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HDJ Management RECEIVED

Arizona Corporation Commission

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January 19, 2007

Jeff Hatch-Miller, Chairman
Kristin K. Mayes, Commissioner
Gary Pierce, Commissioner
William Mundell, Commissioner
Mike Gleason, Commissioner

Cc: Dwight Nodes, Admin. Law Judge
Steve Olea, Assistant Director, Utilities
Marlin Scott, Jr., Utilities Staff Engineer
Docket Control Staff
Bradley Morton, Consumer Analyst

Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: IN THE MATTER OF THE APPLICATION OF WHISPERING PINES FIRE DISTRICT FOR A VARIANCE TO THE MORATORIUM ON NEW SERVICE CONNECTIONS FOR PAYSON WATER COMPANY'S GERONIMO ESTATES SYSTEM—Docket No. W-03514A-05-0729

Re: REQUIREMENTS FOR SERVICE OF LETTERS AND AUTHORITY OF HARRY JONES TO REPRESENT GILA COUNTY

Dear Commissioners and Staff:

On November 30, 2006, Assistant Chief Administrative Law Judge Nodes issued a Procedural Order requiring Payson Water Co. ("PYWCo") to respond to letters written to this Docket by Harry Jones. PYWCo responded on December 28, 2006.

In response to the December 28, 2006 letter from Robert Hardcastle of PYWCo, Harry D. Jones of HDJ Management responds as follows:

In the PYWCo response, Section I "Background", I was criticized for not serving a copy of prior letters on this matter on PYWCo or certain other parties on the service list. Judge Nodes has required that all future correspondence shall be copied to PYWCo as well as others on the service list. I hereby apologize for failing to realize that none of the 13 copies which I always supply to Docket Control apparently go to those parties. I have been aware, by previous communication from staff, that none of the 13 copies went to the Commissioners or Staff, thus the reason for me sending copies of communications directly to those parties to keep them aware of the various situations of importance to Gila County. Unfortunately for the Commission, and also for Gila County and the Fire District, budgets to afford legal counsel guidance to me on these types of procedural matters are simply not available; however it must be noted that these parties I represent, whether always represented by legal counsel or not, have been invited by the ACC to participate, and they each certainly have the legal standing to be heard from on these important citizen related matters.

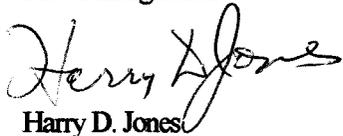
In the PYWCo response, Section II "Harry Jones Representation of Gila County", Mr. Hardcastle claims in paragraph three that "Mr. Jones' consulting services were unanimously voted to be terminated by the Gila County Board of Supervisors pursuant to their meeting of May 16, 2006". No where in the record of the minutes of that meeting did it state that Mr. Jones' consulting services were "terminated", this word being introduced inappropriately and in a completely misleading context by Mr. Hardcastle. A complete reading of the full minutes, rather than taking words and results of discussions out of context, reveals that a new proposed agreement for professional services was being considered by the Board at the request of County Manager Steven Besich who stated that "the Board has never taken a position to relieve Mr. Jones from his contract" (p. 14 second paragraph of minutes). When read in its entirety, the minutes do clearly reflect that the "new" contract to potentially replace the "existing" still-in-force contract was not approved by the Board; however, as this portion of the meeting was coming to a close (p. 20 first paragraph of minutes), Chairman Sanchez stated "he felt it would only be fair to Mr. Jones if the Board meets with him in the next couple of weeks to discuss his status on the water issues"; Supervisor Dawson "suggested that Mr. Besich meet with Mr. Jones and get a current status report and then explain the status to the Board"; and Vice-Chairman Martin "stated that in the meantime, the Board should schedule a work session that lays out how to proceed from this point onward". The record then states "This was agreeable to the Board".

Please note that the County management team and I did not feel it was appropriate to respond to the many outrageous mis-statements of fact and unsubstantiated charges included in the official record of this "ugly" public meeting of the Board of Supervisors, a meeting which I did not attend.

In the meantime and over the last seven months, I have received compensation every month, such disbursements to me approved by all Board members each month. To further clarify this situation, please see the attached letter dated January 11, 2007 from Tommie Martin, Vice-Chairman of the Board of Supervisors, where she clearly indicates Harry Jones of HDJ Management has a "multifaceted position working on various water issues in and around the Rim Area" and that "Harry Jones is authorized to represent me on water issues brought before the Arizona Corporation Commission".

If you have any further questions related to this matter, please call me at the above numbers, or call Tommie Martin, Vice-Chairman of the Board of Supervisors and the lead Supervisor on water issues for Gila County.

Cordially,
HDJ Management


Harry D. Jones

Copies of the foregoing mailed this 17th day of January, 2007:

Docket Control Supervisor
Arizona Corporation Commission
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Phoenix, AZ 85007

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P. O. Box 82218
Bakersfield, CA 93380-2218

See following attached list

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GILA COUNTY
BOARD OF SUPERVISORS
1400 E. Ash
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**John F. Nelson, County Manager/
Clerk of the Board of Supervisors**
(928) 425-3231 Ext. 8754
jnelson@co.gila.az.us

January 11, 2007

To Whom It May Concern:

Mr. Harry Jones of HDJ Management is and continues to work for the Gila County District One Supervisor. He has a multifaceted position working on various water issues in and around the Rim Area.

Mr. Jones has worked closely with Leslie Myers of the Bureau of Reclamation and Buzz Walker of the Town of Payson on the Mogollon Rim Water Resources Management Study (MRWRMS). He has also maintained continuity on water issues involving various water districts, subdivisions and individuals that pertain to Gila County District One.

Harry Jones is authorized to represent me on water issues brought before the Arizona Corporation Commission.

I can be contacted at 928 474-2029 for any additional information.

Sincerely,

Gila County Board of Supervisors

Tommie C. Martin, Vice-Chairman
District One