

To: PUC, Case No. TGW-W-04-1

Jan. 07, 2006

Subject: The residents of the Pioneer Neighborhood Subdivision wish to thank the PUC for all their assistance in dissolving the Terra Grande Water (TGW).

The following is a chronological list of problems that Pioneer Neighborhood residents have had to put up with TGW.

1. **4 Nov, 1959.** Dalice Chester and Barbara Chester (now Barbara Childs) husband and wife took over the water system calling it Terra Grande Water, from the undersigned Horlan's, INC of Boise on 4 Nov 1959. The trustees were Don H. Eagleson (president of Eagleson Real Estate), G. J. Garnrdner (Trust Officer, First Security Bank of Idaho).
2. **July 1, 1971** the water system had become so fowled from lack of maintenance that the residence of the Neighborhood had hired an attorney and requested a meeting with:
 - a. Mr. Killingsworth,- Chief, Engineering, Ada Development Council.
 - b. Mr. Yoder - (?)
 - c. Mr. Scanland, - Attorney for Dalice Chester.
 - d. Mr. Sales, - Ada county P&Z Commission
 - e. Mr. Anderson, - Manager, Boise Water Corporation.
 - f. Mr. Merrick,- Attorney for neighborhood residents. He stated that the legal owners of the water corporation in question is the Trustee - First Security Bank. The property owners are the beneficiaries of the Trust - we are entitled to all rights, privileges and uses of the water. Mr. Chester's only responsibility is providing the water and keeping it up to par. Mr. Merrick stated that we have several possible solutions to the question of quantity and quality of water:
First: We Could sue Mr. Chester, as Manager, and First Security Bank as Trustee. Mr. Chester would probably disappear and the First Security Bank would petition the court to be absolved of the trusteeship and we would be right back where we are now.
Second: We could connect up with Boise Water Corp., but that would be quite expensive.
Third: We could give Mr. Chester financial assistance to get all the wells in good operating condition and in finding another to drill a new well.

Mr. Merrick said his advice to us would be to form a committee of all those present and discuss with those not present that transpired at this meeting . Then to hold another meeting and discuss the question and possible solutions again. The group decided to form a committee and have a short meeting of the property owners present, all volunteered to serve on a committee.

(Attachment 2)

3. **July 16, 1971-** Beneficiaries of the TGW, Community Steering Committee, Water Problems

(Attachment 3 please read)

(Attachment 4 News paper release, reporters were better then)

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UTILITIES COMMISSION

In accordance with attachments 1,2, & 3. I understand that the First Security Bank is the trustee, but the property owners are the beneficiaries of the trust and are entitled to all rights, privileges and as uses of the water. TWG is only responsibility is providing the water and keeping the water's quantity, quality and safe for a monthly service payment from the property owners. These rules were from the 1960's not today.

4. 1972 until now ahs been a continual fight between TWG and the resident for service of the water and wells.

5. **July 2004:** Pioneer Neighborhood residents aggregated to construction, installation of improvements in the form of a sanitary sewer.

(a) From the first week of construction of the sewer line on Penninger Street it was obvious that TWG's water lines have never received any form of maintenance since they were installed. There were over twenty breaks in TWG's water lines during the construction of the sewer system; some of the water line was so bad that United Water had to be called in to explain how pipes so thin could be repaired. United water recommended a complete replacement of the pipe system.

(b) During this time TWG had to send out letters to residents that the water system had to be shut down for up to 4 hr. to repair their pipes. After repairing the pipe/pipes, TWG never flushed with chlorine to prevent Bio-contamination or to clear dirt of sand to prevent clogging of home owners plumbing fixtures and causing loss of efficiency of hot water tanks etc. Where was TWG's Quality and Safety? Where was DEQ/Depart of Water quality? Where was Idaho Department of Health? Who in Ada County or the State of Idaho was supposed to look at and support and protect the residents?

(Attachment 5)

6. **Feb 19, 2004**, PUC, Case No. UWI-W-04-2.

TGW want to sell the system to United Water for \$47,000

7. **April 2, 2004** PUC, Case No. TGW-W-04-1

PUC, recommends a \$0.00 price. But TWG determined it was not in its best interest. So its Application was withdrawn.

8. **June 8, 2004**, PUC Commission issued Order No. 29512 in Case No TGW-W-04-1

. Issuing TWG a Certificate of Public Convenience and Necessity and **opening and investigation to establish: The neighborhood would like you to reopen and expand your investigation.**

(1) & (2) You can read your own case study.

Where was all the information that was sent in to the PUC and the testimony given to PUC personnel, and the PUC person that spoke to residents and observed only a trickle of water coming from kitchen facets, dirt in the water in toilets and bath tubs and from any hose in the neighborhood. A large number of the past problem including the above mentioned in the attachments. It was like some one in your staff had buried all the residents and your PUC investigator so the PUC Commissioners could not look at it to make the wrong decisions.

9. January 21 and January 24, 2005

The commission was notified by TGW that the DEQ that all three water supply wells of TGW were contaminated with Trichloroethylene (TCE).

DEQ took just two tests of the wells and left. Many of the residents have called DEQ and DWQ asking if they found where the contamination came from. To this date there have been no returned call to any of the residents of DEQ or DWQ.

The residents and my self began looking and found no wells in our area that are being tested have any contamination from TCE or any other chemical. We found a process, though expensive it that would remove TCE from a water supply. We also found there are no test wells in the aquifers below the large old gravel pit along interstate 80 between Cole and Orchard. We found other potential areas of concern but most of us believe that it may have been TGW that contained there own wells to prevent paying for putting in new water lines to meet state codes.

An investigation would have found that mismanagement, lack of maintenance and reinvestment in there system would show they were only interested in the monthly money income and not the protection or safety of the resident they were receiving money for a service they were barely providing.

(Attachment #)

10. March 21, 2005. -The PUC established a schedule of payment:

After the hookup of United Water to TGW's system. TGW was to divide the cost from United Water equally and TGW receives a \$13.00 per month flat rate for administrative service.

The problem like always is TGW's in ability to service the water system.

(Attachments #&#)

These two attachments show that TGW can not follow its own instruction to the neighborhood residents. It states that if there is a problem with the water call before 12:00 on Friday or there will be no one to come by until the following Monday.

Don Bean 2109 Penninger called TGW at 10:30 am on Friday, July 22, 2005 to report they were unable to repair a leak because Mr. Bean was unable to turn TGW's water shutoff valve. Mr. Bean called TGW again at 11:30 am. He also called United Water and the PUC, leaving messages at each. TGW's son tried to shut off TGW's valve but was unsuccessful and said it would be Monday before he could get back.

I was notified and went down at about 4:00 o clock and took pictures called the PUC and spoke to Nancy. The water was flowing out of TGW's pipe that provided access to TGW's shut of valve. The water was flowing so fast that Mr. Bean had dug a hole next to the pipe and was using a pump to try and keep the water away from his home and into the street.

During the time from Friday until the repair on Monday afternoon water from a 3/4 inch water line flowed under Mr. Beans home down the street and into the neighbor's yard. The total quantity of water could only be estimated if the water pressure was known. Then TGW divided the total amount of water used from United Water between the residents. This was done by TGW even though it was the problem of TGW's faulty shut off valve.

TGW back charged Mr. Bean \$150.00 for a back hoe and for fixing his pipe that was broken just past TGW's bad shut off valve. Mr. Bean was present when the back hoe operator asks TGW's son if he wanted to fix the valve while the hole was open. TGW's son said no.

I have more of these stories but I hope you're seeing what the neighborhood has had to tend with over the years from TGW. It was the PUC that told TGW to divide the amount of water used by United Water between the residents but TGW must have felt no matter how much water was lost from their valves it was the residents and not a responsibility of TGW to also pay for water wasted....

11. Dec. 21 2005, -

You know the rest. It's in your report. The residents have had a very difficult time with TGW since 1971 and are happy that the PUC has come to this decision. We appreciate all the hard work of Randy Robb has done on our behalf. We also appreciate all those that have helped the Commission in finalizing this decision.

12., Jan 7 2006, -

The residents of this subdivision would wish that the Commissions will complete a more through investigation of TGW and have the wells pumped again to verify the present or lack of TCE. We feel there may be more in keeping the wells out of the agreement, then just selling the water rights.

Hopefully the wells could be used to observe presents of contamination in the future by DEQ/DWQ.

DEQ/DWQ'S has failed to test TGW's wells again, or on any regular basis. Regular testing of TGW's wells would be an excellent way for the DEQ/DWQ to gain information and investigate many other chemical, biological and radiological contaminations (since no further chemicals will have to be added to the wells).

DEQ/DWQ could use the findings from these wells for a better understand of human contaminations of the water aquifers, thus protecting municipalities and other well owners.

No matter what is found in the wells, we the residents know the PUC has been working for the residents of the Pioneer Neighborhood and are working for the people of the State of Idaho.



Jim Storey.

President of the Pioneer Neighborhood Residents Association.

On behalf of all residents of the Pioneer Neighborhood.

Sub: Petition in the matter of the investigation of Terra Grande Water.

From: Owners and residents of Pioneer Subdivision.

We the property owners and residents being severed by the Terra Grande Water Co., agree with most of the findings of the PUC Commissioners, Case No. TWG-W-04-01.

Name (print)	Signature	Address	Property Owner /Renter
1. LANA D HALE	<i>Lana Hale</i>	1915 Pennington	X
2. LANA D HALE	<i>Lana Hale</i>	1903 Pennington	X
3. Kim Kostechka	<i>Kim Kostechka</i>	8000 Dorian St	X
4. Kim Stolorow	<i>Kim Stolorow</i>	8017 Dorian	X
5. Troy Price	<i>Troy Price</i>	8014 Dorian	X
6. Cheryl Klemm	<i>Cheryl Klemm</i>	8020 Dorian St.	X
7. William L. Heston	<i>William L. Heston</i>	1714 S. Ash Park Ln.	X
8. Tana Brown	<i>Tana Brown</i>	1735 S. Ash Park	X
9. PETER CROVOSTEK	<i>Peter Crovostek</i>	1737 SASH PARK	X
10. Cynthia Spencer	<i>Cynthia Spencer</i>	1819 S Ash Park	X
11. JIM PRUITT	<i>Jim Pruitt</i>	1623 ASH PARK	X
12. Kim Elam	<i>Kim Elam</i>	2013 ASH PARK	X
13. Steve Hughes	<i>Steve Hughes</i>	2021 S. Ash Park Ln	X
14. Bruce Holbert	<i>Bruce Holbert</i>	2031 S. Ash Park	X
15. Katie	CORN	2111 S. Ash Park	X
16. Frank	GRALIMY	8031 LEMHI	X
17. Chuck	<i>Chuck</i>	2164 S HILL	X
18. Pat	<i>Pat</i>	2023 Pennington	X

To: Idaho PUC. Commissioners, Case No. TWG-W-04-01.

Jan 08 2006

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Name (print)	Signature	Address	Property Owner /Renter	
19. Spence Edgerton	<i>Spence Edgerton</i>	2000 Penninger	✓	
20. H. Pettibone	<i>H. Pettibone</i>	2017 Penninger		✓
21. Terry Ansee	<i>Terry Ansee</i>	2016 Penninger	X	
22. Sam Danish	<i>Sam Danish</i>	2006 Penninger	X	
23. Dawn Jolley	<i>Dawn Jolley</i>	1946 Penninger	X	
24. Amy In - Amy Tsai	<i>Amy Tsai</i>	1922 Penninger	X	
25. Lily Miloslav Sahoder	<i>Miloslav Sahoder</i>	1918 Penninger Dr.	X	
26. Karen Adams	<i>Karen Adams</i>	1919 Penninger	X	
27. Kate Porter	<i>Kate Porter</i>	1906 Penninger Dr.	X	
28. Nicole W. Isaac	<i>Nicole W. Isaac</i>	1843 Penninger Dr.		✓
29. Louis Felice	<i>Louis Felice</i>	1866 Penninger	X	
30. Saker Thomas	<i>Saker Thomas</i>	1842 Penninger		X
31. Matt Wasson	<i>Matt Wasson</i>	1825 Penninger	X	
32. Eugene Schw	<i>Eugene Schw</i>	1816 1/2 Penninger Cir	✓	
33. Angeline Norman	<i>Angeline Norman</i>	1804 - S Penninger		✓

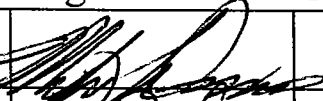
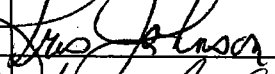

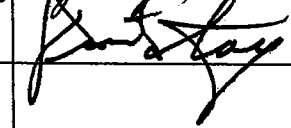
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Date: Jan 07 2006

From: Owners and residents of Pioneer Subdivision.

To: Idaho PUC. Commissioners, Case No. TWG-W-04-01.

We the property owners and residents being severed by the Terra Grande Water Co., agree with most of the findings of the PUC Commissioners, Case No. TWG-W-04-01.

	Name (print)	Signature	Address	Property Owner /Renter
34	1. MIKE DENNIS		8110 LEMMI	<input checked="" type="checkbox"/>
35	2. KRIS JOHNSON		8108 Lemhi	<input checked="" type="checkbox"/>
36	3. Eugene Johnson		1816 S. Pennings	<input checked="" type="checkbox"/>
37	4. Tim Storey		1607 S. Ash Park	<input checked="" type="checkbox"/>
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	18.			

817 WEST FRANKLIN STREET
BOISE, IDAHO 83702

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS: That for and in consideration of the sum of Ten and no/100 Dollars (\$10.00), receipt of which is hereby acknowledged, the undersigned, HORLAN'S BOISE, INC., an Idaho corporation, does hereby sell, transfer, assign and set over unto DALICE CHESTER and BARBARA CHESTER, husband and wife, all of its right, title and interest in and to that certain Trust Deed made and entered into on the 4th day of November, 1959, by and between Real Estate Sales Corporation, therein designated as Grantors, and the First Security Bank of Idaho, a National Association, therein designated as Trustee, a copy of which Trust Deed is attached hereto and by reference incorporated herein as if fully set forth hereat in haec verba, wherein said grantors did, for and in consideration of the undertakings therein set forth, provide and assure maintenance and operation of that certain water system as therein described and did therein grant and convey to said Trustee the following property:

All of its right, title and interest in and to the following described real property:

Commencing at the southeast corner of Lot 3 of Block 2 of Terre Grande Park No. 1 Subdivision as the same appears on the official plat of such Subdivision on file and of record in the office of the County Recorder of the County of Ada, State of Idaho, and running thence West along the southerly boundary of said Lot 3 a distance of 87 feet to a point, being the real point of beginning; running thence South 5 feet; thence West 16 feet; thence North 10 feet; thence East 16 feet; thence South 5 feet to the real point of beginning;

Commencing at the center of the intersection of Skillern Way and Penninger Circle Drive as such streets appear on the official plat of

817 WEST FRANKLIN STREET
BOISE, IDAHO 83702

1 Terra Grande Park No. 1 Subdivision on file
2 and of record in the office of the County
3 Recorder of the County of Ada, State of Idaho,
4 and running thence East a distance of 25 feet
5 to the east sideline of Skillern Way, being
6 the true place of beginning; thence running
7 North 6 feet; thence East 12 feet; thence
8 South 12 feet; thence West 12 feet; thence
9 North 6 feet to the point of beginning.

10 (b) The well or wells, plant, chemical treatment facilities,
11 storage and distribution facilities, including the water mains
12 and lateral lines, heretofore constructed or to be constructed,
13 including all easements incident to the ownership and operation
14 of said water system.

15 BY THESE PRESENTS, The undersigned Assignor does hereby
16 direct the said Trustee to recognize the Assignees hereinabove
17 named, to wit: Dalice Chester and Barbara Chester, husband and
18 wife, in the same place and stead as said Trustee has recognized
19 the Assignor hereinabove named, as if these presents had not
20 been made.

21 Dated this 1st day of October, 1969.

22 HORLAN'S BOISE, INC.

23 By Russell D Fereday
24 President

25 STATE OF IDAHO)
26 County of Ada) ss.

27 On this 2nd day of October, 1969, before me, the under-
28 signed, a Notary Public in and for said State, personally
appeared RUSSELL FEREDAY, President of Horlan's Boise, Inc.,
known to me to be the person whose name is subscribed to the
within instrument, and acknowledged to me that he executed the
same for and on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my official seal the day and year first above written.

James E. Duda
Notary Public for Idaho
Residing at Boise, Idaho

Met. 3-15
467532
Book 40, Page 38

TRUST DEED

THIS TRUST INDENTURE, Made this 4th day of November, 1959, by and between REAL ESTATE SALES CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Idaho, (hereinafter called "GRANTOR" or "PARTY OF THE FIRST PART"), and FIRST SECURITY BANK OF IDAHO, NATIONAL ASSOCIATION, TRUSTEE, a banking corporation duly chartered, organized and existing under and by virtue of the laws of the United States of America, (hereinafter called "TRUSTEE" or "PARTY OF THE SECOND PART"),

W I T N E S S E T H:

THAT, WHEREAS, grantor is now the owner of property known as Pioneer Park, located in or near the City of Boise, County of Ada, State of Idaho, which property is being improved and developed by the construction of dwellings thereon; and,

WHEREAS, grantor is the owner of certain property, (hereinafter more particularly described) upon which there is located a well or wells and a plant, together with distribution facilities (hereinafter referred to as "water system"), for the purposes of supplying water to all properties connected or to be connected to the said water system; and,

WHEREAS, the Federal Housing Administration will not accept for insurance, and the Veterans Administration will not guarantee or insure, mortgage loans covering the separate properties and improvements built or to be built thereon, without receiving assurances as to the continuous and satisfactory operation of the said water system; and,

WHEREAS, such improvement and development of the properties and the future financing and sale of the properties is contingent upon the insurance of said mortgage loans by the Federal Housing Administration or the guaranty or insurance of said mortgage loans by the Veterans Administration; and,

WHEREAS, it is the intention and purpose of the grantor that such water system shall be used and operated to provide an adequate supply of water for each of the properties connected thereto, regardless of the ownership of the individual properties, and properly to maintain an adequate water supply for domestic consumption for the occupants of said properties, and to assure the continuance of the operation and maintenance of such water system for the benefit of the present and future owners of the properties connected thereto, the mortgagees holding mortgages covering such property, and the Federal Housing Administration and Veterans Administration.

* NOW, THEREFORE, for and in consideration of the undertakings of the grantor to provide and assure the maintenance and operation of the water system as aforesaid and the further sum of One Dollar (\$1.00) lawful money of the United States cash in hand to grantor by Trustee, the receipt whereof is hereby acknowledged, the grantor does hereby grant and convey to the party of the second part, as Trustee, the following property, to wit:

* (a) All of its right, title and interest in and to the following described real property:

Commencing at the southeast corner of Lot 3 of Block 2 of Terra Grande Park No. 1 Subdivision as the same appears on the official plat of such

Subdivision on file and of record in the office of the County Recorder of the County of Ada, State of Idaho, and running thence west along the southerly boundary of said Lot 3 a distance of 87 feet to a point, being the real point of beginning; running thence south 5 feet, thence west 16 feet, thence north 10 feet, thence east 16 feet, thence south 5 feet to the real point of beginning;

Commencing at the center of the intersection of Skillern Way and Penninger Circle Drive as such streets appear on the official plat of Terra Grande Park No. 1 Subdivision on file and of record in the office of the County Recorder of the County of Ada, State of Idaho, and running thence east a distance of 25 feet to the east side-line of Skillern Way, being the true place of beginning; running thence north 6 feet, thence east 12 feet, thence south 12 feet, thence west 12 feet, thence north 6 feet to the point of beginning.

(b) The well or wells, plant, chemical treatment facilities, storage and distribution facilities, including the water mains and lateral lines, heretofore constructed or to be constructed, including all easements incident to the ownership and operation of said water system. *

Further, the grantor hereby warrants that there are no existing encumbrances, liens, or other indebtedness to the title of the water system conveyed hereunder other than the following:

Real estate mortgage from Real Estate Sales Corporation as mortgagor to Don H. Eagleson as mortgagee, dated November 1, 1959, securing the indebtedness in the principal amount of Eight Thousand Two Hundred Fifty-four and no/100 Dollars (\$8,254.00) together with interest thereon, evidenced by promissory note of even date therewith, recorded in the office of the County Recorder of the County of Ada, State of Idaho,

6 13

In Book _____ of Mortgages at page _____.

There is also Merchandise Purchase Conditional Sales Contract dated August 18, 1959, between H. J. Wood Co., Inc. as seller, and Real Estate Sales Corporation as buyer, whereby Real Estate Sales Corporation purchased certain personal property which became a part of the water system described herein, and by the terms of said contract the seller reserved title to such personal property in itself until payment of the full purchase price in the amount of \$4,746.00 is made to the seller by the buyer in monthly installments. Said contract has been assigned by the seller H. J. Wood Co., Inc. to First Security Bank of Idaho, National Association.

The grantor hereby warrants that the above said encumbrances, reservations of title, liens, or indebtedness have been subordinated to this conveyance and are subject to this trust deed.

This conveyance is upon the trusts and for the purposes following, to wit:

1. This grant is for the benefit of the present and future owners of all and each of the properties now or hereafter connected to the said water system, as well as the holders of the mortgages covering each of the said properties, and Trustee shall hold the title to the property granted by this indenture until either (a) the water system is taken over by either a Governmental authority or a public utility (regulated and controlled as to rates and services by a duly constituted public regulatory body or commission) for maintenance and operation, or (b) other adequate water service is provided either by a Governmental authority or public utility (regulated and controlled as to rates and services by a duly constituted public regulatory body or commission) through means other than the operation of water system and facilities now transferred to the Trustee herein. Upon the happening of either of such events at a time when the grantor is still operating and managing the water system in accordance with the terms and provisions hereof, the Trustee shall immediately reconvey the property to the grantor, its successor or assign, and this indenture shall be of no further effect.

2. The grantor shall supply at all times and under adequate pressure for the use of each of the properties duly

connected to the said water system, a sufficient quantity of water to meet the reasonable needs of each of the properties duly connected to said water system. Such water shall be of the quality and purity as shall meet the standards recommended by the "Public Health Service Drinking Water Standards," promulgated by the United States Public Health Service, Federal Security Agency, February 5, 1946, and the water shall be treated in the manner necessary to assure its being of the quality and purity recommended in the above mentioned Standards and also so as to produce water without excessive hardness, corrosive properties, or other objectionable characteristics making it unsafe or unsuitable for domestic use or harmful to any or all pipes within and/or without the dwellings. Records of any and all tests conducted in connection with said system shall be kept as permanent records by the grantor and said records shall be open to inspection by the State Board of Health of the State of Idaho and the owners of the properties connected to the said water system. The said Board of Health and/or its agents shall at all times have access to the plant of the grantor to conduct any and all tests as said Board shall consider necessary to determine compliance with the said Standards. In any event, the grantor shall have said analyses made at least quarterly and shall pay all costs in connection therewith. In the event said Board shall determine that the quality and purity of the water does not meet the said Standard, the grantor shall with reasonable dispatch at its sole costs make any adjustment, repair, installation or improvement that shall be necessary or recommended by said Board to bring the purity

of the water up to the said Standard.

3. The grantor shall maintain said water system at all times in good order and repair so that satisfactory service as aforesaid may be supplied to each of said properties as provided in paragraph 2 above.

4. Until the happening of one of the events set forth under paragraph numbered 1 above: Should grantor fail to operate and manage the water system, in the manner and under the conditions specified in paragraphs numbered 2 and 3 above and should grantor fail, after notice in writing from the Trustee, to correct such failure with reasonable dispatch, then Trustee shall have the right to immediate possession of the water system for the purpose of operating and maintaining the same, and the right to hold, use, operate, manage, and control the same either itself or by or through any of the agencies or parties for whose benefit this trust is created and it may take possession thereof for the purpose of operating the same, and in that event, the Trustee or the entity operating the water system in its behalf or in the behalf of any of the beneficiaries of this trust, shall be subrogated to all rights of the grantor to levy and collect a charge against each customer at rates not in excess of those specified in paragraph numbered 6 herein.

5. In the event the Trustee takes possession of the water system pursuant to the provisions of paragraph numbered 4 or paragraph numbered 6, the grantor shall have no further right, title or interest in or to the water system or other property

granted by this indenture and shall not be entitled to any portion of the proceeds resulting from any sale of such system or property; but the Trustee shall have the right to transfer such system to a Governmental authority upon such terms or conditions as may be approved by the Trustee and the owner or owners of a majority of the properties connected to the water system.

6. The grantor reserves the right to levy and collect a charge for water furnished and consumed by the occupants of each of the properties connected with said water system, in the amount of \$5.00 per month, with additional charges for summer irrigation water, based on lot area, as follows:

AREA	MONTHLY CHARGE	ANNUAL PERIOD
5,000 to 9,500 sq. ft.	No extra charge	May 15 to September 15
9,500 to 11,500 " "	\$ 3.00	" "
11,500 to 13,500 " "	4.50	" "
13,500 to 15,500 " "	6.00	" "

Service shall be charged on a pro-rata basis from the date the service is established at the request of the consumer to the date of discontinuance. The grantor shall have the right to install on each of the individual properties a water meter to be maintained by the grantor, through which all water supplied to the consumer or consumers shall pass and through which the grantor shall have access at reasonable times for the purpose of taking meter readings and keeping said meter in repair.

(a) It is agreed between the parties hereto that for the first year of operation of the water system the above rates shall be deemed reasonable.

(b) The grantor shall maintain accurate books relative to the water system. Such books shall be available for inspection by a person or persons designated in writing by the Trustee or designated in writing by not less than one-third of the beneficiaries of this Trust, provided, that the continuing right of inspection hereby created shall be exercised only at the place where such books are customarily maintained in Boise, Idaho; that such right of inspection shall be exercised during usual business hours, after reasonable notice and in such a manner as not to hamper unduly or interfere with the conduct of the grantor's business.

(c) Changes in rates may be proposed by the grantor and by the said beneficiaries. If within 90 days after notice to the Trustee and to the beneficiaries of a rate change proposed by the grantor not more than one-third of the beneficiaries of this Trust shall have signified in writing their opposition to such proposed rate change, the grantor may forthwith establish such new rates which shall be deemed reasonable pending the accumulation of experience to show such new rates to be unreasonable. If more than one-third of the beneficiaries signify in writing their opposition to a rate change proposed by the grantor, or if more than one-third of the beneficiaries propose in writing a rate change which the grantor opposes, and the parties cannot reach an agreement by negotiation within 30 days, then the matter shall be referred to a board of arbiters, who shall be designated as follows: The grantor shall designate an arbiter, the beneficiaries shall designate an arbiter and the two arbiters thus selected shall choose a

third arbiter. The decision of the board of arbiters as to the reasonableness of rates shall be final upon the parties hereto. All costs of arbitration shall be paid by the losing party or parties. The duly elected officers of a citizens' or property owners' association comprised of the beneficiaries, or the members of a committee duly appointed by such officers, shall prima facie represent more than one-third of the beneficiaries.

(d) Should the grantor charge rates for water service in excess of reasonable rates, as herein above defined, then the Trustee shall notify the grantor of such over-charge by registered mail. Should the grantor thereafter fail or refuse to establish and maintain fair and reasonable rates, as herein above defined, within the period of ninety (90) days, the Trustee shall have the right to immediate possession of the water system for the purpose of furnishing water service at fair and reasonable rates and the Trustee shall have the right to hold, use, operate, manage and control the water system, as set forth under paragraph numbered 4 above.

7. Notwithstanding any other provision of this trust deed, any creditor of record of the grantor shall have a reasonable period of time to correct any default hereunder prior to the taking over of the property by the Trustee.

8. If it should become necessary at any future time for the Trustee or any entity acting in its behalf or any beneficiary under this trust indenture, to take over, operate and manage the water system under the provisions of this trust,

then and in that event, the operator of such system shall be entitled to a Trustee's fee payable from the income of the water system at a rate not in excess of ten per cent (10%) of the gross charges collected by such Trustee, provided that such Trustee's fee may be increased with the approval of the owner or owners of seventy-five per cent (75%) of the properties connected to the said water system.

9. It is agreed that the trustee, at any time after execution of this instrument, may resign as said trustee, whether or not it has become necessary for said trustee or any entity acting in its behalf to take over, operate and manage the water system under the provisions of this trust. Such right of resignation, however, may be exercised only after an appropriate court, by petition thereto, has duly appointed a qualified successor trustee, and after such successor trustee has accepted the duties and responsibilities of trustee as such duties and responsibilities are set out herein.

IN TESTIMONY WHEREOF, Real Estate Sales Corporation, the grantor, has caused these presents to be executed in its behalf by Don H. Eagleson, its President, and its corporate seal to be hereunto affixed and attested by Pat T. Fitzgerald, its Secretary, and First Security Bank of Idaho, National Association, the Trustee herein named, has caused these presents to be executed by its Trust Officer, the day and year first hereinabove written. In entering into the agreement contained herein and executing this Trust Indenture, First Security Bank of Idaho, National Association, acts for itself as

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Trustee and as representative of and by authority of all persons, firms, corporations, or entities which are or may be beneficiaries under the trust thereby created.

REAL ESTATE SALES CORPORATION

ATTEST:

/s/ Pat F. Fitzgerald
Pat T. Fitzgerald, Secretary

By/s/ Don H. Eagleson
Don H. Eagleson, President

GRANTOR

FIRST SECURITY BANK OF IDAHO,
National Association

By/s/ G. J. Gardner
G. J. Gardner, Trustee Officer

TRUSTEE

