,000 gpm.

Stage 2-1,000 CF per share

• Static water levels are showing signs of decline along with a decline in the production. Production yield dropping to 2,600 gpm.

Stage 3-800 CF per share

• Static water levels are showing higher signs of decline along with significant decline in the production. Production yield dropping below 1,500 gpm.

Stage 4- 750 CF per share

• Static water levels are showing higher signs of decline along with significant decline in the production. Production yield dropping below 1,000 gpm.

TIERED ALLOTMENT SCHEDULE

Water allotments will decrease based on well production in the Wrightwood Well Field.

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1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 950 cubic feet
1.
        2,000 gpm
2.
        1,900 gpm
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 900 cubic feet
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 850 cubic feet
3.
        1,800 gpm
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 800 cubic feet
4.
        1,700 gpm
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 750 cubic feet
5.
        1,500 gpm
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 650 cubic feet
6.
        1,300 gpm
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 500 cubic feet
7.
        1,100 gpm
                         1<sup>st</sup> Share = 1,000 cubic feet / Remaining Shares = 350 cubic feet
        900 gpm
8.
                         1<sup>st</sup> Share = 750 cubic feet / Remaining Shares = 350 cubic feet
9.
        750 gpm
                         1<sup>st</sup> Share = 750 cubic feet / Remaining Shares = 250 cubic feet
10.
        650 gpm
        500 gpm
                         1<sup>st</sup> Share = 750 cubic feet / Remaining Shares = 150 cubic feet
11.
                         1<sup>st</sup> Share = 500 cubic feet / Remaining Shares = 100 cubic feet
12.
        450 gpm
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The various stages in the allotment schedule are recommended guidelines for the Board and Staff to follow during dry years and during times of declining water levels. The allotment stages may be adjusted as necessary with the given production and water level information. Dry years with steep declines in water levels may require additional cuts at a quicker pace. Any reduction in the allotment will be notified on the current water bill. Changes to the Allotment Schedule are subject to change.

WATER ALLOCATION- Tier 2 Allotment Rate -\$3.46 per hcf Wells within the Mojave Water Agency - Alto or Oeste Basin

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    250 gpm All Shares = 150 cubic feet
    500 gpm All Shares = 300 cubic feet
    750 gpm All Shares = 450 cubic feet
    1,000 gpm All Shares = 600 cubic feet
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