

Exhibit A to Request for Review and
Rehearing of Report and Order
Docket No: 11-2423-02

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter "MOU") is entered into this 31st day of December, 2009 by and between David Z. Thompson (hereinafter "Thompson") and Tremonton City, a body corporate and politic of the State of Utah (hereinafter the "City").

WHEREAS, all parties to this MOU have agreed to the terms of a Water Well Purchase Agreement (hereinafter the "Agreement"); and

WHEREAS, minor changes to the Agreement itself have become necessary before its execution; and

WHEREAS, as of the date of this MOU, the exhibits to the Agreement have not been finalized; and

WHEREAS, it is mutually agreed that the Agreement will be signed on or before January 31, 2010.

NOW, THEREFORE, in consideration of the promises contained herein, the parties agree as follows:

1. **City Payment to Thompson.** The City hereby agrees to pay to Thompson the agreed amount of Sixty-Three Thousand, Three Hundred and Thirty-Three Dollars (\$63,633.00) on December 31, 2009. Said monies will be in the form of a check dated the 31st day of December, 2009, and will be held in escrow by the Law Offices of Ericson & Shaw, LLP at 88 West Center Street, City of Logan, State of Utah, 84321, until the date that the Agreement is executed or until January 31, 2010, whichever shall occur first.

In the event that the parties are unable to successfully negotiate the Agreement in its entirety before January 31, 2010, the aforementioned funds shall be returned to the City.

2. **Term of MOU.** This MOU shall remain in effect until such day as the Agreement between the parties is executed or until January 31, 2010, whichever shall occur first.
3. **Amendments.** Should it become necessary to amend this MOU for any reason, upon the written consent of all parties, amendments shall be permissible.
4. **Intentions of Subject Parties.** Both parties hereby acknowledge that it is their respective intentions to execute a Water Well Purchase Agreement on or before January 31, 2010, and that the parties intend to bind themselves to the terms of the Water Well Purchase Agreement and will do nothing in bad faith to delay or inhibit the Agreement's execution.
5. **Basic Water Well Agreement Terms.** The basic and material terms to the Water Well Purchase Agreement to which the parties have already agreed are as follows:
 - a. Purchase Price – One Hundred and Ninety Thousand Dollars (\$190,000.00) to be paid in three equal increments in 2009, 2010, and 2011.

- b. Water Well – The City shall receive full ownership and water rights, excepting those owned by Cedar Ridge Water Company, to the agreed upon water well, currently owned by Thompson.
- c. Following the purchase of the Water Well by the City, the City shall continue, at a charge to Cedar Ridge Water Company, to provide water from the Water Well to Cedar Ridge Water Company.

6. **Applicable Law.** This MOU shall be interpreted in accordance with the laws of the State of Utah.

**Tremonton City,
A body Corporate and Politic of the State
of Utah**

BY: 

**Max Weese
Mayor, Tremonton City**


**David Z. Thompson
An Individual**

Attest:

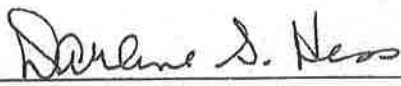

**Darlene Hess
Tremonton City Recorder**



Exhibit B to Request for Review and
Rehearing of Report and Order
Docket No: 11-2423-02

Shawn Warnke

From: Dustin Ericson [dustin@ericsonshaw.com]
Sent: Wednesday, September 02, 2009 3:11 PM
To: Shawn Warnke; Steve Bench; Paul Fulgham; 'Chris Breinholt'
Subject: First Revision to Water Well Agreement
Attachments: Well Purchase Agreement.doc

Gentlemen,

Attached is the first revision to the Water Well Purchase Agreement. There have been extensive changes made, so please review it carefully and forward any comments to me.

Thanks,

Dustin Ericson
Ericson & Shaw, LLP
Attorneys at Law
88 West Center Street
Logan, Utah 84321
435.753.4775
435.755.9302 (fax)

CONFIDENTIALITY NOTE:

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This email transmission, and any documents, files or previous email messages attached to it may contain confidential information that is legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is STRICTLY PROHIBITED. If you received this transmission in error, please immediately notify the sender by reply email, or by telephone at (435) 753-4775 and destroy the original transmission and its attachments without reading or saving in any manner.

WATER WELL PURCHASE AGREEMENT

THIS WATER WELL PURCHASE AGREEMENT (hereinafter "Agreement") is made and entered into as of the ___ day of _____, 2009, by and between Tremonton City, Corp, a body corporate and politic of the state of Utah, (the "Buyer"), and David Z. Thompson and Jon Z. Thompson (the "Seller").

RECITALS:

A. Seller is the current owner of record of a water well located in or near Deweyville, Utah, which currently services the Cedar Ridge Subdivision.

B. Buyer desires to purchase the water well to provide culinary water for the residents of Tremonton City.

C. Buyer and Seller have reached an understanding as to the terms of their Agreement relative to the purchase of the water well subject hereof and wish to memorialize the same as set forth below.

NOW, THEREFORE, in consideration of the above premises, the mutual covenants and consideration hereinafter set forth and other good and valuable consideration, Buyer and Seller agree as follows:

ARTICLE I.

WATER WELL TO BE PURCHASED

1.01. Water Well Purchase. Seller hereby agrees to sell, transfer and convey to Buyer, free and clear of any lien or encumbrance, and Buyer hereby agrees to purchase the Water Well of Seller, which title is more particularly described in Exhibit "A" of this Agreement.

A. Buyer's obligation to purchase the subject water well is expressly conditional upon Buyer's ability to obtain necessary and required permits from any governing state agency, the subject water well's ability to produce water suitable and acceptable for culinary uses, Buyer's ability to procure all necessary easements to transport and pipe the produced water to Buyer's water systems, and any other conditions, currently foreseen or unforeseen, which would inhibit Buyer's ability to use the water well for its intended purpose of providing culinary water to the residents of Tremonton City. In the event that any such condition mentioned in Section 1.01(A) of the Agreement is not met, upon Buyer's sole determination, the Agreement, in whole or in part, may be made voided.

1.02. Delivery of Water Well Title and Accompanying Water Rights. At Closing, Seller shall deliver to Buyer clean and unencumbered title to the Water Well and all water rights associated with the subject water well.

1.03. Liabilities Not Assumed. Buyer does not nor shall it be construed as having assumed any liability or obligation of Seller, including but not limited to taxes or other charges applicable, imposed upon or arising out of the transfer of the Water Well subject to this Agreement, any product liability relating to the Water Well sold or repaired by Seller prior to the date of this Agreement, any costs, any obligations or debts incurred by or through Seller, or any obligations or liabilities of Seller with Water Well suppliers, users, customers or other third parties, incurred prior to the date of this Agreement. Seller agrees to indemnify and hold Buyer harmless from and against any and all claims, causes of action, losses, liability and/or damages (including attorney's fees and costs) relating to any liability or obligation of Seller, incurred prior to the date of this Agreement. Seller's obligations under this Section 1.03 shall not extend to any of the debts or obligations incurred by Buyer, whether incurred prior or subsequent to this Agreement.

ARTICLE II.
PURCHASE PRICE AND OBLIGATIONS OF BUYER

~~2.01. Purchase Price. Subject to the terms and conditions of this Agreement and in exchange for the Water Well, covenants and warranties provided by Seller herein, Buyer agrees to pay to Seller the sum of One Hundred and Ninety Thousand Dollars (\$190,000.00) payable as follows:~~

- ~~A. Nineteen Thousand Dollars (\$19,000.00) due at closing.~~
- ~~B. Nine (9) subsequent payments of Nineteen Thousand Dollars (\$19,000.00) shall be due annually on the day and month of execution of this Agreement, the first of which being due in the year 2010 and the last being due in the year 2018.~~

ARTICLE III.
TERMS ASSOCIATED WITH WATER SERVICE TO PRIVATE WATER COMPANY

3.01. Private Water Company Service. Buyer hereby agrees to provide water and water service to the Private Water Company servicing the Cedar Ridge Subdivision. Said water will be piped to the water tank currently owned, operated, and located on Seller's property. Seller will then use the water piped to Seller's tank, to distribute through a private water company to the residences located in the Cedar Ridge Subdivision.

- A. Buyer will install, provide, and bear the financial obligation of a direct pipeline from the subject water well to the aforementioned (Section 3.01 of the Agreement) water tank located on Seller's property.

B. Buyer will install, provide, and bear the financial obligation of a water meter for the direct pipeline referenced in Section 3.01(A) of the Agreement. Said meter will be used to determine the amount of water usage by the private water company.

C. Buyer will charge a water usage rate to the Seller's private water company based on the amount of water used, as measured by the installed water meter. The rate at which Buyer shall charge the Seller's private water company shall be based on a prorated share of the operations and maintenance costs, including any electricity costs associated with the pumping of the water to the Seller's private water tank. Buyer shall reserve the right to amend water usage charges to Seller's private water company, as needed, and to be determined by the costs associated with operation, maintenance, electricity of the water well, and any capital improvements attributed to providing water to the private water company. Any increases in water charges by Buyer shall be preceded by written notice to Seller at least thirty (30) days prior to the rate increase.

1. Notice as required in Section 3.01(C), shall be sent by Buyer to Seller, at the following address:

David Z. Thompson

2. Section 3.01(C) shall survive after closing of the Agreement. Additionally, other agreements may be created to further define the terms and relationship between Buyer and Seller's private water company.

3.02. Limitations on Use and Scope of Private Water Company. Seller's private water company shall be limited to existing and future water use by Residential customers only. Seller's private water company is strictly prohibited from providing water service to any commercial, industrial, agricultural, or otherwise non-residential customer or client.

3.03. Private Water Company Maximum Hook-Up. The private water company shall be limited to a maximum of fifty-six (56) future water hook-ups. Said hook-up maximum shall include future residences of the Cedar Ridge Subdivision, subsequent and additional phases of the Cedar Ridge Subdivision, and the real property (Parcel No. _____), or any subdivision thereof, currently owned by David Z. Thompson.

A. For purposes of the Agreement, a "hook-up" shall be limited to a single family residence, and any multi-family residences shall require a separate "hook-up" for each unit, all of which shall count against the fifty-six (56) hook-up maximum.

B. Six (6) residential hook-ups shall be allotted to Seller's real property (Parcel No. _____), or any subdivision thereof, and shall count against the total maximum of fifty-six (56) residential water hook-ups for the Seller's private water company. Said six (6) residential hook-ups shall be the subject of a subsequent and separate easement purchase agreement, in which there shall be no compensation from the Buyer for the acquisition of the easement, by and between Tremonton City, Corp. and Jon Z. Thompson.

C. At closing, there are _____ total residential water users to be supplied by Seller's private water company.

3.04. Forfeiture of Unused Hook-Ups. Any future, residential water hook-up to be supplied by Seller's private water company in excess of those specifically contemplated and enumerated in section 3.03(B) of the Agreement, and not to exceed fifty-six total residential water hook-ups, shall be forfeited by Seller if the residential lots associated with the future water hook-ups are not approved by the governmental entity having jurisdiction and recorded in the Office of the Recorder for the County of Box Elder within ten (10) years to the day of closing of the water well.

3.05. Division of Water Rights/Division of Drinking Water. The indoor/outdoor use allotment for the fifty-six (56) total future residential water hook-ups supplied by Seller's private water company shall be determined by the Utah Division of Water Rights/Division of Drinking Water.

3.06. Water Rights to Buyer. Seller's private water company shall provide water rights to Buyer for both the existing and future residential water hook-up associated with Seller's private water company.

3.07. Water Source Protection. Seller shall record on Plat Map and in the form of Covenants, Conditions, and Restrictions, a water source protection statement to provide notice to current and future customers of Seller's private water company of Buyer's ownership interest in the subject water well.

ARTICLE IV.

OBLIGATIONS, REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller hereby makes the following representations, warranties and covenants, all of which shall survive the Closing:

4.01. Authority of the Seller. Seller hereby represents to Buyer that Seller has full authority to comply and fulfill its obligations covenanted herein, including, but not limited to, those obligations associated with Seller's private water company.

4.02. Authorization of the Seller. The Seller has full power and authority to enter into and to perform its obligations under this Agreement. The execution and delivery of this Agreement by the Seller and the performance of the transactions contemplated hereby have been duly and validly authorized by the Seller, and this Agreement is binding upon and enforceable against the Seller in accordance with its terms.

4.03. No Conflict. The execution and delivery of this Agreement by the Seller, and the performance of its obligations hereunder, (a) are not in violation or breach of, and will not conflict with or constitute a default under, any of the terms of governing documents of the Seller or any note, debt instrument, security instrument or other contract, agreement or commitment binding upon the Seller or its assets; (b) will not result in the creation or imposition of any lien, encumbrance, equity or restriction in favor of any third party; and (c) will not conflict with or violate any applicable rule, law, regulation, judgment, order of decree of any government, governmental instrumentality or court having jurisdiction over the Seller or its assets.

4.04. Title of Water Well and Absence of Liens. Seller has good and marketable title to all of the subject water well, free and clear of any liens, encumbrances, mortgages, lease equities, claims, covenants and restrictions.

4.05. Compliance With Laws. To Seller's knowledge after due inquiry, Seller has not in the past utilized the Water Well in violation of any law, ordinance or regulation of any governmental agency or entity.

4.06. No Violation. The execution of this Agreement and compliance with its terms by Seller will not result in any breach or violation of any contract, agreement, judgment, order or regulation to which the Seller or the water well may be subject.

4.07. No Adverse Proceedings. There are no legal, administrative or other proceedings involving the water well or to which the water well may be subject.

ARTICLE V.

ADDITIONAL RIGHTS AND OBLIGATIONS OF SELLER

5.01. Extension of Water Well Ownership to Public Road. The Seller hereby agrees to provide, at or before Closing, documentation showing ownership of the well site that extends all the way from where well is physically located to the nearest public road.

5.02. Recorded Covenants, Conditions and Restrictions. The Seller hereby agrees to provide Buyer, at or before Closing, a copy of the currently recorded Covenants, Conditions, and Restrictions associated with the Cedar Ridge Subdivision.

5.03. Bill of Sale. At Closing, Seller shall provide Buyer with a Bill of Sale, whereby the Assets shall be transferred to Buyer.

5.04 Assignment Clause and Notice Requirement. The Agreement and the covenants and obligations contained herein, shall be assignable to any future owner, heir, assignee, purchaser, developer, or leasee of Seller's private water company or Seller's real property associated with the Agreement. Notice of the assignable nature of this agreement is strictly the responsibility and obligation of Seller, and failure to provide such notice to any future owner, heir, assignee, purchaser, developer, or leasee shall be construed as a material breach of the agreement by Seller resulting in monetary damages to be awarded to Buyer, as determined by a Court of Law with jurisdiction over the matter, but not to be less than the purchase price of the water well.

ARTICLE VI.
ADDITIONAL RIGHTS AND OBLIGATIONS OF BUYER

6.01. Right to Assign Agreement. The Buyer shall have the right, exercised in writing, to assign its rights under this Agreement, to a corporation, limited liability company, governmental entity or other business entity. Upon such assignment, the assignee shall have all of Buyer's rights hereunder, and shall thereby assume all of Buyer's obligations hereunder.

6.02. Operational Control. Buyer shall have operational control of the water well immediately at the date of closing.

ARTICLE VII.
INDEMNIFICATION

7.01. Indemnification of Buyer by Seller. Buyer and Seller agree that Buyer assumes no liabilities, of whatsoever nature, of Seller. In this respect, Seller agrees to indemnify and hold Buyer harmless from and against all claims, causes of action and damages (including attorney's fees and costs) relating to any acts or omissions of Seller, its employees and/or agents or relating to or arising from the water well on or before Closing Date. Seller also agrees to indemnify and hold Buyer harmless from and against all damage or loss (including attorney's fees and costs) incurred by Buyer as a result of Seller's breach of any one or more of the covenants, representations or warranties set forth herein.

7.02. Indemnification of Seller by Buyer. Buyer agrees to indemnify and hold Seller harmless from and against all claims, causes of action and damages (including attorney's fees and costs) relating to any acts or omissions of Buyer, its employees and/or agents or relating to or arising from the water well from and after the Closing Date.

ARTICLE VIII.
MISCELLANEOUS

8.01. Closing and Closing Date. The closing of the transaction contemplated hereunder (the "Closing") shall take place in Tremonton, Utah on or about August ____, 2009 (the "Closing Date") or at such other time and place as the parties hereto may mutually agree.

8.02. Non-Fiduciary Relationship. The parties hereto expressly disclaim and disavow any partnership, joint venture or fiduciary status or relationship between them and expressly affirm that they have entered into this Agreement as independent contractors and that the same is in all respects an “arms-length” transaction.

8.03. Attorney’s Fees. In the event that any party hereto shall be in default or breach of this Agreement, said party shall be liable to pay all reasonable attorney’s fees, court costs and other related collection costs and expenses incurred by the non-defaulting or non-breaching party in prosecuting its rights hereunder.

8.04. Further Instruments. The parties hereto agree that they will execute any and all other documents or legal instruments that may be necessary or required to carry out and effectuate all of the provisions hereof.

8.05. Waiver. A waiver by any party of any provision hereof, whether in writing or by course of conduct or otherwise, shall be valid only in the instance for which it is given, and shall not be deemed a continuing waiver of said provision, nor shall it be construed as a waiver of any other provision hereof.

8.06. Amendments. This Agreement may be amended at any time upon unanimous agreement of the parties hereto, which amendment(s) must be reduced to writing and signed by all parties in order to become effective.

8.07. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

8.08. Preparation of Agreement. The parties hereto acknowledge that they have both participated in the preparation of this Agreement and, in the event that any question arises regarding its interpretation, no presumption shall be drawn in favor of or against any party hereto with respect to the drafting hereof.

8.09. Separate Counterparts. This Agreement may be executed in several identical counterparts, each one of which shall be considered an original and all of which when taken together shall constitute but one instrument.

8.10. Incorporation of Recitals and Exhibits. The above recitals and all exhibits attached hereto are incorporated herein by this reference and expressly made a part of this Agreement.

8.11 Seller’s Disclosures. Attached hereto as Exhibit “A” is a list of Seller’s Disclosures, which Seller hereby proclaims under penalty of perjury to be a complete list of any known factors that might affect Buyer’s ability to use the water well for its intended purpose of providing culinary water for the residents of Tremonton City.

8.12. Complete Agreement. This Agreement together with any addenda, attached exhibits, and the Seller's Disclosures referenced in Section 8.11 of the Agreement, constitutes the entire Agreement between the parties and supersedes and replaces any and all prior negotiations, representations, warranties, understandings, contracts, or agreements between the parties. This Agreement cannot be changed except by the express written agreement of all parties.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES TO FOLLOW}

IN WITNESS WHEREOF, the parties have hereunto signed their names on the day and year first above written.

SELLER:

David Z. Thompson

Jon Z. Thompson

BUYER:

TREMONTON CITY, CORP.
A Body Corporate and Politic of the State of Utah

By _____
Max Weese, Mayor

Exhibit C to Request for Review and
Rehearing of Report and Order
Docket No: 11-2423-02

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Cedar
Ridge Distribution Company for an Increase
in Rates

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DOCKET NO. 11-2423-02

AFFIDAVIT OF MAX WEESE

(Melanie A. Reif, Administrative Law Judge)

I, Max Weese affirm that all statements herein are true to the best of my knowledge and by executing this affidavit affirm the following information related to a certain Water Well Purchase Agreement executed between David Z. Thompson and the City of Tremonton dated March 5, 2010.

1. During the initial negotiations in 2008, up until the actual execution of a Memorandum of Understanding dated December 31, 2009, I was the primary negotiator on behalf of the City of Tremonton, as Mayor, and negotiated directly with Mr. David Z. Thompson the terms of the Water Well Purchase Agreement.

2. During the negotiations, there were draft agreements being circulated which led to a Memorandum of Understanding which I executed on behalf of Tremonton City, dated December 31, 2009.

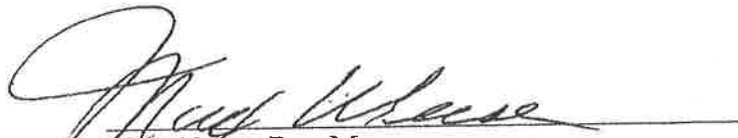
3. At the time of the execution of the Memorandum of Understanding, the City understood that included in the purchase price was the purchase and/or relinquishment of all water rights then owned by Mr. Thompson, except for those water rights preserved in the Water Well Purchase Agreement.

4. During the final negotiations between the City and Mr. Thompson, the Water Well Purchase Agreement stated that Mr. Thompson relinquish his right to access the well pursuant to any water rights he held at the time beyond the amount agreed to in the Water Well Purchase Agreement.

5. It is my understanding and to the best of my knowledge in the negotiations leading up to the Memorandum of Understanding and the final March 5, 2010 Water Well Purchase Agreement included a value for the elimination or relinquishment of the water rights owned by Mr. Thompson in addition to the value for the well.

I hereby execute this Affidavit and affirm the truthfulness as stated herein.

This Affidavit is hereby executed by


Max Weese, Past Mayor
City of Tremonton

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

MAX WEESE, being first duly sworn, says that he is the Past Mayor of Tremonton City in the foregoing action, that he has read the foregoing and knows the contents thereof, and that the same is true to his knowledge, except as to those matters therein stated on information and belief, and as to those matters, he believes the same to be true and correct.



My Commission Expires:

June 17, 2012

Jennifer Arbon
NOTARY PUBLIC

Residing at:

DeWeyville, Utah