

## **TIME LINE FOR WATER ISSUES**

### **March 4, 1981—Date of Certificate of Incorporation for Cedar Ridge Distribution Company**

There are several typos and errors in the Articles of Incorporation and Bylaws. The company is not following their own articles of bylaws.

Attached documentation:      Certificate of Incorporation (Exhibit A)  
Articles of Incorporation (Exhibit B)  
Bylaws (Exhibit C)

### **1983-84—Financial Record of Cedar Ridge Distribution Company**

Lists income, expenses, and cash on hand

Attached documentation:      Copy of Financial Record (Exhibit D)

### **1986—Expense and Income Summary for Cedar Ridge Distribution Company**

Shows dues, assessments, loans, and bills.

Attached documentation:      1986 Expense and Income Summary (Exhibit E)

### **1986—Assessment for a New Well From Cedar Ridge Distribution Company to its Customers**

The original well failed and a second one needed to be dug. There were 18 homeowners at the time who were each required to loan the Distribution Company \$1250.00. David Thompson also loaned some money to the company (he is the owner) as did his brother (an incorporator of the company) Jon Thompson. Both of their loans were repaid with interest (15% and 18%) by the homeowners through "new hookups combined with the excess funds generated from monthly water maintenance fees." The homeowners were paid back with a smaller percentage of interest (7%).

Attached documentation:      Copy of the Letter of Assessment (Exhibit F)

### **1986/1987—Financial Records for Cedar Ridge Distribution Company**

Contains information about future hookups, a projected increase in revenues, an account with Thompson and Son (David's cabinet business), the proposed 1987 budget, well costs, 1986 expenditures and income summary, and so on.

Attached documentation:      Copy of financial records (Exhibit G)

### **January 9, 1987—Letter to Cedar Ridge Water Users From Cedar Ridge Distribution Company**

Contains a financial summary, explains that rates will be raised and late fees will apply.

Attached documentation:      Letter from company (Exhibit H)

### **September 30, 1988/1988—Financial Records of the Cedar Ridge Distribution Company**

Attached documentation:      Financial Records (Exhibit I)

### **September 28, 1989—Water Meeting of the Cedar Ridge Distribution Company**

The company's debts exceed its income and David has been loaning the company money periodically in order to pay those bills. Interest on loans made to the company by David and Jon Thompson verified.

Attached documentation: Minutes from this water meeting (Exhibit J)

**1995—Request for Reinstatement and Extension of Time for Water Rights Application For David Z. Thompson**

This stated that certain conditions were yet to be completed. This included installing a totalizing meter on the well which was scheduled to be installed on September 15, 1995. To my knowledge, this never happened until Tremonton City purchased the well and installed a totalizing meter in 2010. Proof maps were to be finalized and the water right was to be transferred to the Cedar Ridge Distribution Company.

Attached documentation: Request for Reinstatement and Extension of Time (Exhibit K)

**May 3, 2001—Letter From a Customer Asking for Repayment of a Loan**

Confirms the interest rate on the loan from the customers for the new well and when the loan was due. This customer is calling this note due.

Attached documentation: Letter from a customer (Exhibit L)

**September 1, 2003--Letter From Division of Public Utilities to Cedar Ridge Distribution Company**

Requesting a survey be filled out to determine the regulatory status of the water system.

Documentation cited: <http://www.psc.utah.gov/utilities/water/10docs/10242302/70042Exhibit%20A.PDF>

**October 1, 2003--Letter From Division of Public Utilities to Cedar Ridge Distribution Company**

Follow up to letter dated September 1, 2003 requesting a survey be filled out to determine the regulatory status of the water system.

Documentation cited: <http://www.psc.utah.gov/utilities/water/10docs/10242302/70043Exhibit%20B.PDF>

**November 3, 2003--Letter From Division of Public Utilities to Cedar Ridge Distribution Company**

Follow up to two previous letters that remained unanswered.

Documentation cited: <http://www.psc.utah.gov/utilities/water/10docs/10242302/70044Exhibit%20C.PDF>

**May 10, 2007—Letter to Cedar Ridge Water Users From the Cedar Ridge Distribution Company**

This is a copy of a letter that was sent in 2003 and resent in 2007. This letter discusses not having enough water for fire suppression and possible leaks. This letter also addresses the watering schedule and watering concerns.

Attached documentation: Letter from Distribution Company (Exhibit M)

**May 21, 2009—Letter to Cedar Ridge Water Users From the Cedar Ridge Distribution Company**

This letter details the watering schedule and the new pump that was installed.

Attached documentation: Letter from Distribution Company (Exhibit N)

### **Summer 2009—Water Frequently Turned Off in the Cedar Ridge Subdivision**

This was due to tests being run on the well by Tremonton City. Homeowners were told it was because of the well being cleaned, this had to happen due to the tests. The homeowners were informed about the cleaning, but not about the testing.

### **April 1, 2010—Official Protest of Tremonton City Underground Water Right Diversion from Garland City**

Attached documentation: Protest by Garland City (Exhibit O)

### **April 12, 2010—Protest of The Bear River Club Company**

Attached documentation: Protest by the Bear River Club (Exhibit P)

### **April 19, 2010—Protest against the Application to Appropriate Water by the US Department of the Interior Fish and Wildlife Service**

Attached documentation: Protest by Fish and Wildlife Service (Exhibit Q)

Note: At this time, the residents being served by the Cedar Ridge Distribution Company have no idea the well is being sold and protests are being taken. We would not have known to follow what was happening in Tremonton City as far as public announcements and such, we are not residents of that location.

### **Monday, August 9, 2010—Water Meeting at the Deweyville Town Hall for the Cedar Ridge Distribution Company**

David Z. Thompson, owner of the Cedar Ridge Distribution Company, informed us that the well was sold to Tremonton City. Tremonton City gave a power point presentation. Customers were given assessments at the end of this meeting for \$970.00 due in six days or interest would accrue at the rate of 7% APR. According to David Thompson, this assessment was to repay a loan that he gave the company to replace three or four pumps that had problems within a short period of time.

Attached documentation: Water Meeting Flyer (Exhibit R)  
Memorandum of Understanding (Exhibit S)  
Water Well Purchase Agreement (Exhibit T)  
Power Point presentation "2008 Well Sighting Study" (Exhibit U)  
Assessment Letter from the Distribution Company (Exhibit V)

### **August 10, 2010—Contacted Utah Division of Corporations and Commercial Code**

Found out the company was registered in 1981 and is in good standing. There are three directors: David Z. Thompson, Jon Z. Thompson, and Henry Z. Thompson. The officers are listed as follows: Keith Anderson, secretary; Leann Butters, vice president; David Thompson, president; and Frank Walker, secretary. Both Frank and Keith were not aware that they were listed as officers in the company.

### **August 22/23/24, 2010—Petition to Retain an Attorney/Letter from Attorney to Contest Assessment Made by the Cedar Ridge Distribution Company**

Signed by fifteen homeowners to retain Attorney Chris Beins to draft and deliver a letter disputing the assessment fees dated August 9, 2010. This letter also requested specific records from the company.

Attached documentation:        Signed Petition (Exhibit W)  
   Letter from the Attorney (Exhibit X)

**August 22, 2010--Email to Shauna Springer at the Division of Utilities, Utah Department of Commerce Inquiring About Our Rights as Water Customers of the Cedar Ridge Distribution Company**

>>> "lorikilgore@juno.com" <lorikilgore@juno.com> 8/23/2010 12:54 AM >>>

Aug. 22, 2010

Dear Shauna,

I have some questions regarding a situation with our water here at the Cedar Ridge Subdivision in Deweyville. Your name was given to my neighbor, Dorothy Hogan, by Ying-Ying Macauley at the Division of Drinking Water. She said that we should contact you with our questions.

We receive water from a well that was owned by the Cedar Ridge Distribution Company (David Z. Thompson). The well was recently sold to Tremonton City. We were called to a meeting on Monday, August 9, 2010 and informed that the well was sold. Tremonton City was present and gave a Power Point presentation about their purchase of the well. After Tremonton City, David Thompson (owner of the Cedar Ridge Distribution Company) gave his own explanation. Then, at the end of the meeting, we were given envelopes assessing us as a whole for a "net operating loss" of \$30,000.00. The letter read, in part, "This loss is directly related to the problems that were experienced during the last 14 months with the pumps that are used to deliver the bulk of our water. Some of the money owed to David Z. Thompson dates back to June 2009." Apparently, he personally loaned his company some money and wants to pay himself back. Each household was assessed \$970.00 "due immediately." He said that, "The assessment will accrue interest after August 15, 2010 at the rate of 7% APR."

Are customers required to fund capital expenses? He claims that he wants us to pay him back for installing three different pumps, putting a roof on the tank, and electrical repairs due to the fact that pumps were installed incorrectly. He never informed us that Tremonton was running tests. The community went without water (it was shut off) for long periods of time because of these tests. He has not presented any invoices, statements, receipts, budget, or any type of annual report. We are unaware of any board meetings. We are not sure what the effect of selling the well will have on our property, property value, or ability to obtain water. It has been explained that the water will be metered by Tremonton City in one spot where it comes out of the well to our community and Tremonton City will bill the Cedar Ridge Distribution Company for the amount of water used and then David will bill us. We have never received any type of statement or invoice in the past; we just pay \$45.00 per month (with no bill). We are not sure how many shares remain in David's possession and how many were sold. We are uncertain if there is enough water for fire suppression. We are not sure how much water the subdivision has used in the past, there are no meters.

What are our rights? Are we required to pay assessments for capital expenses? Where did the \$45.00 per month from approximately 33 locations receiving water go? Why was there not enough money to cover capital expenses in the company? Is the Cedar Ridge Distribution Company considered a public utility? If it is not, why? Are the bylaws of the Cedar Ridge Distribution Company in compliance with the articles of incorporation and the law? How is it that the well can be sold by an individual for individual

profit? (The Cedar Ridge Distribution Company is a non-profit organization.)

I would appreciate your input on this matter. Thank you for your time.

Sincerely,  
Lori Wiser

Shauna's response:

Hi Lori - I apologize for not getting back to you sooner, but I just read your email, as I have been out of the office this week. I would love to discuss these issues with you. In addition I would also like to talk with David Thompson regarding the water company itself. I have placed this as a priority for Monday. Will you be available Monday to discuss. Can I reach you at the phone number listed below and at what time would be convenient for you? Thank you for sharing your concerns!

Shauna Benvegna-Springer, CGFM  
Utility Analyst,  
Division of Public Utilities  
Utah Department of Commerce  
Office: 801- 530-6433  
Fax: 801-530-6650  
sbenvegn@utah.gov

Attached documentation: Copy of the email (Exhibit Y)

#### **Monday, August 30, 2010—Contacted the Division of Public Utilities**

Lori Wiser called and spoke to Shauna Springer. Shauna informed her that the Cedar Ridge Distribution Company has never obtained a Certificate of Operation or Exemption. In 2003, the Public Service Commission of Utah issued the company an order to show cause that was withdrawn once an application for exemption was received. The company applied for a Certificate of Exemption and it was denied. Once the application for exemption was denied, there was no follow through by the state due to a change in staff.

#### **August 31, 2010--Email From Shauna Springer at the Division of Utilities, Utah Department of Commerce Regarding Order to Show Cause**

Hi Lori - I was able to find where an order was issued to withdraw and close the docket on the order to show cause, because he was willing to complete the necessary paper but never did. I think this may have been because of change in staff in the Division of Public Utilities and the ball was dropped. This was before I joined the Division...

I was able to speak with David right away. The girl in the office (I did not write down her name) gave me his cell phone so I was able to talk with him directly and he agreed to complete the necessary paperwork. He gave me his email address to send him the application and paperwork necessary to receive the certificate and get the rates approved, which we will analysis to determine if they are just and reasonable.

The old case, or docket, has been closed, but his application will open a new docket, which will be 10-2423-01 when it is assigned and processed in 2010. You can follow it on the PSC's website and have information sent to you via email anytime information is filed.

Thank you for bring this information to our attention!

Shauna Benvegna-Springer, CGFM  
Utility Analyst,  
Division of Public Utilities  
Utah Department of Commerce  
Office: 801- 530-6433  
Fax: 801-530-6650  
sbenvegn@utah.gov

Attached documentation: Copy of the email (Exhibit Z)

#### **September 2010—Try to Find Water Use Reports for the Cedar Ridge Distribution Company**

Checked the water rights website and confirmed by phone that the company has never submitted water use reports to the Division of Water Rights.

Attached documentation: Water use report from Water Rights website (AA)

#### **September 1, 2010--Email to Shauna Springer Regarding Running the Company Through a Homeowner's Association and Her Response**

>>> "lorikilgore@juno.com" <lorikilgore@juno.com> 9/1/2010 10:20 PM >>>

Hi Shauna.

I have another question, if we form a homeowner's association to run a water company, how does that work? Do we "take over" the existing company and write new articles of incorporation and bylaws? Do we form our own company outright (from scratch)? Does David have to agree to this, or is this something we can just decide to do as a majority?

Thanks again for your help!

Lori Wiser

Shauna's response:

Hi Lori - Yes the all the homeowner's or members of the water system would need to agree to form the homeowner's association, yes bylaws and articles of incorporation would need to be completed and filed with the Division of Corporations. David would need to agree to donate or sell (most developer's donate the system, because they recover their costs in the sale of the improved lots) the system since he owns it at the present time. The HOA would need to contract with whoever has the water rights and water source i.e., David or Tremonton City, etc...

Shauna

Attached documentation: Copy of the email (Exhibit BB)

#### **Monday, September 13, 2010—Water Meeting at the Deweyville Town Hall for the Cedar Ridge Distribution Company**

David Thompson read from minutes for a water meeting on March 17, 1981 which determined that David was the sole owner of Class C stock in the company. He said that the company had no assets when it was formed and had to obtain assets. David and his wife gave the company the following in a quick claim deed: pump, pump house, water house, and the water storage tank. David explained that in exchange for these items he was given Class C stock. David said that as Class A and B stock went up, Class C stock went down. This was confusing because that is not what it states in the articles and bylaws.

David brought a box with various binders in it and said that these were the “receipts and bookwork” for the last 30 years. We explained that we would like him to give those documents to the attorney as requested.

No water certificates have ever been issued or recorded (as stated in the bylaws).

David stated at this meeting that he wants to divest himself of the system. He said he is looking to give it to us.

David handed out a cash flow report and a proposed budget (confusing because there have never been any meters, not even a totalizing meter, so we really don't know how much water we use).

David told us that the state is "coming after us" to install meters on each home.

Attached documentation:      Water Meeting Flyer (Exhibit CC)  
   Cash Flow Report (Exhibit DD)  
   Proposed Budget (Exhibit EE)

#### **September 27, 2010—Formal Complaint Sent in to Public Service Commission**

After meeting with David and having our requests ignored and our questions remain unanswered, five homeowners submitted a formal complaint to try to get help with our water issues.

Documentation cited: <http://www.psc.state.ut.us/utilities/water/waterindx/10242301indx.html>

#### **November 10, 2010—PSC Suspends Complaint**

Our complaint is suspended until it is determined if Cedar Ridge Distribution Company should be exempt or regulated.

Documentation cited: <http://www.psc.state.ut.us/utilities/water/waterindx/10242301indx.html>

#### **December 9, 2010--Petition for An Order To Show Cause, Docket 10-2423-02**

Documentation cited:

<http://www.psc.utah.gov/utilities/water/10docs/10242302/70041Petition%20for%20an%20Order%20to%20Show%20Cause.PDF>

#### **January 3, 2011--Order to Show Cause, Docket 10-2423-02**

Documentation cited: <http://www.psc.utah.gov/utilities/water/10orders/Dec/70321%2010242302otsc.pdf>

**January 12, 2011--Email from Barbara Anderson (a customer of the company) to Water Users Regarding Current Leaks in the Water System and the Future of the Water System**

Dear Cedar Ridge Water Users,

Knowing that Tremonton City was to take over our well on Dec. 1, 2010, I called Paul Fulgham, their water manager, to ask how much water we used and what that meant our payments should be for December. He said they didn't take over the system until Dec. 10th, because they were still tinkering with things, but that from that day until Dec 31st, our usage was 5X what it should be. That means the Cedar Ridge system has a substantial leak (or perhaps multiple leaks)--probably in a main. He has arranged for a rural water agency (or something like that) to come and try to help locate the leak, which they will do free of charge. (But they come only when they can--not necessarily when they are needed). If that doesn't work a commercial company will have to be hired, which is expensive. Mr. Fulgham didn't say who would have to pay for that and I didn't dare ask. The Cedar Ridge pipes are under the snow right now so that makes things more difficult, but he said they will do their best. He also suggested that all of us listen for any leaks in our individual homes/properties and fix problems such as leaking toilets. So...I'm passing that information on, not because I hold any position in the company, I don't. I just thought you'd want to know. Some months ago I gathered many (but not all) of your e-mail addresses so that's what I'm using.

It's no secret that the last water meeting held was a painful disaster. It's been nice to shelf the matter and try to give relationships time to heal, but we have to come back to the table sometime. And I think it ought to be soon.

I'm certainly not the best informed, but as I understand it there are two ways a small water company can operate legally in Utah:

- 1) as a public utility---licensed by the state, (wherein operations are monitored and rates pre-approved, etc),
- 2) as a mutually-owned water company (with by-laws that give shareholders voting rights and a say in what goes on).

It seems the Cedar Ridge Water Company is neither of these. David was never issued a license to operate a public utility and his request for an exemption, (so that Cedar Ridge could be a mutually-owned company) was denied. All these years, therefore, the company status has been in limbo. Recently the State of Utah called on David to attend a hearing (Feb. 2) to straighten things out. If, as he said earlier, he intends to turn the company over to us--and if that's what he's planning to tell the state--it seems to me WE ought to know that and understand what it entails.

I hope this is information you want to have.

Barbara Anderson

Attached documentation: Copy of the email (Exhibit FF)



**January 16, 2011--Email to Shauna Springer Regarding the Difference Between a Mutual Company and a Public Utility and Her Response**

>>> "lorikilgore@juno.com" <lorikilgore@juno.com> 1/16/2011 4:49 PM >>>

Hello Shauna.

Where can I find information that tells what the similarities and differences are between a mutual water company and a public utility. We are told that it will cost us more to be a public utility and I am wondering if that is true?

Thanks for your help.

Lori Wiser

Shauna's response:

Hi Lori - There is not a place that defines what a mutual water company. The does define what a public utility is. If there is a group of individuals who can trust each other and want to control their costs i.e., a mutual water company then the costs could be less by \$150. But if there is not trust, a public utility is better in my opinion. The only costs are a \$100 application fee (one time) with a \$50 regulator fee each year. What this provides is a regulatory agency who assists the utility in maintaining balance between the owners and the customers i.e., insuring the utility is financially stable, operationally sound, conducts audits and reviews every four years or more if necessary for rates, and provides a medium for handling complaints and resolution between customers and owners and on the customers side insures that rates, fees and costs are contained to provide safe, reliable, service. Some will say that you have to hire an attorney to deal with the Public Service Commission, but there are many companies and customers such as the Pineview, White Hills and Highland cases where attorneys were not hired. Without regulation the customers and utility must hire attorneys to deal with issues in civil court, which can be costly if they do not get along. Again, my opinion.

In Utah Code Annotated statue reference, 54-1-4 has the definition of a public utility.

Hopes this helps.

Shauna

Attached documentation:          Copy of the email (Exhibit GG)

**January 17, 2011--Email From Barbara Anderson to Water Users to Schedule a Water Meeting**

Dear Neighbors,

After learning about the leak in the water system I thought we should probably have a meeting to discuss that and other water issues...(meters, for instance). I contacted some of you and suggested we meet tonight (Monday). Those of you who I got hold of seemed in favor. But before I got too far down the list I decided I'd better talk to David. I got hold of him late Saturday and he told me he thinks we'd be jumping the gun. They are still working to find the leak/leaks and, although some areas have been eliminated as possible sites, there is a valve down by Randy Hatch's house that has a broken part that won't allow it to be turned off. Therefore, they can't check that area until

the valve is replaced. And there are other unchecked areas still, across the highway, so in that regard, it probably IS early for a meeting. I got off the phone agreeing that maybe we should wait.

But this morning I'm not so sure. There are other issues that need be addressed--and probably very soon. A big one is that on Feb. 2 David has to meet with the water authorities in SLC to get things settled as to what type of water company Cedar Ridge is to be--a public utility or a mutually-owned water company. (We're kind of in limbo right now). He plans to propose that it be registered as a 'mutually-owned' company, feeling that type would best serve our needs. That means we will all become part-owners (with voting rights), but many of us are very reluctant to "mutually" agree to take on the Cedar Ridge company just now. There are just too many unanswered questions about company problems and what our related obligations will be.

David said, that after his meeting in SLC, he will come home and make his proposal to us and that we will not be forced into something we don't want. The people at the state seem to see it differently and said that once they give approval for Cedar Ridge to be mutually-owned that's THAT, as far as they're concerned. They just want it to be officially one type or another. After that's been settled with them the only way we could contest it would be in civil court. There might be no argument as to which type of company Cedar Ridge should be, but if there IS we should certainly work that out before Feb. 2.

Being designated as a public utility could very well mean more government regulation, more fees, and more costs, but there also might be advantages. I'm sure I don't know enough to know and probably most of us are in that boat. It would be nice if we could find someone to teach us. Paul Fulgham, the Tremonton director, would be good, but I wasn't able to get hold of him. His personal number is not in the phone book and today is a holiday, so the chances of getting him to come are not good. Frank Walker understands a lot about water systems but is out of town. David could teach us, but doesn't want to meet yet. Maybe he could be talked into it...

So, I'm a little stumped about whether or not to continue trying to put together a meeting for tonight. I feel it would be a good idea, but there's no point in ME calling one, unless others think it's important. (I've already shared everything I know). I guess we COULD compare notes on how we feel about the "mutually-owned" idea...(see who is available to help with one, etc). But actually what's important is that David knows how we feel. He's meeting with his lawyer tomorrow, by the way.

Ok, while typing this I've heard from some of you who DO want to meet so let's do. Deweyville town hall 5:30. I hope no one is offended that I threw this little party. Come it you want...everyone's invited.

Barbara Anderson

**January 18, 2011--Email From Barbara Anderson to Water Users Giving a Report of a Water Meeting Held on January 17, 2011**

Dear Neighbors,

(finished at 3:00 am) Tues. Jan 18, 2011

Thank you for attending the water meeting—those of you who could. I apologize for not being able to contact all of you. I spent what time I could trying. You are all very important in this matter...I'm sorry if you didn't get the message or couldn't come because the notice was short. It was fairly spur of the moment. Fortunately, lots of you were able to come, so thanks for your time.

I promised some folks who couldn't come that I would take notes and let them know what was discussed. I did take notes but now that I'm trying to make sense of them I realize I'm not going to do a very good job of this. I'll do my best, however. Those of you who attended are certainly invited to make revisions. (I do not intend to fret over things like sentence structure, just so you know.)

Before I dive into the meeting stuff, I would like bring up one personal concern that I think many of you also share: When I learned about the leak in our water system I asked around to see if others of you knew and found most of you did not. WHY IS THAT??? It just makes me crazy that after all our calls for transparency we are still left in the dark about important water issues. Maybe there isn't really anything we could do to help, but we still need to know what's going on. I suppose much of the problem is that we have no valid organization right now...no water board and therefore no notification system...but that's really no excuse. I have phone #s or emails for most of you and would be happy to send out information. I certainly hope we do a better job of communicating important issues in the future.

Okay here goes:

Since I called the meeting I decided that gave me the right to assert myself a bit so I decided we'd start with a prayer. (I figured we'd need the help). Lynn Darley offered a lovely expression of gratitude for our beautiful surroundings and good neighborhood relations, as well as a petition for help. Thank you, Lynn.

Our first item of business was to discuss the leak and since he was the guy in the know I turned the time over to David, asking him to tell us what is being done to find and fix it. He gave a little history first...saying that he knew last winter/spring that there was a significant leak, but was unable to find where it was. Then, when Tremonton took over our water this December--and their meter readings showed we were using 4 to 5 times what is normal--they also got involved. Folks from the Rural Water Association were called on to help in the hunt...a service they provide free because we are part of the Association. ..but their efforts have, as yet, not been very successful. David said they were pretty much able to determine where

the leak is NOT; the upper half of the pipeline (meaning the upper stretch of road from Louise Behnerts' house to J.R. Adam's house and above to the reservoir) appears to be fine...except for a few insignificant leaks in valves that aren't worth fixing.

That means the problem is probably located in the bottom half of the system, perhaps even down below, across the highway. Unfortunately the searchers were unable to shut off and test a broken valve on Randy Hatch's property, so that stopped the search--until the valve can be dug up and replaced. We asked when that would be but David didn't have a time. He has been out of town, so nothing is scheduled at present. (John Thompson's backhoe services will be used to do the digging, by the way, so that much is settled.) We asked if there is anything any of us can do to help, but other than listening for leaks around our homes there isn't really much.

The question was asked if Tremonton will be charging us extra because of the leak and the answer is yes. (They didn't, however, charge us anything for the month of December). Someone wanted a reminder of how much they said they'd be charging us (\$0.35 per 1000 gallons) and how much we are allotted per share, before they will charge an overage fee, but I don't think we got a for-sure answer there. David will continue to charge us \$45 for now. I'm sure there was more here but I forget just what.....Mostly everyone is anxious that the leak/leaks be found and fixed as quickly as possible.

The next discussion centered on the changes coming to the Cedar Ridge Dist. Company. David began with an explanation of the present company that went something like this: he said that when he formed the company 30-ish years ago it was set up legally, according to the laws and regulations in effect at the time, and was much easier to run. But, then because there were so many problems being experienced by members of the 1500 or so similar small water companies in the state, about 10 years ago the State Division of Public Utilities got involved. They set in place new regulations, requiring the companies to conform to new rules. David said he didn't understand it...that he sent in something and never heard back...so let it drop.

(Actually, each company must send in documentation so that it can be registered as either: 1) a Public Utility, or 2) as a "mutually-owned" company. David's company did not fit either of those criteria... he wasn't following the regulations of a public utility and ours did not qualify as a mutually-owned company because we had no voting rights. His incomplete application was, therefore, rejected and when he ignored further requests it became a serious matter. But he continued to operate the company out of compliance for years.)

I then informed the group that (because of research done by some concerned Cedar Ridge homeowners, after our last meeting in the fall) some of us became very concerned about this problem. After much thought we felt we needed to enlist the help of the State in getting the company properly licensed. Therefore, we filed a formal complaint and the State responded with a notice for David to appear for a formal

hearing in SLC on Feb. 2. We felt we had to pressed the issue in order to finally get action and get the problems fixed. (Perhaps that makes us bad neighbors in the eyes of some, but we felt it was the right thing to do.)

(On with the meeting...) David was then asked to give us his opinions--pro and con--for each of the company-types. I don't believe he gave any pros for the Public Utility type. He was asked if they don't have insurance protection or other good things like that. His answer was that any time the government gets involved things become unnecessarily complicated and more expensive. Plus we'd lose local control. He talked about some of the tests now required by the State--for nuclear waste, for example. He informed us that a few years ago he (we) spent \$15,000-ish to have a new roof put on the reservoir so that we didn't have to spend \$20,000+ on required chlorinating machinery in order to pass of new chloroform standards. (I said it would have been good for us to have been told about that when it happened and that perhaps DISCLOSURE was one advantage government involvement would have given us.) There was a bunch of talk about fire regulations and debate about whether we'd be covered by our home-owners policies if we have a fire again (as happened last year). There was concern expressed about our system not having adequate fire-suppression levels...debate...debate...debate...(no resolution that I can recall...)

Next David was asked what he intends to present at the State hearing. He said he plans to get Cedar Ridge registered as a mutually-owned water company. There was some discussion as to what input WE should have in that decision...he doesn't seem to want us very involved just now. When asked whether the "new" company would have new bylaws he said the old ones will be used but amended to give us voting rights. There was some discussion about the present company's "A B and C" shares and how that would change. (David said his ownership of exclusive C's would be dropped). He told us each homeowner would now get one VOTING share. He was asked about HIS 53 (is that right?) extra shares (those that he plans to use in future development) and whether or not he would have more voting power than us. He said those extra shares do not give him extra voting rights—that they do not become active until they are used by the purchasing homeowner.

A question something on this line was asked here: What happens, if in the future, there is not enough water for your new development's needs AND ours? ("Do we get first priority?") David's answer was that "no, present users would receive no preferential treatment" and I believe he also said we could be required to help develop a new source if that became necessary. DID he say that?!! Some thought "yes" some didn't catch that. Would that mean, then, we could be required to pay for the building of a new well, etc.??? (That question really needs to be answered...perhaps in writing, so we understand clearly).

Going on...David reminded us that state regulations already mandate that if necessary we could be restricted to indoor-only water use. That prompted the question of how much water each shareholder is

permitted--through state/county regulations vs. how much our present-company bylaws allow us (since those numbers don't seem to agree) but nobody could remember the figures.

(I'm going to just toss in a bunch of miscellaneous stuff now because I can't remember their order.....)

It was mentioned that water managers can be paid, but that David didn't draw any salary all this time. We thanked him for his years of service. He was asked if he plans to get legal permission to charge us back-assessments. He said "yes." There was some discussion about local mutually-owned companies--how U-con, a local mutually-owned company sold shares in order to get capital to start up with and that those "taps" are now worth a lot, etc. We talked some about the duties the officials in "our" new company would have and we wondered aloud whether or not folks would have the necessary desire/skills/time. (Many good people in the room said they would be willing to serve if voted in.) It was suggested that perhaps some work might be done on a volunteer basis or that compensation could come in the form of free water. It was suggested that service terms be short so that the possibility burn-out was minimized...since we're all getting old. We talked some about the need for a certified water manager and the training that entails and discussed the possibility of hiring someone from outside the system. David said there are managers available. He said Paul Fulgham, Tremonton's water director, does consulting work for \$75 per hour. (I'm sure we covered lots of stuff that I can't remember now...it's hard to catch it all at my age).....

Going back to the subject of revamping the Cedar Ridge company: Some people expressed opposition to being forced into buying (or accepting the gift of) a "dead horse." (meaning becoming mutual owners in a company with an aging, deteriorating infrastructure that is strapped with debts). David said Cedar Ridge company is not dead, that we have the best water ever, but that yes, right now the "horse" is sick. He did a pretty good job of convincing us that the mutually-owned option is our best one. He said he was meeting with "his" lawyer to work out the details for such a company tomorrow. He said the fellow is a long-time water lawyer, with big municipality clients and a lot of know-how. When asked if we could be in on that meeting David answered "no." Hmm... More than one of you asked me later why not? Why this man is "David's" lawyer--if he is setting up "our" MUTUALLY-OWNED company? It does seem that he would be "our" lawyer...and that we should have a fairly big say in how that company is set up, doesn't it? (Somehow this doesn't seem like an equal-partnership-type-deal). When asked if we would all be given copies of the bylaws I believe David said something along the lines of "yes, if you want that, once they're amended." (No one asked who was responsible for the man's fees, but someone sure OUGHT to).

Moving on now to the subject of meters: David said we will be required to get them and fairly soon...within several months. When asked who would be paying for them he said each of us would be responsible to

pay for our own. He was reminded that that won't be easy for some families to do. There was much said that I can't totally remember "...approx. \$1000 each...need to be professionally installed...may be across the road from your property...under-road pipes can be an advantage...small yards will benefit from meters.....etc".....(probably lots more--feel free to add to that)

By now the meeting had gone on long enough. It went better than some and I think there was a general consensus that although there have been real problems in the past it's time to now look to the future. I think we all looking forward to a "new and improved" Cedar Ridge Water Company... run with better efficiency, better transparency, better communication, more according to rules and in compliance with changing regulations. Our meeting certainly didn't settle everything, but at least it ended on a pretty civil note...so we're making progress! Let's keep that up. Thanks again. I'll look for your responses,

Barbara Anderson

Attached documentation: Copy of the email (Exhibit II)

**January 18, 2011--Email From Lori Wisner Regarding Issues Brought Up At Water Meeting on January 17, 2011**

Here are the FACTS gathered from the State of Utah regarding the Cedar Ridge Water Company. These facts have not been presented clearly at any of the water meetings, and they need to be understood so we can make an informed decision. It is important that we look at the facts as they stand. This information is public record and can be found on the Public Service Commission's website ([www.psc.utah.gov](http://www.psc.utah.gov)).

"The Cedar Ridge Distribution Company and its manager/officer David Z. Thompson" has been issued an order to show cause by the state. This means that David must go before the administrative law judge on February 2, 2011 and "show cause, if any there be: 1. Why the company has been operating without a certificate of public convenience and necessity (CPCN), or an exemption, in violation of Utah Code Ann. 54-4-25(1); 2. Why the company and/or Mr. Thompson should not be assessed a penalty of \$2,000 per day for each day the Company has operated without a CPCN or an exemption; 3. Why Mr. Thompson's actions should not be referred to the Utah Attorney General's office for prosecution as a class A misdemeanor." This order to show cause was issued on January 3, 2011 and can be found here: <http://psc.utah.gov/utilities/water/10orders/Dec/70321%2010242302otsc.pdf>.

The hearing that will take place on February 2, 2011 is a public meeting and anyone is permitted to attend. If you desire to speak at the hearing, you must submit a request to intervene and be granted your request. Attendance at this meeting is highly recommended.

The petition for an order to show cause, including a history of the company's dealings with the Public Service Commission can be found here:

<http://psc.utah.gov/utilities/water/10docs/10242302/70041Petition%20for%20an%20Order%20to%20Show%20Cause.PDF>. Note that on page three of this document it states that the company applied for an exemption in 2004, but was denied that exemption because the company's articles of incorporation and bylaws did not comply with the requirements for the exemption. The company was asked to amend

those documents or apply for a Certificate of Public Convenience and Necessity. Neither of these ever happened.

You can view all the other documents that are involved in the Cedar Ridge docket here:

<http://psc.utah.gov/utilities/water/waterindx/10242302indx.html>.

There are two options for the company: apply for a Certificate of Public Convenience and Necessity (be recognized as a public utility and be regulated by the state) or apply for an exemption (become a mutual company owned and operated by the shareholders who are also customers).

Note: the company has been functioning up to this point as a public utility without authority. "The PSC (Public Service Commission) has determined that until a developer actually turns ownership and operations over to the water users as a majority ownership, it should be regulated by the PSC." Again, this never happened. The company has not been regulated, nor did it apply for the CPCN, nor did it turn ownership over to the water users. This can be found on this document:

<http://psc.utah.gov/utilities/water/10docs/10242302/70042Exhibit%20A.PDF>.

The Cedar Ridge Distribution Company has been operating without a certificate or exemption from the state for 30 years, not just 8 years as stated in the meeting. This was clarified by a Utility Analyst from the state. The company has been out of compliance from the beginning.

When the Cedar Ridge Distribution Company applied for an exemption in 2004 or 2005, the state DID respond and DENIED the request for exemption. This can be found in this document:

<http://psc.utah.gov/utilities/water/10docs/10242302/70049Exhibit%20H.PDF>. We were told that the company did not receive a response, but the company DID RECEIVE a response. The response even explains why the exemption was denied. (Here is the link to see the application for exemption: <http://psc.utah.gov/utilities/water/10docs/10242302/70048Exhibit%20G.PDF>).

The state does NOT require meters on every home. The Division of Water Rights requires a totalizing meter--which has been added to the well since the sale of the well to Tremonton City. If meters are added on the homes it is our choice NOT A REQUIREMENT of the state. Public, private, or mutual companies are NOT required by the state to install meters on each home. Companies are permitted to just charge an annual or monthly rate. This information was verified by a Utility Analyst.

The state does NOT require water companies to chlorinate just because they are a public utility. Chlorination has to do with local ordinances. If the Cedar Ridge Distribution Company applied for and received a CPCN (meaning it receives a certificate to operate as a public utility), we would NOT be required to chlorinate our water. This was also verified by a Utility Analyst.

Another clarification from the meeting: According to the Well Purchase Agreement between the company and Tremonton City, "A. Seller is the current owner of record of the Sixteen Inch Cedar Ridge Water Well and possesses the exclusive operational rights to the same Water Well located in or near Deweyville, Utah, which currently services the Cedar Ridge Subdivision. B. Buyer desires to purchase the Water Well and the exclusive operational right to the Water Well to provide culinary water for the residents of Tremonton City." It appears that Tremonton City purchased "the Sixteen Inch Water Well, related facilities, and the exclusive operational rights to the Water Well of Seller."

Also included in the water well purchase agreement is "Liabilities Not Assumed" by Tremonton City. Even Tremonton City protected itself from possible liabilities; will we not do the same?



A Utility Analyst explained that the fact is that the mutual company WILL ASSUME LIABILITIES of the former company. If the company is listed as an LLC or a non-profit, the liabilities would be limited to just the assets of the company—not the individuals. Are we financially provisioned, prepared, or qualified to assume the liabilities for the Cedar Ridge Distribution Company?

Most mutual companies have liability insurance—another expense to look into if we become mutual.

There should also be a trust for the mutual company—yet another expense. If there is no trust, it is better to be a public company regulated by the state.

Cedar Ridge Water Distribution is a non-profit corporation, therefore, its books should be public knowledge and accessible by law. These have not been fully disclosed, therefore: We do not know what cash reserves are on hand for the maintenance and upgrade of the infrastructure. We have been told that the mutual company will owe David \$20,000. Are we willing to take that on? In order to get the \$20,000 from the mutual company, David would have to take the company to court.

If we are a mutual company, there will be no government regulation. Are we prepared to regulate ourselves?

The costs for a public company are a \$100 application fee (one time) with a \$50 regulator fee each year. The regulatory fee is based on the total revenue of the company; it amounts to .0029% of the sales. What this provides is a regulatory agency who assists the utility in maintaining balance between the owners and the customers i.e., insuring the utility is financially stable, operationally sound, conducts audits and reviews every four years or more if necessary for rates, and provides a medium for handling complaints and resolution between customers and owners and on the customers side insures that rates, fees and costs are contained to provide safe, reliable, service. Some will say that you have to hire an attorney to deal with the Public Service Commission, but there are many companies and customers such as the Pineview, White Hills and Highland cases where attorneys were not hired. Without regulation the customers and utility must hire attorneys to deal with issues in civil court, which can be costly if they do not get along. Do we want to exempt ourselves from this assistance and protection?

The definition of a public utility as defined in Utah Code: ““Public utility” includes every railroad corporation, gas corporation, electrical corporation, distribution electrical cooperative, wholesale electrical cooperative, telephone corporation, telegraph corporation, water corporation, sewerage corporation, heat corporation, and independent energy producer not described in Subsection (16)(d), where the service is performed for, or the commodity delivered to, the public generally, or in the case of a gas corporation or electrical corporation where the gas or electricity is sold or furnished to any member or consumers within the state for domestic, commercial, or industrial use.” Here is the link to this information: [http://le.utah.gov/~code/TITLE54/htm/54\\_02\\_000100.htm](http://le.utah.gov/~code/TITLE54/htm/54_02_000100.htm).

It is possible that if the Cedar Ridge Distribution Company becomes certified with the state as a public utility, applies for and receives a CPCN, and puts all its business affairs in order that the water system can continue to function effectively, safely, and smoothly for our benefit without having to assume liabilities as a mutual company. Federal grants may be available to remedy the infrastructure repairs. Low interest loans and grants based on hardship or rural conditions may also be available. **Becoming a mutual company is not the only option and may not be as desirable or economical as we have been led to believe. Do we have all the facts in order to make that decision? It may be more beneficial, in our case, for the existing company to apply for and receive a CPCN and continue to function as a public utility.**

**Should we not obtain full disclosure and discovery of Cedar Ridge Water Distribution Company prior accounting, compliance reports, assets, schedule of ownership, liabilities, debt, and state of the infrastructure before we decide to become a mutual company? And I am not referring to verbal disclosure, I am referring to actual documentation and data—the FACTS.**

Attached documentation: Copy of email (Exhibit JJ)

**January 20, 2011--Email From Barbara Anderson to Water Customers With an Update From David about the Leak and Creating a Mutual Company**

Dear Water Users

This email business is so easy for some of you. I, on the other hand, wasted more time that I want to admit trying to list all of you as contacts in one easy swoop. Grr. It's good I still have a kid at home. Remember how I asked David to let me know if there was any information that needed to be passed on to all of you? Well, there is some: 1) The search for the leak is on hold until he has time to help with the digging up of the valve at Randy's. He said he needs to be there because he is our only certified water manager and that there's no sense having it "blue-staked" until he's able to get to it. 2) His lawyer now wants to start over (rather than just amending the bylaws of the old Cedar Ridge Water Company as planned). He will now create a brand new mutually-owned water company from scratch. I said "WHOA.....hold on there! Many of us want to study BOTH options (mutually owned AND public utility) CAREFULLY before we accept life-time membership in anything." He said he assumed that's what we all wanted, to which I said, "Then it's a good thing we talked, because I KNOW there is no consensus at this point." 3) He also said the hearing in Salt Lake is going to be postponed and that 4) his lawyer wants to meet with all of us to present his plan and answer our questions sometime soon. (Since Monday nights seem to be the one night most people are free, that's what they'll look at...early in the evening some Monday towards the first part of February.)

Barbara

Attached documentation: Copy of the email (Exhibit KK)

**January 21, 2011--Email to Shauna Springer Regarding Attorney Fees and Her Response**

>>> "lorikilgore@juno.com" <lorikilgore@juno.com> 1/21/2011 4:10 PM >>>

Shauna,

If David's attorney rewrites the articles and bylaws to create a mutual company will the new company be required to pay those attorney fees? If he has his attorney come and speak to all the customers, can he require us to pay for that?

Lori Wiser

Shauna's response:

Unfortunately, the answer is yes to both since he still owns the company and it is considered a cost of the water business.

Attached documentation: Copy of the email (Exhibit LL)

**January 27, 2011--Emails From Kate Johnson (Utah Division of Drinking Water) Containing maps of the Subdivision on Record With the Division of Water Rights and Documents from the Bear River District Health Department**

First email:

Lori, this map came from the Division of Water Rights web site, this should actually be a pretty good representation of the system, at least when it was first approved. I'll keep looking, Kate

Kate Johnson, M.S., P.G.

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Environmental Program Manager  
Administrative Services Section  
Source Protection Program  
Utah Dept. of Environmental Quality  
Division of Drinking Water  
P.O. Box 144830  
Salt Lake City, Utah 84114-4830  
801-536-4206 (office)  
801-674-2553 (cell)  
801-536-4211 (fax)

Second email:

Lori, here is another map, showing the two wells and a storage tank, unfortunately not too detailed, sorry. Also from water rights.

Third email:

Lori, these are documents regarding inspections of your system. The older of the two has a pretty good narrative description of the system, although I wasn't able to find a map. I don't see a record of plan reviews, so they were probably done so long ago that they aren't in our computer. I have to go to a meeting at 3, but I'll call you later this afternoon, after 4. thx

Kate Johnson, M.S., P.G.

Attached documentation: Copy of emails, maps, and information from the health department (Exhibit MM)

**February 1, 2011--Requests to Intervene Submitted by Larry and Dianna Maughan, Doug and Dianne Adams, Leone Scott, Bryce and Lori Wiser, Charles and Cindy Jennings, Fran and Dee Doney, Barbara and Keith Anderson, Paul and Nikki Rodgers, Dorothy and Eugene Hogan, Luhuana Herrin, Robert Herrin, Louise Behnert, and Rick and Sandy Poll.**

Documentation cited: <http://www.psc.state.ut.us/utilities/water/waterindx/10242302indx.html>

**February 2, 2011--Emails From Barbara Anderson to Customers of the Company Considering the Possibility of a Water Board and Containing Some Important Questions to Consider**

First email:

Dear Cedar Ridge Water Users,

I don't know exactly how to go about this but I worry that time is passing by without us getting organized or coming up with a real water

plan. David is not sitting around waiting for something to happen. He has hired an attorney and is in the process of setting up a new company right now. The idea that he is doing that without any input from us ought to bring about a general revolt but since it hasn't he could get the idea that we are actually fine with it..even grateful to him. I think it's time we officially let him know otherwise.

Paul Fulgham, the Tremonton water manager, said we share-holders of the Cedar Ridge Water Company are partly to blame for our past water problems because we didn't demand voting rights long ago "like those enjoyed by every other water-user in the state." To me that says we need to do a better job of understanding our rights and asserting them. But we are all busy and there are lots of us and our opinions are varied, so we pretty much just huff and puff and collectively wring our hands while the time for action slips away.

Here's one idea: The Cedar Ridge Water Company is still in existence and it still has bylaws that call for an elected water board, meetings and reports, etc. Yet we are acting as if we have no organization and we are letting David continue to run a one-man-show. Do you feel it's time for us to call for a vote and elect a board? That would at least give us a little structure. We'd have an official way of disseminating information and at least look like we are unitedly trying to come up with solutions. Or if we don't use the old company set-up we could come up with another way--form a community-action group or home-owners association of sorts--whatever we call it. It doesn't really matter as long as we get some kind of organization functioning.

What do you think? Is it time to choose a water-users board? Would you be willing to serve? Is there anyone you would trust to represent your views? Are you okay with the idea of David and his lawyer working things out without our input? Do you have any better ideas???

If choosing representatives seems like a good idea I'd suggest we meet and have a "political convention" of sorts, where candidates would answer our questions and state their positions before a vote is taken. This board wouldn't necessarily make decisions that are binding upon the group. A general vote could be taken for that, once the groundwork has been laid. It could just be a way for representatives to work with David.

Let me know what you think. If I get enough response I will pursue the idea further. If not I'll assume it isn't what you want right now.

I'm including some questions I would ask of a potential water-board member. These may be similar to the ones you would ask. You are certainly encouraged to add your own.

- 1) Are you comfortable with David setting up the new water company without share-holder involvement? Do you feel we should all have to share in the associated legal fees if that is the case?
- 2) Are you in favor of Cedar Ridge becoming a mutually-owned water company, as David is planning? Do we have the man-power? Will we burn

out in time? Are we united enough?

- 3) Do you want more information about that and other options before a decision is made? (public utility, special services district, annexation into Deweyville, etc).
- 4) Do you feel there are serious issues, financial or otherwise, with the "old" company (things you just can't let go of) that still need to be resolved, before a new one is created?
- 5) How do you feel about the \$970.00 assessment?
- 6) Did you pay the assessment?
- 7) Did you pay but wish now you had not?
- 8) Are you satisfied with the financial explanations that have been offered as to why that assessment was necessary?
- 9) Do you feel there are other questions about company finances that need to be answered? For instance, how much money has been brought in through monthly dues over the years and how has it been used? Do you feel we need to have an audit done on those records?
- 10) Do you agree with David's assessment that the well was his to sell?
- 11) Do you feel the leak should be found and fixed (or at least an exceptional effort made to do so) before a new company is formed?
- 12) Do you feel David himself should pay for the leak to be repaired, (since he knew about it over a year ago, had control of the company finances and yet let it go until now?
- 13) Do you think we should all share the financial costs of having the leak repaired?
- 14) Do you feel we should have household meters?
- 15) Who do you feel should pay for meters if we get them?
- 16) Are you concerned about how David's future development plans will affect us? Do you feel you understand that or do you want further (written) clarification?

Barbara A

Second email:

Dear neighbors,

I have heard back from enough of you already that I think we should go ahead with the idea of choosing a water committee. We need to find out now who would be willing to serve...learn how they feel about the issues...and then take a vote. So.....please send me an email stating whether or not you would be able/willing to serve. Please make sure you respond by listing your name and putting yes or no beside it. However, chose only one person where there are 2 or more adults in your household. Every household served by the present water company will then get only one vote...so you'll have to agree within your household.

Someone reminded me that at our meeting in August a water board was chosen, but actually that was not done through voting. It was more of an expression of willingness to serve and acceptance of that offer. Those same people certainly could offer again now. But we will make sure this time that everyone--even those not present--gets the opportunity to vote.

I see this as a committee whose purpose is to work with David to get the "new" water company going. Therefore he would be part of the group without a vote for him being necessary. We would need to decide how long it will serve and when it's purpose is completed.

The town hall is available to us (free of charge--which is awfully nice of Deweyville) on Tuesday Feb 8 at 7:00. Would that be a good time for the whole group to meet?

Please hurry and respond.

Barbara A

Attached documentation: Copies of the emails (Exhibit NN)

**February 2, 2011--Email From Dottie Hogan (customer of the company) in Response to Barbara's Email About Electing a Water Board**

My apologies Barbara but I have to disagree on this path. We have several well thought out, well Cedar Ridge Distribution has not operated in the best interests of our neighborhood community. It is entirely willing to give us a company with a failing infrastructure reassigning the liabilities and risks to us. That company by law has supposed to have been a certified water utility and was bound to put a percentage of the revenues aside to provide for maintenance and repairs of the infrastructure. That did not happen. A meter was to have been put at the source to determine the baseline and true volume of water consumption. It was not.

Lori Wiser has done an outstanding job of researching the issue, getting informed opinion by state officials on the state of Cedar Ridge Distribution to date and what our actions should be going forward to ensure our rights and safety. There is *already* in motion a petition to intervene to allow for full disclosure of this company's assets, liabilities and books so that our neighborhood community can make an *informed* decision without being railroaded by a company that was remiss in its duties thus far. The petition to intervene is already well in progress so it is very late for a totally different initiative now to take us on another path. This will only serve to muddy the water again when we had a clear strategy signed on to by an informed group thinking in concert.

Cedar Ridge Distribution absolutely must produce full disclosure of its past practices and documentation. If all had been in order, the books, board meeting minutes, inspections, water consumption numbers would have been in order. If at that time the Cedar Ridge mgmt. were simply tired and unable to continue - that would be one thing. But to allow that group to determine the path forward now after such a shoddy effort is unconscionable. It's not personal, it's just business.

*Never lose sight of the fact* that our properties are at significant risk for loss of indemnification in the event of a multi-dwelling fire. That is not my mere assumption but that of the insurance companies who insure our properties. Why? It is because there is no assurance that any of the data is correct and nor proper documentation that fire suppression is adequate. In fact, there was a report to the opposite from at least 7 years ago and nothing has changed. Also, who is going to take on the liability of improving the infrastructure? If the books are put in strict order, there are Federal grants and loans for this but failing that documentation I am not willing to subsidize this water company for what it should be responsible for and for which the law had put a procedure in place. If they had followed this, there would be no issue now. A good company would have contracted with a professional to provide 24/7 maintenance on the pumps, cisterns and perhaps even the pipe infrastructure. This is not the place for non-water professionals. It is our safety and health that is in question and only a professional water service is in a position to ensure that as well as to issue warranty on the equipment. Had that been in place, Cedar

Ridge Distribution would not have needed to come to everyone hat in hand looking for a subsidy of \$987.00 apiece from its customers. It would have had the set aside funds for this and, perhaps, have had to issue a slight raise in rates (also clearly regulated by the state) to pay for any deficit.

No, we need to see the process through that is already underway with paperwork en route to the State for intervention. If the State finds in our favor then the appropriate steps will have to be taken to put this company to rights and inform us of the true condition of the company. Until that is done, we can only expect *business as usual* which has not served us well to now. It's too little too late to start in this new direction now.

My opinion respectfully submitted,  
Dottie Hogan

Attached documentation: Copy of email (Exhibit OO)

**February 2, 2011--Meeting With Representatives from the Bear River Conservancy District and the Town of Deweyville to Find Out What Are Our Options With the Water Situation**

Frank Walker and Lori Wiser (customers of the company) attended this meeting. Given the status of our water system and the liabilities involved, our options are limited. Those options are addressed in the heading dated February 15, 2011.

**February 3, 2011--Second Notice of Continuance**

Documentation cited: <http://www.psc.state.ut.us/utilities/water/waterindx/10242302indx.html>

**February 3, 2011--Email From Barbara Anderson to Customers of the Cedar Ridge Distribution Company Regarding Becoming a Mutual Company**

Dear Water Users,

I asked David today to clarify whether or not things have been settled for sure with his attorney, making Cedar Ridge a mutually-owned water company. He said that IS the direction they have been moving but that it will not be forced upon us against our wishes. The lawyer wants to meet with us sometime soon to explain why he feels the mutually-owned type is the best option both for David and for all of us. They are looking to pick a Thursday night a few weeks from now. In the meantime we'd be wise to study and educate ourselves as much as possible about our options. And forget the committee idea...it was a dud...sorry.

Barbara A

Attached documentation: Copy of email (Exhibit PP)

**February 4, 2011--Email From Barbara Anderson to Customers of the Cedar Ridge Distribution Company Regarding Meeting With and Paying David's Attorney**

Hi Water Users,

I know you think I must have nothing else to do but bug you about water but here is little more (or a little more of the same):

As I said, David is certain that we want to be a mutually-owned water

company. I am not convinced of that. I think a lot of us are still studying the issues. David says his lawyer wants to come to answer our questions but here's the deal: This man is one of the best water lawyers in the state and he is working FOR David (although we will be footing the bill...David told me that). He is NOT being paid to come up and give us unbiased information. His purpose is to convince us to accept the idea of becoming mutually-owned, as his client has requested. I have a feeling he will be very persuasive. However, David has promised me we will be given the chance to vote and I expect him to honor that promise. Therefore, I am asking you, as neighbors who's futures are intertwined with mine, to consider carefully this long-term commitment before that vote is taken.

(I am also wondering why we should be forced to pay the "several hundred dollars per hour" (David's words) that this guy charges so he can come up from Salt Lake to talk to us, when he is David's private lawyer, but oh well...a lot of us would have to feel that way for it to matter).

This is a big deal folks. Let's do our homework and get this right. Whichever way the vote goes--to be a mutually-owned company or a public utility I hope we'll accept the majority decision and pull together to make it work. In the meantime PLEASE study both options carefully and don't leave this to chance.

Barbara A

Attached documentation: Copy of email (Exhibit QQ)

**February 5, 2011--Email From Buddy Hogan (a customer of the company) to Customers of the Cedar Ridge Distribution Company Regarding Meeting With David's Attorney**

Barbara and Friends,

I do not want to see this or any lawyer at this time and vote on anything. I do not wish to know a one-sided opinion on a mutually-owned water company at this time. I do not want to pay any lawyer for anything at this time. I will agree to a neutral person that has water distribution knowledge and someone we can ALL AGREE to let us know ALL our options.

Everyone, Please, let us wait until after we find what the State of Utah will do before we jump into anything. We will have our legitimate concerns heard at the meeting that is now scheduled for Tuesday March 22, 2011.

If David wants to submit something in writing to us that is one thing. If he wants me to pay his legal cost for him I will not.

I am not in favor of a mutually-owned water company until the current assets, liability, and distribution system are in correct order.

As it stands right now, no town, Deweyville, Tremonton, or the Water Conservancy District are willing to accept this company as it is now. They know the problems of water distribution in this subdivision and will not take it on until the company reaches a standard that is acceptable. If the people that know water systems will not accept this system as is, why would we (folks that have little knowledge of water issues) want to accept a system that is not acceptable?



This is strictly business and nothing more than common sense.

Thanks for your time. If anyone would like to come by anytime and talk with me or Dottie about the current issues that is fine. 12495 N Edgewood Pl is our home my cell is 603-370-9137 call any time.

== "Buddy" Hogan            it is really Eugene Hogan but I'm not that formal.

Attached documentation:        Copy of email (Exhibit RR)

## February 5, 2011--Email From Dotty Hogan (a customer of the company) to Customers of the Cedar Ridge Distribution Company Summarizing Our Water Issues

Folks,

I'm going to step right up and speak the truth. Looks like there are only a few of us who are willing to *do the homework* and not accept blindly the verbal, and undocumented assertions of Cedar Ridge Distribution. Until everyone *reads* all of the documentation and let me say that again; *documentation* which offers facts from the State Department of Utilities on the past performance of this company and *the rules* that are set forth to operate as a Public Water Utility which is *what this company was bound under and whose terms under the law the Cedar Ridge Distribution Company accepted* and formed a non-profit corporation to operate within. There is also documentation from the Drinking Water utility on past performance of this company as well. Then and only then will you understand that this company has abdicated it's responsibility to operate under those laws and rules. We have provided these earlier did anyone read it? Would you like copies again? Read just one document (attached) and see for yourself but I'll give you just one glaring example that is relevant to this discussion of "paying for David's Lawyer":

(c) Financial plan. The financial plan shall describe the system's expected revenues, cash flow, income and issuance and repayment of debt for meeting the costs of construction, and the costs of operation and maintenance for at least five years from the date the applicant expects to begin system operation.

If you will open the document I've attached you will see very detailed rules for keeping the books, revenue vs. expense *requirements* which means that Mr. Thompson **cannot and never could** have come to you, it's customers, asking for money to fund repairs, capital expense projects (like the 2nd well). It was supposed to be funded by the revenues from the water fees that we pay every month. That includes his lawyer from Salt Lake City. This lawyer's job should not be to "convince" us of his customer's position. He should impartially explain the difference between a public water utility and a mutually owned water company and why he advised his client one way or the other. Period. What, in fact, that lawyer is doing now is to enable Cedar Ridge Distribution to reassign it's liabilities to this community in the form of a "mutual water company" - as a gift? Really? Cedar Ridge Distribution had no formal invoicing (read the attached document), no detailed set of public records (read the attached document), no meter at the source (read the attached document) no plan for managing, maintaining and repairing the pipes and infrastructure (read the attached document). So, some of you want to even consider taking this "gift" of a broken company that has no proper books to follow and an infrastructure that is in serious disrepair? I do not. If you're that interested in taking broken things I have an old car I want to give you as a gift too except once you have it all fixed up, I'd like to drive it when I want to o.k.?

This is no casual "back-yard" water system and if you think so, you are sadly mistaken. This is a business, a legal entity and should be operating as such but it has not. However, it *has* been run as if it is a "back-yard" water system. You are also enabling this company and its President to break the law by going blindly along with verbal and undocumented assertions. Has he provided you with detailed accounting of his books? No. All we have been presented with is an ad hoc spreadsheet not even on company

stationery. It means nothing. It is not sanctioned and approved by the state. You and I have NO numbered invoices. There is no widely accepted bookkeeping system - not even Quick Books as detailed in the attached document. The meetings were not held. People's names were written in as board members (you know who you are and you should step forward as law abiding men and say so) without even being notified. None of that is proper nor following the rules.

I cannot stress this enough. This is serious business folks. This is our *water!* **Our water!** We do not owe one red cent to this company to subsidize it's infrastructure repair, it's legal bills - nothing. It is bound by law to get the funding to take care of all of it by itself as a corporation whether non-profit or not, everything has to be accounted for. I have worked for non-profits. My friends, they have to produce books, very extensive books just as any other corporation. Had this company been operating correctly a percentage of its revenues would have been set aside for maintenance and repair and administration. It's not my idea - but the State's. If something needed upgrade or repair there are grants and low-interest loans for this purpose. Those could have been repaid from the proceeds of the monthly water bills and even an increase could be levied - but, again, under law in a reasonable and customary way with rate percentage increases set by the state so as not to be an undue burden.

I will not spend a dime on this attorney, nor do I even wish to contemplate the idea of owning a mutual water company. If I wanted to own a company it would not be a water company and I will not be coerced into this. That is why it is important that this stays under the management and jurisdiction as a Public Water Utility. It should be under the watchful eye of *contracted* qualified water professionals (read the attached document) to maintain the system. Had that been done, the pumps would not have failed and if they did, they would have been under warranty to take care of their failure. You and I owe *nothing* for that error in judgment by the owners and operators of Cedar Ridge Distribution. That company and its principles are solely responsible. They formed the company knowingly and willingly and have since ignored the rule of law and organization under which they agreed to function by becoming a public entity. By most accounts, that sort of action is illegal and has consequences, or in most places it surely would. The State has issued formal warnings for breaches of requirements and this President and his company have ignored them at their peril and at the threat of \$2,000/day fines. Does that sound like a company that is functioning lawfully and by the rules? I don't think so and you want to subsidize this? If all was in order, all of the books were completely up to date, correct, maintenance logs were kept, competent water contractors were under contract and Cedar Ridge Distribution's President came to us and said, I wish to retire that would be one thing. But to simply walk out from under a complete wreck of a business and say "here you take it" is unacceptable by anyone's standards especially when the property values, health and well-being of its customers is at stake.

I'm very sorry to be blunt but I will. Those of you who will not show the backbone to stand up to what is right, lawful and proper on this issue for yourselves, your family and friends will compromise the safety and well-being of your neighbors who will. Read this attached document and avail yourselves of the hard work and documentation that Lori Wiser has spent countless hours putting together to protect her family with the purpose to look after the well-being of her neighbors and friends as well. To do less is to do all of us a disservice. To pay one more cent to Cedar Ridge Water Distribution for any of these costs is tantamount to paying extortion and I will not be part of that. Let me say this again. *This is not a vendetta against David Z. Thompson.* I would never be that cruel. It is about making his company do what is right and lawful by its customers who depend on the safety and use of this most important resource. Water.

Respectfully  
Dottie Hogan

Attached documentation:      Copy of email and attachment (Exhibit SS)

**February 10, 2011--Email From Barbara Anderson to David Thompson Regarding Meeting With His Attorney**

Dear David,

The following (heads of household) wish to go on record as stating we DO NOT want to have your lawyer come to meet with us, nor do we plan to help pay his bill: Doug Adams, Daryl Anderson, Keith Anderson, Louise Behnert, Dallas Clark, Dee Doney, Luhuana Herrin, Buddy Hogan, Charles Jennings, Mary Merrill, J. D. Norr, Jim Ririe, Paul Rogers, Leone Scott, Clyde Summers, Frank Walker and Bryce Wiser.

Not everyone was contacted. That didn't seem necessary after a majority was reached . (Of those contacted 100% asked to have their names added to the list).

Barbara Anderson (acting as secretary)

Attached documentation: Copy of email (Exhibit TT)

**February 10, 2011--Lori Wiser and Eugene Hogan Attend Deweyville Town Meeting to Obtain Information About Annexation**

**February 15, 2011--Email From Lori Wiser to Those Who Submitted a Request to Intervene at the Hearing With the State Detailing Our Options At This Point**

February 15, 2011

Hello Everyone,

Here is an update on the water situation:

I spoke to Paul Fulgum in Tremonton yesterday. He told me that Tremonton does not want our infrastructure or to be our water company. There is no benefit to Tremonton City to do so. He said I could petition the city council, but it is not likely that the petition would go anywhere. Therefore having Tremonton City be our water company is not an option.

As far as the Bear River Conservancy District is concerned, they could help with an engineering evaluation if they were petitioned by the current owner of the water company. The current owner could also petition them to own, operate, and manage the water system (I believe this would make those served by the company part of the Collinston project); but that has not occurred. The owner is choosing to form a mutual company instead. So, receiving help from the Conservancy District is not an option right now. (The Collinston project involves running a pipeline from Deweyville to Collinston, this line has not been laid yet. It could take anywhere from 18 months to a year or two to do so.) If we do end up becoming a mutual company, we could petition to have the engineering evaluation and turn the water shares and system over to the District and they could become our water company. The board of the mutual company would have to agree to be a part of the Collinston project. However, there will be no help available from the District until the line is here.

I attended a Deweyville Town Council Meeting and inquired about Deweyville becoming our water company (without annexing). I am still waiting for the final word, but there is really nothing in it for Deweyville to become our water company without annexation. Deweyville needs to decide if there is any value in becoming the water company for our subdivision. Is it worth the time and investment?

Deweyville also needs to determine what liabilities the town would be taking on. This really does not appear to be an option right now.

So, here are what appear to be the options (there are four of them) at this time:

1. We can become a mutual company and get an exemption (if the articles and bylaws are written in a manner that allows for this--all customers served have a share and a vote and run the company).
2. We can become a mutual company and intervene at the hearing asking for the exemption to be denied (we explain why the mutual company should not be granted an exemption and should be regulated by the state--this would allow state intervention and mediation which would grant more protection to the customer--I also think the state could also help us get the company up and running properly).
3. The state could require the company to apply for a CPCN and get a certificate as a public utility (unlikely if the owner of the company has taken all the proper steps to become mutual).
4. We can begin the process of annexing into Deweyville which would include them becoming our water company (What most people I have spoken to want to do).

I spoke to Clayton Grover who has done a lot of work on our water system and he said that it is "not a bad system." He explained that it is all PVC and won't be in need of a lot of upgrade. The biggest issue will be finding where all the water lines go into each property or home. I asked him if the main water valves to several homes which are not on the property of the home would be an issue. He explained that this would not be an issue because those valves can be abandoned once meters are installed. He said that it would cost about \$600.00 per home to install water meters. (I have also been quoted \$1,000.00 per home by someone at the Conservancy District.) I asked him if the fire hydrants would be an issue. He said that there is supposed to be 600 feet between fire hydrants. The hydrants are also supposed to be on an 8 inch main. Our fire hydrants are on a 6 inch main and some may be farther than 600 feet apart. He said that this should not be a problem but if Deweyville required us to install more fire hydrants, it would cost around \$3,500.00-\$4,000.00 per hydrant. He said that we would not be required to upgrade the 6 inch main that is currently there because it should not cause a problem. He said that if we annexed, and were required to run a water line from Deweyville to the subdivision, he estimated about a mile of 8 inch pipe from north of the cemetery to the subdivision costing around \$100,000.00. He said that there would be grants or low interest loans that could help with this. Clayton was of the opinion that fixing the current leaks and putting in meters would be enough for us to present an acceptable water system to the Town of Deweyville.

Also, once the Conservancy District runs their pipe, it may be possible to connect to Deweyville via that pipe (it may be closer). We just have to see what an engineering report recommends.

Since there have been enough people express an interest in annexing, I have attached the Deweyville Town Annexation Policy Plan. It details what we need to do in order to annex.

Here are some questions for you:

Are you interested in annexing into Deweyville?

Do you realize there will be cost involved in annexation and are you willing to help cover that cost? (With the help of grants, loans, etc.) I believe the cost to apply for annexation is \$500.00 and we also need to get a plat map of the area to be annexed that must be prepared by a licensed surveyor, this will cost money as well. (I think we can get the county to help with this which may reduce the cost somewhat.) We also need to address the water system issues.

Does anyone know a surveyor that works for the county that could help us?

We need to get at least 1/3 of the value of all private real property within the area proposed for annexation, can we do that? (This would include the land between where Les Fryer lives and our subdivision.)

Will you help collect signatures?

Please respond to this email by answering the above questions. Please respond by Friday, February 18, 2011. I will not take any further action on annexing until I know if that is what the majority of us want to do. If we decide this is the way to go, the sooner we get busy, the better.

I will send an update with how everyone responded.

Thanks for your time.

Lori Wiser

Attached documentation: Deweyville Annexation Plan (Exhibit UU)

**February 16, 2011--Request to Intervene Submitted by James and Sonia Ririe**

Documentation cited: <http://www.psc.state.ut.us/utilities/water/waterindx/10242302indx.html>

**February 23, 2011--Order Granting Intervention to Larry and Dianna Maughan, Doug and Dianne Adams, Leone Scott, Bryce and Lori Wiser, Charles and Cindy Jennings, Fran and Dee Doney, Barbara and Keith Anderson, Paul and Nikki Rodgers, Dorothy and Eugene Hogan, Luhuana Herrin, Robert Herrin, Louise Behnert, and Rick and Sandy Poll.**

Documentation cited:  
<http://www.psc.state.ut.us/utilities/water/waterindx/documents/7125210242302ogi.pdf>

**February 25, 2011--Meeting to Organize Annexation Committee**

The annexation committee includes Lori Wiser, Charles Jennings, Doug Adams, Larry Maughan, and Eugene Hogan.

**March 8, 2011--Order Granting Intervention to James and Sonia Ririe**

Documentation cited:  
<http://www.psc.state.ut.us/utilities/water/waterindx/documents/7140310242302ogijasr.pdf>