

exhibit SS


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Subject : Re: homework

Date : Sat, Feb 05, 2011 08:10 PM

Attachment(s) : 1 file(s)/document(s) | Total File Size: 13K

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 it's 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 judgement 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 Wisner 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 it's customers who depend on the safety and use of this most important resource. Water.

Respectfully
Dottie Hogan

On Fri, Feb 4, 2011 at 8:54 PM, Barbara Anderson <barblander@gmail.com> wrote:
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

 Juno Email on the Web

 Help



 ~~UT Dept of Dri
nkin... (13KB)~~

 Attachments Scanned - No Virus Detected! ([Learn More](#))

Utah Division of Water Rights
Northern Regional Office (LOGAN)

Will Atkin, Regional Engineer
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Capacity Definitions

(4) "Small Water System" means a water system with less than 3,300 people being served

(5) "Public Water System" means a system providing water for human consumption and other domestic uses through pipes or other constructed conveyances, which has at least 15 service connections or serves and average of at least 25 individuals daily at least 60 days out of the year.

"Non-Transient Non-Community Water System" (NTNCWS) means a public water system that regularly serves at least 25 of the same nonresident persons per day for more than six months per year. Examples of such systems are those serving the same individuals (industrial workers, school children, church members) by means of a separate system.

R309-352-3. Definitions.

(2) "Capacity Development" means technical, managerial, and financial capabilities of the water system to plan for, achieve, and maintain compliance with applicable drinking water standards

Rule R309-352. Capacity Development Program.

R309-352-4. General.

(1) Capacity development criteria are to be used as a guideline for all water systems. These criteria constitute a standard applied when reviewing new systems applications, reviewing applications for financial assistance and assessing capacity of water systems rated unapproved or in significant non-compliance by the State or the EPA.

(2) Water systems shall meet the following criteria:

(a) Technical Capacity Criteria:

(i) Finished water shall meet all drinking water standards as required by Utah State Rules;

(ii) Personnel shall operate the system in accordance with the operations and maintenance manual;

(iii) A valid water right shall be obtained;

(iv) Water system shall meet source, storage, and distribution requirements as per Utah State Rules;

(v) Water system shall not be rated unapproved or in significant noncompliance by the State or the EPA.

(b) Managerial Capacity Criteria:

(i) The system owner(s) shall be clearly identified to the Executive Secretary;

(ii) The system shall meet all of the operator certification requirements as per R309-301

and backflow technician certification requirements as per R309-302.

(iii) A system or method shall be in-place to effectively maintain all requisite records, distribution system histories/maps, and compliance information; and

(iv) An operating plan shall include names and certification level of the system operator(s), facility operation and maintenance manuals, routine maintenance procedures, water quality violations response procedures, water quality monitoring plan, training plan, and emergency response plan;

(v) The Executive Secretary of the Drinking Water Board shall be informed of management changes.

(c) Financial Capacity Criteria:

(i) Revenues shall be greater than expenses;

(ii) A financial statement compilation by a Certified Public Accountant, or an audit if otherwise required of the water system, shall be completed every three years;

(iii) The water system shall devise and implement a managerial budget and accounting process in accordance with generally accepted principals;

(iv) The operating ratio (operating revenue divided by operating expenses excluding depreciation and required reserves) shall be greater than 1.0;

(v) The coverage ratio (total revenues minus operating expenses excluding depreciation and required reserves divided by annual debt service) shall be greater than 1.0;

(vi) Customers shall be metered; and

(vii) An emergency/replacement reserve shall be created and funded.

R309-352-5. Requirements for New Community and New Non-transient, Non-community Water Systems.

(1) Feasibility Review, (See R309-101-3).

(2) Each proposed, new water system must demonstrate that it has adequate technical, managerial, and financial capacity before it may provide water for human consumption. Proposed water systems shall submit the following for Capacity Assessment Review:

(3) Project Notification form (see R309-201-6),

(4) A business plan, which includes a facilities plan, management plan, and financial plan.

(a) Facilities plan. The facilities plan shall describe the scope of the water services to be provided and shall include the following:

(i) A description of the nature and extent of the area to be served, and provisions for extending the water supply system to include additional area. The description shall include population and land use projections and forecasts of water usage;

(ii) An assessment of current and expected drinking water compliance based on monitoring data from the proposed water source;

(iii) A description of the alternatives considered, including interconnections with other existing water systems, and the reasons for selecting the method of providing water service. This description shall include the technical, managerial, financial and operational reasons for the selected method, and

(iv) An engineering description of the facilities to be constructed, including the construction phases and future phases and future plans for expansion. This description shall include an estimate of the full cost of any required construction, operation, and

maintenance;

(b) Management plan. The management plan shall describe what is needed to provide for effective management and operation of the system and shall include the following:

(i) Documentation that the applicant has the legal right and authority to take the measures necessary for the construction, operation, and maintenance of the system. The documentation shall include evidence of ownership if the applicant is the owner of the system or, if the applicant is not the owner, legally enforceable management contracts or agreements;

(ii) An operating plan that describes the tasks to be performed in managing and operating the system. The operating plan shall consist of administrative and management organization charts, plans for staffing the system with certified operators, and provisions for an operations and maintenance manual; and

(iii) Documentation of credentials of management and operations personnel, cooperative agreements or service contracts including demonstration of compliance with R309-301 water system operator certification rule; and

(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.

(5) After the information submitted by the applicant is complete, the Division of Drinking Water shall conduct a Capacity Assessment Review. The applicant shall be notified in writing whether or not the new system has demonstrated adequate capacity. No new community or non-transient, non-community system will be approved if it lacks adequate capacity.

(6) Those systems constructed without approval shall be subject to: points as per R309-150, administrative and/or civil penalties and fines.

Sanitary Survey:

(5) The sanitary survey must include an evaluation of the applicable components listed in paragraphs (5) (a) through (h) of this section:

- (a) Source,
- (b) Treatment,
- (c) Distribution system,
- (d) Finished water storage,
- (e) Pumps, pump facilities, and controls,
- (f) Monitoring, reporting, and data verification,
- (g) System management and operation, and
- (h) Operator compliance with State requirements.

Fire Suppression:

- (3) Fire Suppression Storage.

Fire suppression storage shall be required if the water system is intended to provide fire fighting water as evidenced by fire hydrants connected to the piping. The design engineer shall consult with the local fire suppression authority regarding needed fire flows in the area under consideration. This information shall be provided to the Division. Where no local fire suppression authority exists, needed fire suppression storage shall be assumed to be 120,000 gallons (1000 gpm for 2 hours).

Guidance: The 1991 Uniform Fire Code has been adopted statewide in Utah. However, local authorities are authorized to deviate from this code if it can be justified. Normal fire storage volume is given in Table A-III-A-1 of the code. According to this table, flow duration must be 2 to 4 hours depending on the size and type of structure which must be protected. Fire flow storage for a one or two family dwelling of less than 3,600 square feet would be 120,000 gallons (1,000 gpm x 120 minutes). Larger volumes would be required for other structures.