Nov 28, 2000 ORIGINAL

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AZ CORP COMMISSION
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Arizona Corporation Commission:

I recieved a letter - attachment "B", copy inclosed stating that the property parcel #106-43-005-7 and Parcial #106-36-019M-2 were being deleted from the Certificate of convenience and necessity, at my request. That if I had any questions, I should contact you.

Please make the following a part of your records. First, I did not ask to be deleted from the Certificate of Convenience and necessity - here after referred to as The C.C.N. Mr Knapp approached me and said he was going to do this.

Property Parcial #106-43-005-7 should not have been included in this or any C.C.N. This property has its own Well and was as I understand, the first Well placed placed in the Vernon aera, and has never been owned By the developer of Serviceberry Water Co., or its current owner. In 1988, We the trustees for the D+K Irrevocable Trust ask the Vernon Water Co. to allow us to purchase water from them. We were denied by the Vernon Water Co. The reason given was the property was outside of the Vernon Townsite. Upon this denial, I contacted Mr Warner Stevens, the owner and developer of Serviceberry Water Co. I ask if We could obtain water from him. Mr Stevens said that he would sell us water, but I must obtain the permit from Apache County (Engineer - Mr Broadbent), install a shut off valve, all pipe, a meter, and send him a diagram of work when completed. I was to comply with all county instruction, Send him the number of the permit, and then we could purchase water, but would not have any other rights as we are not part of the Vernon Valley II Subdivision, which he had developed across the Road from us. We complied with the above and have been purchasing water from Serviceberry Water Co. since 1988.

In 1990 we began purchasing property. ID # 106-36-019M-2 from Mr Stevens. This property adjoined our (D+K Irrevocable Trust) property - ID # 106-43-005-7 on the South Side and had approximately 1 1/3 acre across Vernon road, inside Vernon Valley II Subdivision, and was part of the Serviceberry Water Co. lot. This 1 1/3 acre was about 1/3 of the area of the Serviceberry Water Co. lot. We also aquired the right to use passage under the bridge, as well as one water hook up with this purchase.

Arizona Corporation Commission
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DOCKETED BY JM

We sold this 1 1/3 acre, escrow #50023603 in 1990 to Mr & Mrs Reidhead, with the one water hook up. Before we sold this parcel we contacted Mr Mark Grapp, the current owner of Serviceberry Water Co. and made an agreement with him to give Serviceberry Water Co an easement, (which is written into title escrow #50023603) across the front of this property (See Vernon Rd. easement drawing attached). This was in exchange for a guarantee that the remainder of our property and the original two acre parcel #106-43-005-7 would never be annexed or required to provide any further easements by Serviceberry Water Co. We have complied with the agreement and it is a matter of record on the title #50025603, filed in the Apache County recording Office.

We were recently informed by neighbors of a possible intent to purchase the Serviceberry Water Co. By the Vernon Water Co., now called The Vernon Domestic Water district, which refused to serve us, even though the property boundries overlap. There is another problem with the Vernon Water Co. of which I will give details further on.

In a recent discussion with Mr Grapp, he said he was going to delete us from the C.C.N., when he deleted the school property. We were informed that Mr Wade Butler had sold 10 acres of his property to (the school facility Board), for the purpose of building a new school. At this time Mr Butler took a Buldozer and distroyed a ditch which crossed a corner of the property, which empties into our stock tank, #38-71364. There is evidence of this ditch being in existance for over 70 years. We did not ask Mr Grapp to delete us from the C.C.N., but did ask him to write into the deed of Serviceberry Water Co. the agreement not to annex or ask any further easements, to avoid a lawsuit. Since our obtaining water was a special agreement for the purchase of water only. The installation and maintance of all pipe from where it is connected to Serviceberry Water Co. pipe, with a shut off valve at the main line in the subdivision to our property including the water meter is our responsibility, and not part of Serviceberry Water Co.

We have now been informed that two School Board members are also on the Vernon domestic Water Board and have insisted the new school purchase water from the Vernon Water Co. instead of Serviceberry Water Co. which holds the C.C.N. I have been told there is a plan to run pipe across our properties, or possibly along our side of the road where the telephone Co. has its line buried. I'm not sure a permit can be obtained to use the same right of way as the phone Co. The original notice stated the "center of Vernon Road" would be used.

Since Mr Hrapp of Serviceberry Water Co. has sold his C.C.N. to various properties, I believe the agreement entered into By us, is still Binding, and By deleting our properties, it is believed that we will no longer be covered by this agreement. Neither the School Board or the Vernon Domestic Water dist. have approached us. Due to past dealings with the Vernon Water Co., we have found them to be less than straight forward. We feel, that since Mr Hrapp has sold part of his C.C.N. that his existing right of way, which runs directly behind our properties and into the school property should be the route used by Vernon Water Co. to install its pipe to the school. This right of way is easily accessable to Vernon Domestic Water lines, as it adjoins the Vernon townsite. If for some reason this is not feasible, then someone from the Vernon Water Co., or the Vernon School district #9 should have the courtesy to contact us.

The problem I mentioned earlier is that I ask to have my water right in the Old Vernon Water Co. on another property in the Vernon townsite transfered to my Son and daughter-in-law. This was denied (I still have the letter). When Vernon Water Board Directors wanted to change to Vernon Water District, I was not informed. Neither was I informed when they invalidated my water right, without notice as required by law.

My Daughter-in-law is now on the Board of Directors for Vernon Domestic Water Dist., and has taken the position of conflict of interest, concerning water matters. So you can see there is an existing problem.

On June 4, 2000 I sent a letter to you the Corporation Commission about a proposal by the Vernon Domestic Water Co. to possibly purchase the Serviceberry Water Co. and run a pipe across the road into our property, parcel # 106-36-019M-2. We were never sent any of the information that was sent to our neighbors concerning the possible purchase, even though there was a plan to run a pipe through our property. This property is part of, and the portion asking to be deleted by the Serviceberry Water Co. from the C.C.N. The Only reason we became aware of the possible purchase was some of our neighbors informed us.

Again, Please make this a part of your records.

Sincerely

Donald J. Bauden, trustee for
D+K Irrevocable Trust
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