

Wolf Creek Water and Sewer Company, Inc
2005 Business Plan

The following is an outline of the Wolf Creek Water and Sewer Company's (the Company) operating plan going forward from January 1, 2005:

As of January 1, 2005, the sewer business and all of the related sewer assets of the Wolf Creek Water and Sewer Company have been sold to the Wolf Creek Sewer District. Therefore, going forward from that time, all rates and financial data will not include the sewer related business. (See letter included)

The Company has contracted with Wolf Creek Properties, LC to perform certain operations and to maintain the Company's systems. The financial information that is the basis for the annual fee charged by Wolf Creek Properties is made available to the Public Services Commission (PSC) for an annual audit. The 2005 annual fee is \$44,761.22 and is paid monthly. The President of the company is paid an annual fee of \$10,000.00 to provide leadership and to manage the activities of the Company. This fee is in addition to the operating contract fee. Any other work performed for the Company is invoiced separately and paid directly by the Company. If Wolf Creek Properties, LC employees or equipment are utilized by the Company to perform services outside the contract, a work order must be completed. The rates charged for such services will be subject to an annual review by the PSC.

The Wolf Creek Water Conservancy is in the process of connecting every home site within the Wolf Creek Water and Sewer District to its system. This expansion project is expected to be completed in the spring of 2005.

There are several homes within the district that are not within reasonable reach of the Wolf Creek Water Conservancy's secondary water system. In order to maintain equality to all of its customers, the Company has agreed to install a second culinary meter to those homes. The water from the second meter must be used for irrigation purposes only and will be billed by the Company at the approved Conservancy's secondary water rates. Once this expansion is completed, all home sites within the Company's district will be required to connect to the Wolf Creek Water Conservancy's system or to have a secondary water source.

The Company has been in the process of applying for a rate increase, a connection fee increase, conservation rates and for changes in its rules since January of 2002. Attached is the application on file for these changes as well as a request for additional changes. It has been the opinion of all parties involved that the rate changes applied for by the Company are closely tied to the rate changes currently applied for by the Wolf Creek Water Conservancy. It is the Company's expectation that there will be a rate case hearing scheduled for both companies no later than April 31, 2005.