

Kendrick J. Hafen - 4217  
Attorney for Applicant  
Canaan Springs Water Company  
P.O. Box 623  
Santa Clara, UT 84765  
(435) 634-0244

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In The Matter of the Application of Canaan )  
Springs Water Company for a Certificate ) DOCKET NO.  
of Convenience and Necessity to Operate )  
as a Public Utility rendering Culinary )  
Water Service )

Canaan Springs Water Company, “Canaan Springs,” requests that the Public Service Commission of Utah, the “Commission,” grant Canaan Springs a Certificate of Convenience and Necessity to operate as a Public Utility supplying culinary water service. This request is based upon the following:

1. Exact Name of Applicant: Canaan Springs Water Company.
2. Principal Office Address: 3659 E. Canaan Ranch Rd., Apple Valley, UT 84737.
3. Name of State in which Applicant is Incorporated: Utah. A certified copy of the articles of incorporation and bylaws are attached as exhibits to this application.
4. The officers and directors of Applicant are as follows:

Offices Held

Name and Principal Business Address

President, Director, Registered Agent

Merlin Webb, 3659 E. Canaan Ranch Rd.,  
Apple Valley, UT 84737

Vice President, Secretary, Director

Kirk Webb, 71 North 1150 West, Hurricane,  
UT 84737

Director

Kendra Webb

Director

Kristal Markham

5. The type of service which Canaan Springs proposes to render is culinary water service.
6. Canaan Springs is in compliance with and agrees to comply with all regulations and requirements of all state and local government agencies. Copies of all required permits and approvals are made a part of this application. Canaan Springs has attached to this application proof of ownership of sufficient water rights, of sufficient storage, of approved source with sufficient water flow and of approved points of diversion.
7. Canaan Springs is presently conducting operations as follows:
  - (a) Description of nature and extent of service rendered: Water service.
  - (b) Date Applicant commenced rendering service: 1997.
8. The areas which Canaan Springs proposes to serve, and those presently served are described on the map attached as an exhibit to this application.
9. Canaan Springs will serve a maximum of 14 connections.
10. The names of water companies that are providing similar services near the area covered by this application are as follows:

Cedar Point Water Company; Apple Valley Water Co., Inc.
11. Canaan Springs is financially responsible as shown by a true and correct financial statements attached to this application.

12. Canaan Springs' proposed tariff, including a map and rate schedule, along with work papers showing how the proposed rates were determined is also attached as a part of this application.

WHEREFORE, Canaan Springs requests that the Commission grant a certificate of convenience and necessity to Canaan Springs to operate as a public utility as described above.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2008.

Canaan Springs Water Company

By:  
Merlin Webb, President

STATE OF UTAH            )  
  : ss.  
COUNTY OF Washington )

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, 2008.

My commission expires:  
  
\_\_\_\_\_

Notary Public  
Residing at:

Name, Address & Signature of attorney representing  
Canaan Springs Water Company

Kendrick J. Hafen  
P.O. Box 623  
Santa Clara, UT 84765  
(435) 634-0244

Kendrick J. Hafen

Application

## **INDEX TO EXHIBITS**

Exhibit A1	Articles of Incorporation
Exhibit A2	Bylaws
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Exhibit D3	Depreciation Schedule
Exhibit E	Proposed Tariff and Developer Statement Regarding Rates

**Exhibit A1**

**Articles of Incorporation**



Utah Department of Commerce  
Division of Corporations & Commercial Code  
160 East 300 South, 2nd Floor, S.M. Box 146705  
Salt Lake City, UT 84114-6705  
Phone: (801) 530-4849  
Toll Free: (877)526-3994 Utah Residents  
Fax: (801) 530-6438  
Web Site: <http://www.commerce.utah.gov>

Registration Number: 1350446-0142  
Business Name: CANAAN SPRINGS WATER COMPANY  
Registered Date: MARCH 24, 1997

June 27, 2008

## CERTIFIED COPY OF ARTICLES OF INCORPORATION

THE UTAH DIVISION OF CORPORATIONS AND COMMERCIAL CODE ("DIVISION") HEREBY CERTIFIES THAT THE ATTACHED IS TRUE, CORRECT, AND COMPLETE COPY OF THE ARTICLES OF INCORPORATION OF

CANAAN SPRINGS WATER COMPANY

AS APPEARS OF RECORD IN THE OFFICE OF THE DIVISION.



*Kathy Berg*

Kathy Berg  
Director  
Division of Corporations and Commercial Code

Dept. of Professional Licensing  
(801)530-6628

Real Estate  
(801)530-6747

Public Utilities  
(801)530-6651

Securities  
(801)530-6600

Consumer Protection  
(801)530-6601

CO# 199014

I Hereby certify that the foregoing has been filed and approved on the 24th day of May 1997 in the office of this Division and hereby issue this Certificate thereof.

ARTICLES OF INCORPORATION



OF

Examiner: JWP Date: 3/25/97



Korla S. Woods  
KORLA T. WOODS  
Division Director

CANAAN SPRINGS WATER COMPANY

The undersigned, Merlin Webb, being eighteen (18) years of age or more, acting as an incorporator under the provisions of Utah's Revised Business Corporation Act (herein referred to as the "Act"), adopts the following Articles of Incorporation:

ARTICLE I

The name of the Corporation is CANAAN SPRINGS WATER COMPANY

ARTICLE II

The Corporation is organized to engage in any lawful act or activity for which a Corporation may be organized under the Act.

ARTICLE III

The aggregate number of shares which the Corporation shall have authority to issue is one hundred thousand (100,000) shares of stock.

ARTICLE IV

The address of the initial registered office of the Corporation is Highway U59 Milepost 3, Hilldale, Utah 84784. The name of the initial Registered Agent of the Corporation at that address is Merlin Webb.

ARTICLE V

The name and address of the Incorporator of the Corporation is Merlin Webb, Highway U59 Milepost 3, Hilldale, Utah 84784.

IN WITNESS WHEREOF, the undersigned, being the Incorporator of the

97  
MAY 24 PM 8:41

7086020013



Corporation, executes these Articles of Incorporation and certifies to the truth of the facts herein stated this 4<sup>th</sup> day of March, 1997.

Merlin Webb  
MERLIN WEBB

The appointment of the undersigned as the initial Registered Agent of the Corporation is hereby accepted.

Merlin Webb  
MERLIN WEBB

STATE OF UTAH                     )  
  ss.  
COUNTY OF WASHINGTON       )

On the 4<sup>th</sup> day of March, 1997, personally appeared before me, Merlin Webb, who being first duly sworn, declared that he is the person who signed the foregoing document as the incorporator and that the statements therein contained are true.



[Signature]  
NOTARY PUBLIC

STATE OF UTAH                     )  
  ss.  
COUNTY OF WASHINGTON       )

On the 4<sup>th</sup> day of March, 1997, personally appeared before me, Merlin Webb, who being first duly sworn, declared that he is the person who signed the foregoing instrument as the initial Registered Agent for said Corporation.



[Signature]  
NOTARY PUBLIC

## **Exhibit A2**

### **Bylaws**

BY-LAWS  
OF  
CANNAN SPRINGS WATER COMPANY, INC.

ARTICLE I - OFFICES

The principal office of the corporation in the State of Utah, shall be located at Highway U 59, 10366 E, P.O. Box 3, Hurricane, UT 84737. The corporation may have such other offices, either within or without the state of incorporation, as the board of directors may designate or as the business of the corporation may from time to time require.

ARTICLE II - STOCKHOLDERS

1. Annual Meeting:

The annual meeting of the stockholders will be held on the 24<sup>th</sup> day of April, each year, beginning with the year of 1997, at the hour of 10:00 o'clock, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The officers, directors or shareholders may designate another date for the annual meeting as they see fit.

2. Special Meetings:

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the directors, and shall be called by the president at the request of the holders of not less than fifty one percent (51%) of all the outstanding shares of the corporation entitled to vote at the meeting.

3. Order of Business:

The order of business at all meetings of the stockholders, shall be as follows:

1. roll call;
2. reports of officers;
3. election of directors;
4. appointment of officers;
5. adjournment.

4. Place of Meeting:

The directors may designate any place, either within or without the state unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the directors. A waiver of notice signed by all stockholders entitled to vote at a meeting may designate any place, either within or without the state unless otherwise prescribed by the statute, as the place for holding such meeting. If no designation is made, or if a special meeting by otherwise called, the place of meeting shall be the principal office of the corporation.

5. Notice of Meeting:

Notice of meetings shall be given to each stockholder as required by Utah Law.

6. Closing of Transfer Books or Fixing of Record Date:

For the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders or any adjournment thereof, or stockholders entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, thirty (30) days. If the stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books the directors may fix, in advance, a date as the record date of any vote for such determination of stockholders, such date in any case to be not more than thirty (30) days and, in case of a meeting of stockholders, not less than twenty (20) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has made as provided in this section, such determination shall apply to any adjournment thereof.

7. Voting Lists:

The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such a meeting, or any adjournment thereof, arranged in alphabetical order, with the addresses of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting shall be kept on file at the principal office of the corporation and shall be subject to inspection by any stockholder at any time during usual business hours. Said list shall be available at any time

during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer books or to vote at the meeting of stockholders.

#### 8. Quorum:

At any meeting of the stockholders, fifty one percent (51%) of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the stockholders. If less than said number of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than quorum.

#### 9. Proxies:

At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting.

#### 10. Voting:

Each stockholder entitled to vote in accordance with the terms and provisions of the certificate of incorporation and these By-Laws, shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder. Upon the demand of any stockholder, the vote for directors and upon any question before the meeting shall be by ballot. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the certificate of incorporation or the laws of this state.

#### 11. Order of Business:

The order of business at all meetings of the stockholders, shall be as follows:

1. roll call;
2. proof of notice of meeting or waiver of notice;
3. reading of minutes of preceding meeting;
4. reports of officers;
5. reports of committees;

- 6. election of directors;
- 7. unfinished business;
- 8. new business.

11. Informal Action by Stockholders:

Unless otherwise provided by law, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter

hereof.

**ARTICLE III - BOARD OF DIRECTORS**

1. General Powers:

The business and affairs of the corporation shall be managed by its board of directors. The directors shall, in all cases, act as a board, and they may adopt such rules and regulations for the conduct of their meetings and the management of the corporation, as they may deem proper, not inconsistent with these By-Laws and the laws of this State.

2. Number, Tenure and qualifications:

The number of directors of the corporation shall be four (4)<sup>0</sup>. Each director shall hold office until the next annual meeting of stockholders and until his successor has been elected and qualified.

3. Regular Meetings:

A regular meeting of the directors may be held without giving any notice other than that provided in these By-Laws for the annual meeting of the stockholders. The directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

4. Special Meetings:

Special meetings of the directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the directors may fix the place for the holding of such meeting of the directors called by them.

5. Notice:

Notice of any special meeting shall be given at least five (5) days previously thereto by written notice delivered personally, or by telegram or mailed to each director at this business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

6. Quorum:

At any meeting of the directors, three (3) shall constitute a quorum for the

transaction of business, but if less than said number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

7. Manner of Acting:

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the directors.

8. Newly Created Directorship and Vacancies:

Newly Created directorship resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the removal of directors without cause, may be filled by a vote of a majority of the directors then in office, although less than a quorum exists. Vacancies occurring by reason of the removal of directors without cause shall be filled by a vote of the stockholders. A director elected to fill a vacancy caused by resignation, death or removal, shall be elected to hold office for the unexpired term of his predecessor.

9. Removal of Directors:

Any or all of the directors may be removed for cause by vote of the stockholders or by action of the board. Directors may be removed without cause only by vote of the stockholders.

10. Resignation:

A director may resign at any time by giving written notice to the board, the president or the secretary of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

11. Compensation:

No compensation shall be paid to the directors, as such, for their services, but by resolution of the board a fixed sum and expenses for actual attendance at each regular or special meeting of the board may be authorized. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

12. Presumption of Assent:

A director of the corporation who is present at a meeting of the directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting

before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

13. Executive and Other Committees:

The board, by resolution, may designate from among its members, an executive committee and other committees, each consisting of three (3) or more directors. Each such committee shall serve at the pleasure of the board.

**ARTICLE IV - OFFICERS**

1. Number:

The officers of the corporation shall be a president, one (1) vice-president, a secretary and a treasurer, each of whom shall be elected by the directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the directors.

2. Election and Term of Office:

The officers of the corporation to be elected by the directors shall be elected annually at the first meeting of the directors held after each annual meeting of the stockholders. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

3. Removal:

Any officer or agent elected or appointed by the directors may be removed by the



directors whenever in their judgment, the best interest of the corporation would be served hereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4. Vacancies:

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the directors for the expired portion of the term.

5. President:

The president shall be the principal executive officer of the corporation and, subject to the control of the directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the stockholders and of the directors. He may sign with the secretary or any other proper

officer of the corporation thereunto authorized by the directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be execute, except in cases where in the signing and execution thereof shall be expressly delegated by the directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed and in general shall perform all duties incident of the office of the president and such other duties as may be prescribed by the directors from time to time.

6. Vice President:

In the absence of the president or in event of his death, inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the powers of the president and shall be subject to all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to them by the president or by the directors.

7. Secretary:

The secretary shall keep the minutes of the stockholders and of the directors meetings in one or more books provided for the purpose, see that all notices are duly given in accordance with the provision of these By-Laws or as required, be custodian of the corporate records and of the seal of the corporation and keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder, have general charge of the stock transfer books of the corporation and in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the directors.

8. Treasurer:

of his duties in such sum and with such surety or sureties as the directors shall determine. He shall have charge and have custody of and be responsible for all receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with these By-Laws and in general, perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president of the directors.

9. Salaries:

The salaries of the officers shall be fixed from time to time by the directors and no officer shall be prevented from receiving such salary by reason of the fact that his is also a director of the corporation.

**ARTICLE V - CONTRACTS, LOANS, CHECKS AND DEPOSITS**

1. Contracts:

The directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

2. Loans:

Loans may be obtained by the corporation as set forth in the organizational minutes of the corporation.

3. Checks, Drafts, Etc.:

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the directors.

4. Deposits:

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the directors may select.

**ARTICLE VI - CERTIFICATES FOR SHARES AND THEIR TRANSFER**

1. Certificates for Shares:

determined by the directors. The name and address of the stockholders, the number of shares and date issued, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed, or mutilated certificate a new one may be issued therefore upon such terms and indemnity to the corporation as the directors may prescribe.

## 2. Transfers of Shares:

(a) Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer it shall be the duty of the corporation to issue a new certificate to the person entitled thereto and cancel the old certificate. Every such transfer shall be entered on the transfer book of the corporation which shall be kept at its principal office.

(b) The corporation shall be entitled to treat the holder of record of any shares as the holder in fact thereof, and accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of this state.

## ARTICLE VII - FISCAL YEAR

The fiscal year of the corporation shall begin on the 1st day of January in each year.

## ARTICLE VIII - DIVIDENDS

The directors may from time to time, declare and the corporation may pay dividend on its outstanding shares in the manner and upon the terms and conditions provided by law.



## ARTICLE IX - ASSESSMENTS



Shareholders of the corporation shall be subject to assessments by the corporation from time to time in accordance with the provisions of the applicable law and conditions, covenants and restrictions of the subdivision and shall be liable to the company for payment of such assessments. Shareholders shall not be assessed until the water meter has been ordered. At that time the shareholder will be assessed a hook up fee and will be assessed a monthly charge for shareholders contribution to the operation of the water company. The developer will not be assessed for shares of stock which he owns in the corporation until water meters are installed on the property owned by the developer which is serviced by the Canaan Springs Water Company, Inc. If a shareholder does not pay assessments if they come due, the company may shut off said shareholders water, place

in accordance with Utah Law and said shareholder shall be liable for reasonable attorney's fees and costs of court.

#### **ARTICLE X - SEAL**

The directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation, the year of incorporation, and the words, "Corporate Seal".

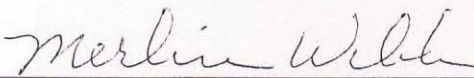
#### **ARTICLE XI - WAIVER OF NOTICE**

Unless otherwise provided by law, whenever any notice is required to be given to any stockholder or director of the corporation under the provisions of these By-Laws or under the provisions of the Articles of Incorporation, a waiver thereof in writing, signed y therein, shall be deemed equivalent to the giving of such notice.

#### **ARTICLE - XII - AMENDMENTS**

These By-Laws may be altered, amended, or repealed and new By-Laws may be adopted by a vote of the stockholders representing a majority of all the shares issued and outstanding at any annual stockholders meeting or at any special stockholders meeting when the proposed amendment has been set out in the notice of such meeting.

DATED this 25 day of April, 1997.

  
\_\_\_\_\_  
MERLIN WEBB

**Exhibit B**  
**Proof of Ownership**  
**Of Water Rights**

CHANGE: a31064 WATER RIGHT: 81-3641 CERT. NO.: AMENDATORY? No

BASE WATER RIGHTS: 81-3641, 81-4619

RIGHT EVIDENCED BY: 81-3641 (portion of 81-2850, Award 73A, Virgin River Decree) & 81-4619 (portion of 81-1516, D3161)

CHANGES: Point of Diversion [ ], Place of Use [X], Nature of Use [X], Reservoir Storage [X].

NAME: Canaan Springs Water Company, Inc.

ADDR: c/o Merlin Webb  
P.O. Box 840488  
Hildale UT 84784

INTEREST: 100% REMARKS:

FILED: 02/14/2006 PRIORITY: 02/14/2006 ADV BEGAN: 03/02/2006 ADV ENDED: 03/09/2006 NEWSPAPER: The Spectrum  
 ProtestEnd:03/29/2006 PROTESTED: [No ] HEARNG HLD: SE ACTION: [Approved] ActionDate:10/26/2006 PROOF DUE: 10/31/2011  
 EXTENSION: ELEC/PROOF: [ ] ELEC/PROOF: CERT/WUC: LAP, ETC: LAPS LETTER:  
 RUSH LETTR: RENOVATE: RECON REQ: TYPE: [ ]

Status: Approved

\*\*\*\*\* H E R E T O F O R E \*\*\*\*\* H E R E A F T E R \*\*\*\*\*

FLOW: 0.38 cfs OR 45.0 acre-feet	FLOW: 45.0 acre-feet
SOURCE: Canaan Springs	SOURCE: Canaan Springs
COUNTY: Washington	COUNTY: Washington COM DESC: Apple Valley - Hildale area
	<p>This application is filed to provide water rights for a 50-lot subdivision (Canaan Mountain Subdivision) and will provide the following uses and diversion allowances per lot:</p> <p style="text-align: center;">-----</p> <p>Domestic use, one family = 0.45 acre-foot</p> <p>Stockwater, one cow/horse = 0.028 acre-foot</p> <p>Irrigation 0.0844 acre = 0.422 acre-foot</p> <p style="text-align: right;">-----</p> <p style="text-align: right;">0.900</p> <p style="text-align: right;">=====</p> <p style="text-align: center;">=</p> <p>This application is filed to replace and supersede prior approved Change Application 81-3641 (a17104) which will be considered WITHDRAWN upon approval of this application.</p>

POINT(S) OF DIVERSION -----> SAME AS HERETOFORE  
 Point Surface:

(1) N 2352 ft W 1394 ft from SE cor, Sec 07, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-4619

(2) N 2079 ft W 240 ft from SE cor, Sec 07, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-4619

(3) N 921 ft E 2091 ft from SW cor, Sec 08, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-3641 and 81-4619

(4) N 557 ft E 2574 ft from SW cor, Sec 08, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-3641 and 81-4619

(5) N 52 ft E 2719 ft from SW cor, Sec 08, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-3641 and 81-4619

(6) S 475 ft E 2924 ft from NW cor, Sec 17, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-3641 and 81-4619

(7) N 1834 ft E 2879 ft from SW cor, Sec 17, T 43S, R 10W, SLBM  
 Dvrting Wks:  
 Source: Under 81-4619

PLACE OF USE ----->

```

--NW¼-- --NE¼-- --SW¼-- --SE¼--
|N N S S| |N N S S| |N N S S| |N N S S|
|W E W E| |W E W E| |W E W E| |W E W E|
Sec 18 T 43S R 10W SLBM * : : * : :X:X*X:X: : **X:X: : *

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CHANGED as follows:

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--NW¼-- --NE¼-- --SW¼-- --SE¼--
|N N S S| |N N S S| |N N S S| |N N S S|
|W E W E| |W E W E| |W E W E| |W E W E|
Sec 23 T 43S R 10W SLBM * : : * : : **X:X:X*X:X:X:X*
Sec 24 T 43S R 10W SLBM * : : * : : ** : :X: ** : : : *

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NATURE OF USE ----->

SUPPLEMENTAL to Other Water Rights: No

IRR: 9.0000 acs Sol/Sup: 9.0000 acs USED 01/01 - 12/31

CHANGED as follows:

SUPPLEMENTAL to Other Water Rights: Yes

IRR: 4.2200 acs Sol/Sup: 4.2200 acs USED 04/01 - 10/31

STK: 50.0000 Cattle or Equivalent USED 01/01 - 12/31

DOM: 50.0000 Equivalent Domestic Units USED 01/01 - 12/31

RESERVOIR STORAGE -->

Storage 01/01 to 12/31, in Unnamed Reservoir #1  
 with a maximum capacity of 1.000 acre-feet, located in:

```

--NW¼-- --NE¼-- --SW¼-- --SE¼--
Height of Dam: 10 ft |N N S S| |N N S S| |N N S S| |N N S S|
Area Inundat acs |W E W E| |W E W E| |W E W E| |W E W E|
Sec 18 T 43S R 10W SLBM * : : * : : ** : : : ** : : : ** : :X: *

```

Storage 01/01 to 12/31, in Unnamed Reservoir #2  
 with a maximum capacity of 0.750 acre-feet, located in:

```

--NW¼-- --NE¼-- --SW¼-- --SE¼--
Height of Dam: 8 ft |N N S S| |N N S S| |N N S S| |N N S S|
Area Inundat acs |W E W E| |W E W E| |W E W E| |W E W E|
Sec 18 T 43S R 10W SLBM * : : * : : ** : : : ** : : : ** : :X: *

```

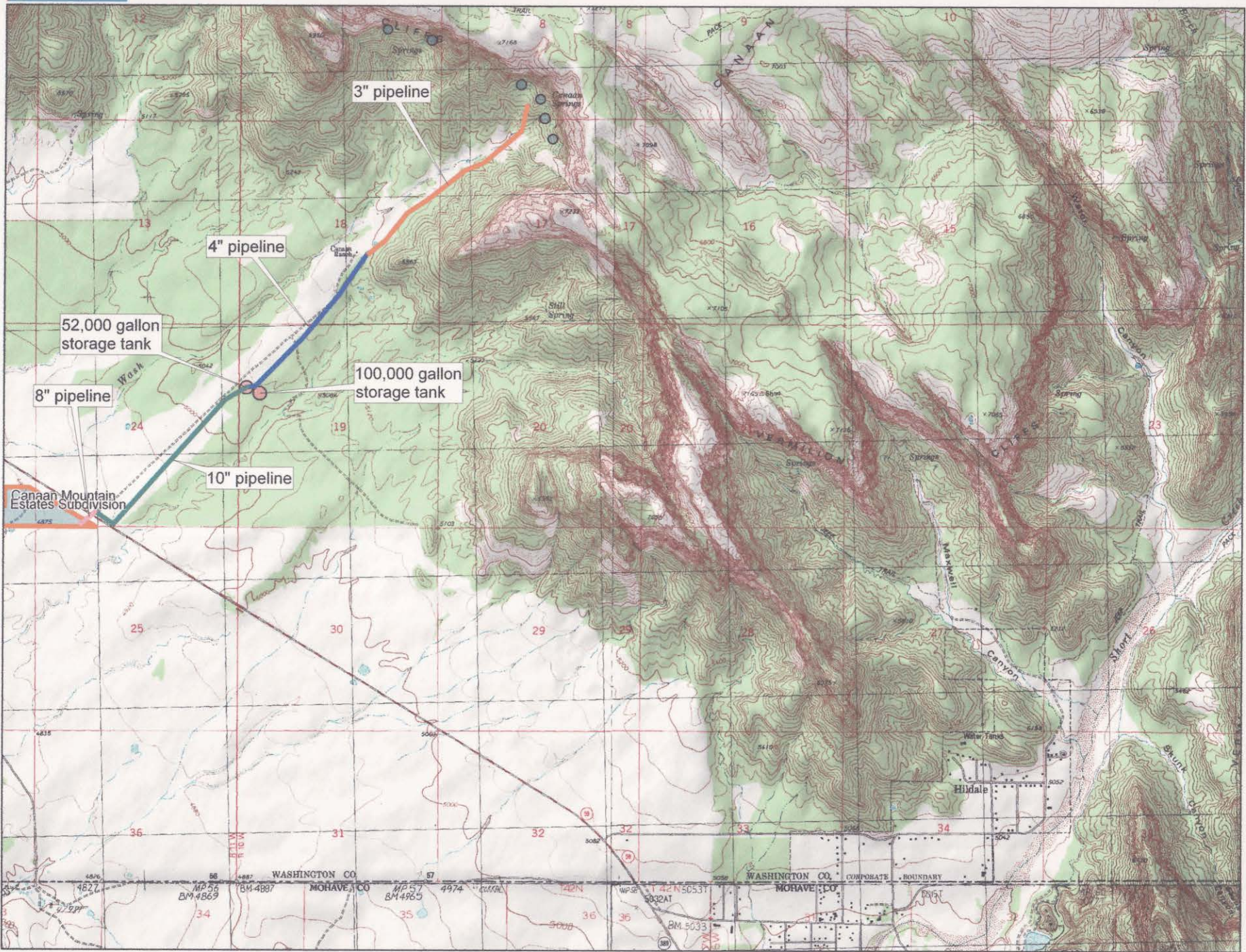
CHANGED as follows:

\*\*\*\*\*E N D O F D A T A\*\*\*\*\*

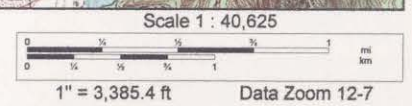
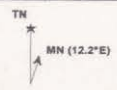
## **Exhibit C**

### **Map of Water System**





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**Exhibit D1**

**Balance Sheet**

**Canaan Springs Water Company**  
**Balance Sheet**  
**December 31, 2007**

<b>Assets:</b>		
Cash		\$10,752
Buildings & Other Depreciable Assets <sup>1</sup>	\$347,882	
Less accumulated Depreciation	\$134,289	\$213,533
Total Assets		\$228,785
<b>Liabilities &amp; Equity:</b>		
Capital Stock		\$100
Additional Paid in Capital		\$367,815
Retained Earnings		\$-139,130
Total Liabilities & Equity		\$228,785

---

<sup>1</sup>See attached Schedule.

**Exhibit D2**

**Historical Operating Statement**

## Canaan Springs Water Company

### Historical Operating Statement

	2003	2004	2005	2006	
<b>Income:</b>					
Gross receipts for water sales	5,710	8,699	9,536	7,362	
Other	20				
Total Income (Loss)	5,730	8,699	9,536	7,362	
<b>Expenses:</b>					
Salaries/Wages					
Repairs & Maintenance		133			
Rents	160	163			
Licenses	35	12	12	112	
Depreciation	8,872	8,872	8,872	10,879	
Insurance					
Legal & Professional	1,148	378	670		
Outside Services	500	3,531	1,352		
Office Expense			372		
Supplies	69	1,154	552		
Total Expenses	10,784	14,243	11,830	25,382	
<b>Ordinary Income (Loss)</b>	(5,074)	(5,544)	(2,294)	(18,020)	

**Exhibit D3**

**Depreciation Schedule**

## Canaan Springs Water Company

### Depreciation Schedule

Property Description	Date In Service	Tax Cost	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depreciation	Tax Net Book Value	Tax Method	Tax Period	Tax Convention
Equipment:									
4 wheeler	8/1/06	8,686	1,241	2,127	3,368	5,318	200DB	7.0	Half year
<b>Equipment Total</b>		8,686	1,241	2,137	3,368	5,318			
Water Distribution:									
Improvements	1/1/95	150,380	119,278	8,886	128,164	22,216	150DB	15.0	Half year
Water Tank	8/1/06	100,249	752	2,005	2,757	97,492	S/L	25.0	Mid-mth
WIP-subdivision water system	12/31/07	88,507	0	0	0	88,507	S/L	15.0	Monthly
<b>Water Distribution System Total</b>		339,136	130,030	10,891	130,921	308,215			
<b>Grand Total</b>		347,822	121,271	13,018	134,289	213,533			

**Exhibit E**

**Proposed Tariff  
&  
Developer Statement Regarding Rates**



## Proposed Tariff & Developer Statement

Description of Service	Proposed Tariff
Connection Fee	\$2,500.00
Base Water Rate	\$55.00/month for 16,000 gallons
Excess Water Rate (use above 16,000/mo)	\$0.90 /1,000 gallons
Re-connection Fee (after voluntary or involuntary disconnection)	\$100.00
Late Fee	\$10.00
Interest Rate on Delinquent Balance	18%

**Developer Statement:**

The rates proposed above are less than the full cost of service. The developer of Canaan Mountain Estates Subdivision and owner of Canaan Springs Water Company agree to subsidize the proposed rates until the system has sufficient customers on line to operate and cover costs at the proposed rates.

Developer: Canaan Mountain Estates Subdivision

Merlin Webb

Canaan Springs Water Company

Merlin Webb