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KELOWNA, B. C.

(COPY)

27th March, 1926.

A. O. Cochrane, Esq.,
Barrister and Solicitor,
Vernon, B. C.

Dear Sir,

Re. Okanagan Centre Irrigation & Power Co.Ltd.

When Mr. Warren was at Okanagan Centre about the first of the month he had an interview with certain of the water users with reference to some kind of a settlement of the outstanding disputes. His offer was made in writing and in case you have not a copy of it before you I am enclosing a copy. The Users' Committee has considered the proposal and has instructed me to write to you letting you have its views and suggestions as to an arrangement which the Committee thinks would be satisfactory to all parties. It is of course understood that this letter is entirely without prejudice as are all these negotiations tending towards a settlement. If the arrangement hereinafter suggested is carried out it will of course be binding for the term thereof and none of the parties will be able to take any action which will upset it providing that it is lived up to in good faith by the other parties. The carrying out of the terms of arrangement will however prejudice none of the parties with regard to its legal rights should it become necessary because of default of the other parties to establish the same; and of course after the term of the arrangement the parties will be restored to their original positions, nothing done under the arrangement being taken to prejudice them in any way. The suggested arrangement is as follows:-

(1) The terms agreed to shall be embodied in an order of the Minister made by consent, the parties consenting being the Irrigation Company of the First Part, the Water Users (including the Land Company and the Soldier Settlement Board) of the Second Part, and the owners of the Rainbow Ranch of the Third Part.

(2) Beginning with January 1st, 1925, the irriga-

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tion rate is to be at the rate of $6.00 per acre foot with a minimum of $6.00 per acre or for any parcel under one acre which minimum is to be payable in respect of all arable land under the system operated by the Company which is so situated that upon the necessary lateral ditches flumes or pipes being provided it can be supplied with water from the existing main works operated by the said Company. Water is to be supplied up to the capacity of the system regardless of whether agreements have been signed or not. Water over and above the first acre foot is to be paid for at the rate of $6.00 in proportion to the amount applied for.

(3) No rebates or set-off's are to be allowed in respect of rates either for early payment or for any other cause whatsoever.

(4) Users requiring irrigation water must apply for the same in writing before 1st May in the year in which the same is required stating the amount of water required; such applications to be accompanied by the requisite payment hereunder. On the 1st day of May each year the water will be apportioned, all users under the system to be allowed a minimum of one acre foot. Thereafter the surplus will be divided equally among all users who have applied for more than one acre foot until all the users of such class have received at least 1½ acre feet. The surplus thereafter shall be divided pro rata among all users who have applied for an amount of water in excess of 1½ acre feet. The users will be notified forthwith of the amount of water so allotted to them as aforesaid and payment will be required in accordance with such application and allotment.

(5) All irrigation rates are to be paid one-half by the 1st May and one-half by the 31st August, and the Irrigation Company is to shut off water at once if these amounts are not paid by the due date. No water is to be delivered to any lots in respect of which water rates due hereafter have not been paid or are in arrears.

(6) The Rainbow Ranch is to be allowed water on the same basis as the other users during the term of the order without prejudice to the legal rights of all the Parties.

(7) The first charge on the rates for irrigation and domestic water is to be for operation, maintenance and current renewals of the system.

(8) The second charge on the rates is to be such an amount as should be set aside yearly to provide a depreciation fund for replacements. The amount placed into the depreciation fund yearly to be decided by the Comptroller of

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Water Rights on the basis of the independent engineer's report immediately such report is available, and to be such that adequate protection is assured to the users and if possible that a balance may be left to meet the third charge.

(9) Mr. Knight, the independent engineer suggested by the Comptroller is to make his report forthwith of the nature and on the terms agreed upon before the Minister.

(10) The third charge is to be for interest at 8% on the actual cost of the new dam put in by the Irrigation Company.

(11) The fourth charge constituting any surplus that is over after the above payments have been made is to be added to the depreciation fund.

(12) The operations of the Irrigation Company are to be confined to its operations as a water Company alone and to be entirely divorced from other operations or from the operations of the Land Company. Separate books and accounts are to be kept by the Irrigation Company Manager, who is to be nominated by the Company and approved by the Comptroller of Water Rights, such Manager to be a duly appointed water bailiff, to be responsible for the system and to have full authority. He is to keep cost down as much as possible. All accounts, books, etc., of the Irrigation Company are to be open at all reasonable times for inspection by the nominee of the Land Company, the Rainbow Ranch, the Water Users' Committee, or the Water Branch.

(13) If the above irrigation rate is to be retroactive to 1925 any surplus on the 1925 operations of the Irrigation Company is to be paid into the depreciation fund; the Irrigation Company is to satisfy the Comptroller of Water Rights as to last year's statement of operations, receipts and expenditures.

(14) No further lands are to be brought under irrigation over and above the acreage of 100 acres agreed upon by the Land Company in 1921.

(15) Domestic water is to be paid for at a flat rate of $1.25 per month to all users of water for domestic

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purposes. Sprinkler hours are to be set by the Irrigation Company Manager and payment to be made quarterly in advance with privilege to the Company to shut off water for non-payment.

(16) This agreement is to be for four years starting from 1st January, 1926.

(17) This proposal is to remain open for acceptance for three weeks from the date hereof.

I think that the above proposals constitute a fair basis for settlement. You will note that the rate asked for by Mr. Warren is agreed to, no rebates or set-offs are allowed, and the Company is to shut off water until rates and arrears are paid. Written applications for water are required and the Company will therefore be able to know its requirements and apportion the water at an early date. In addition, any difficulty that may accrue to the Irrigation Company because of the Rainbow Ranch agreement is obviated.

It is thought that it should be possible to obtain an official as Irrigation Company Manager satisfactory to all parties thereby avoiding friction. The Glenmore Irrigation District for example operates under W. R. Reid as Manager; he is also Secretary of the District and gives entire satisfaction. It is felt that some such man might be obtained who could act as superintendent of the works and in addition look after the office end of the work thereby saving considerable expense. The book-keeping and accounting part of the work with such a comparatively small number of users should not be onerous.

If there are any points on which you require explanation I shall be only too glad to discuss them with you. Would you be good enough to get in touch with your principals and let me hear from you as soon as possible. To save time the users have sent one copy of this letter direct to Mr. Warren, so that when you are writing to him it will be unnecessary for you to send him a copy.

Yours faithfully,

(Signed) T. G. Norris.