

We called for the Board of Directors to be re-nominated and they were.

The 2003 shareholders meeting is to be held on May the 17<sup>th</sup> which is about three weeks away, so we will call this the end of the story.

It was a cloudy day on May 17, 2003 as we gathered at the multi-purpose room at the Middle School of Pinon Mesa in Phelan, CA. President Leonard Valdepena called the meeting of the Sheep Creek Water Company shareholders to order. Dr. David Nilsen gave a nice prayer to start the meeting and President Valdepena introduced Tom Lyons, David Nilsen, Bud Yearsley, Villy Jorgenson and Harold Fink.

President Valdepena also introduced the company manager, Roger Chaplin and his field staff; the office ladies, Sandy Moseley and April Chaplin; the attorney, Ernie Riffenburg; the accountant, Virginia Crawford and the finance director, David Nilsen II. All were given a warm welcome by the shareholders.

The ballot before the shareholders this year was about well #4 in the 14 acre well field in Sheep Creek. The casing is showing deterioration and the Board of Directors wanted to put it up for replacement when it is called for. The first ballot is to have the water users alone to pay for it. The second ballot is to have a general assessment for all shareholders to pay for the replacement over five years. The ballot will be voted on at the end of the meeting.

The next agenda item was that old micro-hydro power that Cal Poly Pomona had been working on for the 2002/2003 year. They had really dug into the whole program and the end result was much better. Based on three generators, the system would produce about 56 kilowatts per hour. One would be at the office tanks, number two and three would be at the canyon pressure regulators in Wild Horse and Horse Canyons. Total estimated price is \$230,000.00. Total estimated time, 2 years.

Their agenda was far better suited for Sheep Creek Water Company water system. It is a series of units that could last up to 25 years before having to replace the generators. It is set up to have full flow most of the time. The pay back from Edison would take about five years and the whole program would be on automatic. It would also give the office direct control over the well fields so they could keep the minimum flow coming at all times.

At the end of the program they had their professor note that these young men had worked long and hard on this project. He suggested a reasonable sum of money be given to Cal Poly Pomona in return for so many hours of labor on this project. The Board of Directors agreed and thanked the group for all of their excellent work.

The Board of Directors was re-elected for another year. The water users will pay for well #4 re-casing when and if it comes. David Nilsen did note that they had been approached by several people who were interested in funding projects for the Sheep Creek Water Company due to the interest now being paid on money market accounts is down very low. They could make more money on our programs. They will contact these interested people shortly.

We now come to the end of our story. The irrigation company that started 90 years ago is now a full pressure potable water system. That amazing tunnel the Johnsons constructed back in the 1920's is still bringing fresh, cold water every hour of every day in the year. The shareholders of the fifty's who came up with \$130,000.00 to put a pressurized system in Phelan was putting their money into a very small water company in those days.

The 14 acre parcel that stirred up a hornets nest in the Sheep Creek Water Company, is now a major water source for our company. The 40 acre parcel of the reservoir property is now ours. The office parcel is now five acres. Herb Schwanitz's application to the state that gave us a full pressurized water system at long last. the new office and shop building, the miles of pipe and appurtenances that we have put into the ground around Phelan.

The men and women who have been a part of it were: Alfred Johnson, father of the Johnson family; Henry A. Johnson, who gave most of his life to this company; Alfred Johnson, the son of Henry Johnson who sat on the board for years with his father. He noted that Johnson Road was the only straight road in the Phelan Township; the Nilsen family of Melvin, the great grandfather; Norman the grandfather; Dr. David the father, David the son who now is the board's financial director; Bernice who has been a part of this company for fifty-eight years and always there to help; C. W. "Bud" Howard; John Store; Lawrence Riggins; Bill DeBoer; Clarence Carter; Katherine Howard; Marianne Smith; Joan Parsons; Kathy Shafer; Leonard Valdepena; Bill Parham; the managers of the company, Bob Ross, Roger Chaplin and Robert Nadeau; the ladies who ran the office, including Debby Nottingham, Sue Thompson, Carol Beck, Joyce Forrest, April Chaplin and Sandy Moseley.

And the last name is John Lawson Lovett who put the majority of the tunnel in place from 1924 to 1928 with his mining talents. And for his son, John Lovett. He wrote this story.

## SHEEP CREEK WATER COMPANY

### President Bill Parham

Mr. Bill Parham was President of the Sheep Creek Water Company from 1994 to 2001. In those seven years, it was a more transitory period of time. Bill was for the shareholders. He based all of his decisions on the shareholders vs the water users. They had financial funds, a board that was not too divided, and shareholders and water users satisfied with a good amount of water per share.

As the years flowed by they had to make a decision on paying off the State of California loan at about \$250,000.00. They decided to build a new office/shop complex. They finished the tank #5 underground piping according to their agreement with Mr. Zimmerman. They brought the pressure zones up to the best level possible. They decided to intersect the tunnel out-fall pipeline south of Highway 2 and re-pipe the tunnel to the well field.

As I said earlier in the article, the loan pay off at \$250,000.00, the office/shop building at \$130,000.00 and the tunnel out fall replacement pipeline at \$120,000.00 were all items that were decided by the shareholders. The problem with all that spending is a financial picture that isn't too healthy at this time. It has changed the board in several ways.

Bill sees a gradual changing of the Board of Directors as we move further into this century. He believes a more educated board in water systems will allow the company to have better decisions made. That reminds me of Clarence Carter's tour of the Sheep Creek Water Company with Joan Parsons and how much more she was attuned to the company's needs. I could see a new board member touring with the president, the manager, the engineer and the attorney so they could impart them with Water Course 101 before they made a vote.

Bill talks of the building now going in the area. He believes that the county will reduce the 2 ½ acres parcels to one acre. He also believes that the area will build out in the early 2020's. My father was always talking about Walker Jones who owned the Zimmerman property in the 1920's. Walker told him that this would be a city some day. Bill says it will be a city in seventeen years. If that is so, then Sheep Creek Water Company has got a lot of growing to do.

We talked about the Core Accounts that Kathy Shafer's board had started. Bill said they had to round them up and put them all in one financial structure to have better control over them. But he wasn't happy with the reduced amount they now had on hand. Against the spending, he felt that thrift was the way to go. If we have that sort of building coming, we will need every penny to put in infrastructure.

We talked about the proxies and the fact that the secretary now has control of them. I never solicited them when I was the secretary, but with the group that now is in power, it puts the secretary as the power in the board. As we grow, we should eventually get to one share per meter and will have a different voting block to contend with.

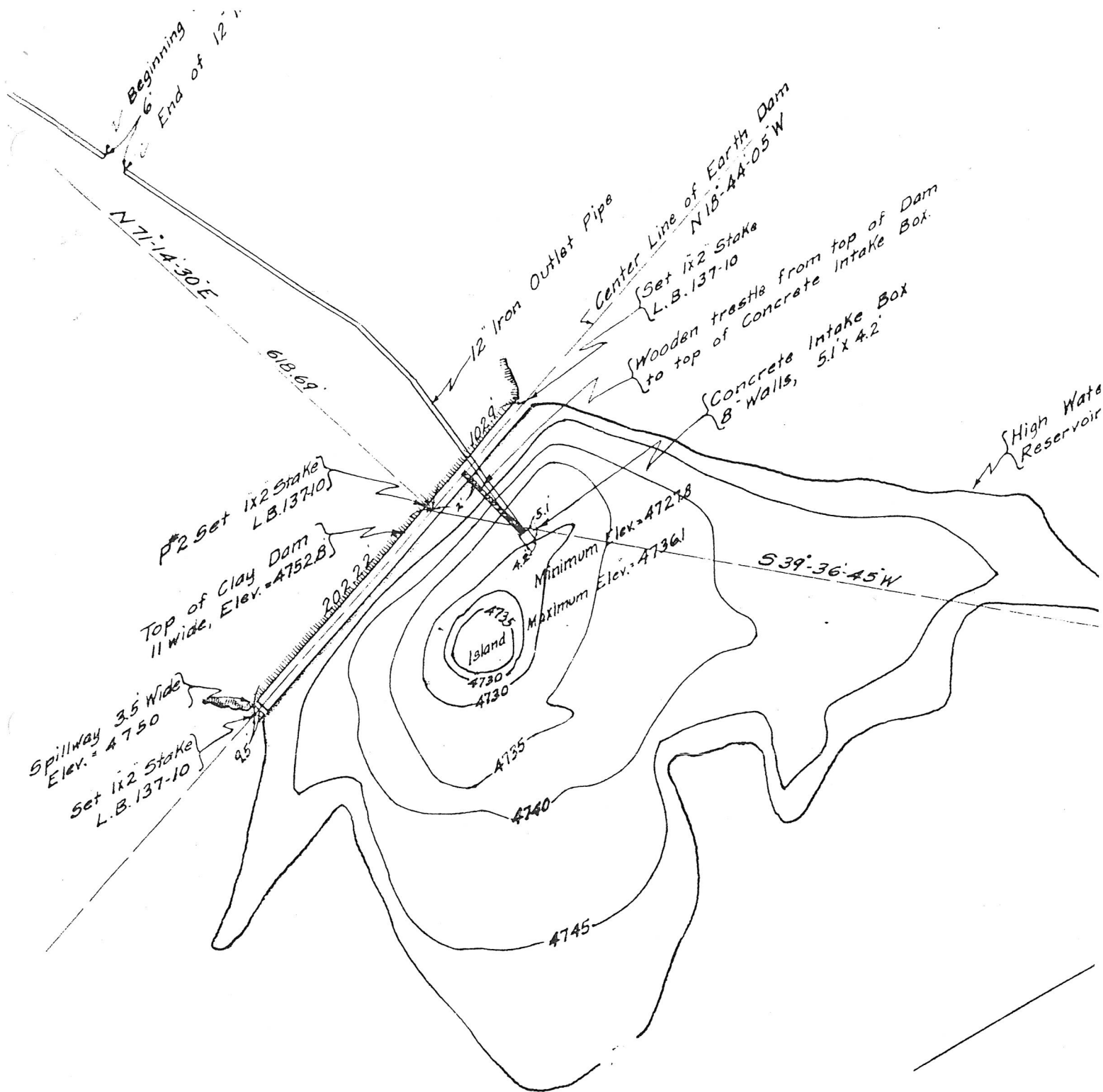
When the Business Bank and Bill got together, he developed a line of credit based on the year's accounting reports and the Core Accounts. They now are into borrowing funds to pay the #3 well casing rehab job. All things come to pass. If building continues as Bill says, then the bank will be a part of this system expansion.

Bill did stop all driving of company vehicles after hours and away from Phelan. He believes you are looking for a major lawsuit when one vehicle is part of an accident. He definitely does not believe in "perks."

The spending in the last six years that we are now talking about has all been approved by the shareholders. When I say shareholders, this is the amount of voters at the annual meeting who support the spending of money. I know that some directors have a certain amount of proxies, but whether or not they have enough to severally cripple the company finances is beyond my knowledge. But the bottom line is the final statement by the shareholders that allows the directors to move ahead.

Bill Parham was a good president of the Board of Directors. I watched the directors who came and went on his boards and noted that the ones that were not in compliance soon left the company. He worked with Manager Chaplin and put the infrastructure in the best shape that we have ever seen it. If President Leonard Valdepena can continue along the same program, the Sheep Creek Water Company will continue to improve its capabilities.





# DETAIL MAP OF RESERVOIR

SCALE: 1 IN. = 100 FT.

L.B. 137-10



CLARENCE CARTER AT THE RESERVOIR



RESERVOIR





## SHEEP CREEK WATER COMPANY

### Manager Roger Chaplin

We started off talking about the Sheep Creek Tunnel and Well area. Should call it "Bud Howards" 14 acre well area. Roger says the board believes they should convert the tunnel to a well. He is trying to achieve a group study with the Forest Service to get the necessary permits to proceed with a well at the 3,800 foot mark of the tunnel. I am sure that the State Historical Society would be a part of the study group.

Roger noted that well #4 has a casing problem and may require to be re-drilled in the future along with another well in the 14 acre field. There is another stream in the Sheep Creek Channel that will handle at least two wells. These will require a secure concrete structure to protect the wells from flood waters but it can be done.

The system still has some four inch pipelines that must be replaced with 8" line. He does have lines that are not connected that should be put through for pressure control. These things are getting done when the funds are available. It does require money to deliver water. Roger believes that the right decisions are being made. It does take time to bring them home.

He says that building has picked up in the Sheep Creek Water area. Much of their work has been on lines and meters this year. The total meters are about 970 working with 165 on reserve and about 200 meters left on the moratorium. This will call for one more well to be ready at that point. When I asked him when will he go to the El Mirage Basin for a new well system, he had no answer.

Roger wants to be included in any aqueduct treatment plant that Baldy Mesa and the county might be looking at. He tries to watch them closely, but knows that they are meeting without including Sheep Creek. He says that Baldy Mesa is difficult to deal with. Time will tell.

When I asked about the money that started building in President Kathy Shafer's time, he noted that most of that is gone. The Board of Directors is hoping to start rebuilding the money this year. If another tank is required, it will go on Zimmerman's property or up in Sheep Creek on the fourteen acres? Roger would expect it to be on the fourteen acres.

Roger notes that well #6 is currently scheduled for the fourteen acres site. This could happen if building increases in the coming years. He did point to the Country View Estates as a possible development in the next few years. This would put an 8" line into Mountain Top Café and then come down the extension of Riggins Road



to the small valley above Phelan.

Speaking of Mountain Top Café, Roger says that he had seen plans at that location of a hotel, market, shops and new gas station complex. He notes that the owner wants to do it all with a 2" water line. He noted that an eight inch pipeline would be required. I wonder why these city people expect to build a new complex on a 2" infrastructure?

The Phelan Road and Johnson Road intersection still talking about commercial and residential development also. The school district needs the next one half dozen schools of all elementary and secondary classes. Roger noted that one site is on Goss Road. They are also talking about a parcel farther north.

Roger is happy about his field crew. He notes that these men study water distribution, and water testing and engineering virtually every day. They must pass tests by the State Health Department before gaining pay increases. They study! Very seldom are there any complaints about the company workers.

We talked of Kathy Shafer's Board of Directors and the Core Accounts they developed during their time in office. They believed that the water users had to pay for the infrastructure usage on a monthly basis. These Core Accounts began to build and they were very careful about what they chose to spend them on. Roger looked at me and said, "We should have spent more as I look back on it now." But it was a start and all of us learned from it.

Roger noted that Ron Peterson, Curtis Roach, Clarence Charter along with the Shafer Board of Directors all got their two cents in during long board meetings. As he noted: "At one o'clock in the morning you couldn't see through the cigarette smoke." But together with Virginia Crawford, they made it happen. "Even Bud Howard agreed with it after the fact," noted Roger.

Then we just talked for a while about Roger and I. I really needed him in 1990 after the recall, but Clarence told me he was gone and not coming back so I had no answers to give him. I found out later that one of the board members was on his back and other things were piling up on Roger and he thought it was best to leave, and I was Bud Howard's gunner and half the town hated me.

The end result was one year away and the letter came that agreed to lift the ban on building in Phelan.

**MICRO-HYDROPOWER:** This electrical generation system has been kicked around in the Sheep Creek Water Company for at least forty years if not more. There has been good ideas and bad ideas as each individual came before the Board of Directors and gave his sum total of power generation vs the potable water needs of the