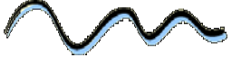


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| <p>RANCHO PAUMA MUTUAL WATER COMPANY</p>  | <p>BOARD POLICIES</p> | <p>Section 8.0 10/24/2016</p> |
| <p>CREATION OF DOMESTIC / AGRICULTURAL RATE CATEGORY</p> | | <p>Revision Date:</p> |

PURPOSE: Several Shareholders own property utilized for growing of commercial crops, in addition to housing of their residence. This new rate category would benefit the qualified Shareholders in the tiered rate structure and allow the continuance of their farming operation.

RATIONALE: The current rate structure allows for potable and non-potable commodity charges on a tiered system. The allocation of limited water units for those domestic parcels planted with commercial crops and the placement of such parcels into the potable tiered system causes the bulk of water units to fall into the highest rate tier.

QUALIFICATIONS: In order to qualify for placement in the Domestic/Agricultural category, the following must be met:

- A. Parcel size must be a minimum of 2.0 acres;
- B. At least 60% must be planted with an income producing, commercial crop;
- C. Water service is interruptible for the AG use only meter, same as Non-potable service, as defined in the Company by-laws;
- D. Based on historical use of property.

RATE STRUCTURE: Those qualified Shareholders will be billed under the Domestic-AG tiered rate structure as detailed on the Schedule of Rates-Effective November 1, 2016.

ADOPTED by the Board of Directors of the Rancho Pauma Mutual Water Company at a meeting held on the **24th** day of **October, 2016**, the vote to wit:

Yay: Kariya, Mathews, Reeber, Smith

No: None

Abstain: None

Absent: Bandy