



State of Utah
Department of Commerce
Division of Public Utilities

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May 25, 2005

MEMORANDUM

TO: Utah Public Service Commission of Utah

FROM: Division of Public Utilities
Irene Rees, Director
Kent Evans, Manager, Customer Service and Water
Bruce Scott Moio, Utility Analyst

RE: In the Matter of the Investigation of the Water System Operations of Bridge Hollow Water Association for Certification as a Public Utility or Exemption as a Mutual Water Company, **Docket No. 04-2437-01**

RECOMMENDATION:

The Commission should schedule a hearing and require Mr. Tebbs to show why he is not obligated to comply with the Division's request for relevant information regarding the operation, control and properly authorized voting shares of Bridge Hollow Water Association.

STATUS:

The purpose of this memorandum is to update the Commission on the Division's investigation results to date in the open Docket No. 04-2437-01. The issues to date center around the number of authorized voting shares. Additionally, Bridge Hollow Water Association has not to date provided the data requested by Lee Brown, who has intervened in this Docket.

DETAILS:

Mr. Duane Fluckinger is the current Director of Bridge Hollow Water Association and is actively managing the daily operations; he is also a resident of the Bridge Hollow Subdivision. The Tebbs family apparently took over the assets of the predecessor developer of the Bridge Hollow subdivision who took out bankruptcy, and formerly controlled and operated the water company for several years before the Association

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began actively managing daily operations. The Tebbs family is also involved in attempting to develop an area known as Surrey Ridge, just above Bridge Hollow. At this time the Division believes this area has no approval for any development and the attempt to develop this area goes back several years.

Mr. Fluckinger has attempted to procure all the documentation and accounting of funds for the water company, which was in the possession of the Tebbs family during their management of the water company. Much of the information requested by Mr. Brown from the water Association relates to that period of time. Mr. Fluckinger believes the funds were greatly mismanaged and shares of stock were arbitrarily printed up and issued without authorization. The Division has been unable to verify or refute these claims because the Tebbs family has ignored the Division's document requests.

Mr. Fluckinger has been extremely cooperative and provided all the documentation in his possession for the water company. Mr. Fluckinger's documentation seems to support the contention that each lot owner has a vote and equal right in the water company. This would allow for Bridge Hollow Water to be exempt from the Commission's regulation under UCR 746-331-1. However the Tebbs family contends that they have votes for each lot in Surrey Ridge, the Division cannot verify that there are distinctly zoned lots in Surrey Ridge.

The Division believes there is documentation in the possession of the Tebbs family that may clarify authorized voting shares and lots. Patricia Schmid from the Utah Attorney General's office has been in contact with the Tebbs family and was given minimal documentation. Currently the Division will be arranging to meet with Ms. Schmid and Mr. Fluckinger to clarify his contentions and the documents recently received by the Tebbs family.