

J. Craig Smith
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January 26, 2005

Bary M. Golding
Division of Public Utilities
Heber M. Wells Bldg.
160 East 300 South, 4th Floor
P.O. Box 45585
Salt Lake City, Utah 84145

Via Hand Delivery

Dear Bary,

Re: Wilkinson Cottonwood Mutual Water Company (formerly Wilkinson Water Company)

I am writing this letter to inform you of a number of pending issues with Wilkinson Cottonwood Mutual Water Company. First, as you know, we have converted Wilkinson Water Company, a for-profit company, into a nonprofit company and changed its name to Wilkinson Cottonwood Mutual Water Company. I have attached a copy of the filed "Amended and Restated Articles of Incorporation of Wilkinson Cottonwood Mutual Water Company." Let me know if you need anything else to recognize these changes on the records of the Public Service Commission.

Second, I have enclosed the "Request of the Wilkinson Cottonwood Mutual Water Company for Rate Change" and the Proposed Tariff. The changes should not be controversial, though I realize that there will be both an audit and a hearing. The most substantial change in the tariff is the addition of the \$4,000 connection fee. Forsgren Engineering will be sending you a letter explaining the basis for this connection fee. In compliance with the Utah Impact Fees Act, Chapter 36 of Title 11 of the Utah Code, this connection fee will only be applied to the expansion of the system to adequately serve the new connections. The fee will not be applied for improvement of the existing system. Accordingly, under the Impact Fees Act, the connection fee is more accurately characterized as part "project improvement fee" (\$2,500) and part hook-up fee (\$1,500). Thus, the fee cannot be characterized as an impact fee and does not give rise to the additional requirements of the Act.

Finally, our efforts to locate the Certificate of Convenience and Necessity for Wilkinson Water Company have been unsuccessful. State Archives was able to locate two of the three boxes of interest; however, in our search of these boxes, we were unable to locate the Certificate in either of these boxes. We found a 1979 proposal for rate

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change that references the company's incorporation date and so forth, but that is the earliest formal document that we could find. I have attached a copy of that document in case it would be of any help in finding the Certificate.

As we have been unable, despite our best efforts, to locate the Certificate, we are in need of some other certification that Wilkinson Cottonwood Mutual Water Company is a private entity which will serve water to the proposed development shown on the enclosed map. Charles Smalley of the Utah Division of Real Estate has indicated that a signed document from the PSC affirming the necessary facts would suffice. Therefore, I have enclosed a proposed certification. If this certification document is acceptable, please return the executed copy to my office in the enclosed pre-stamped envelope. I sent a carbon copy of this letter and the proposed certification to Charles Smalley to ensure that it will be sufficient for the application for exemption.

Please let me know if you have any questions or concerns with anything discussed in this letter. I appreciate your attention in these matters.

Yours truly,
SMITH HARTVIGSEN, PLLC.

J. Craig Smith

cc: Charles Smalley w/ partial enc.
Ben White w/o enc.
Rulon Gardner, w/o enc.