

**From:** Trixie Behr  
**To:** psc@utah.gov  
**Date:** 3/30/2011 2:17 PM  
**Subject:** Fwd: Questions and Concerns regarding docket no. 10-2423-02  
**Attachments:** Concerns Regarding the Cedar Ridge Distribution Company.docx

Docket No. 10-2423-02

>>> [REDACTED] 3/30/2011 1:51 PM >>>  
Hello,

At the hearing on March 22, 2011 we were told that we could submit questions and concerns regarding the Cedar Ridge Distribution Company to the commission. Attached are some of my questions and concerns.

Thank you for your time and consideration.

Sincerely,  
Lori Wiser, customer of the Cedar Ridge Dist. Co.

UTAH PUBLIC  
SERVICE COMMISSION

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**Concerns Regarding the Cedar Ridge Distribution Company, Docket No. 10-2423-02**

**Submitted by Lori Wiser, customer of the company**

**1. Will the customers of the company be required to pay the attorney fees to Lee Kapaloski or any other attorney associated with assisting the company with the current hearing and non-compliance issues? Will the customers be required to pay for any of the attorney fees associated with non-compliance or the remedy of problems or issues caused by neglect or disregard of standards, rules, regulations, requirements, or laws outlined by the state?**

**2. Will the customers of the company be required to pay for any fines associated with non-compliance issues or other issues that need remedy that have been as a result of neglect or disregard by the company?**

**3. Will the customers of the company be required to pay for any upgrades or repairs in the existing water system that are required based on neglect or non-compliance?**

For example, there are possible leaks in the infrastructure. We were told in a meeting that the company was aware of these leaks up to possibly a year or more ago. These leaks need to be repaired because we are using almost five times the amount of water we are entitled (in the middle of winter).

**4. Why are we told that there is no money in the company's account to handle emergencies or expenses outside of water delivery? Where did the money go?**

We have been informed that what we pay per month (\$45.00) should be more than enough to cover normal water costs as well as create a fund to use for emergencies or other needs of the company. Is this true?

**5. Will we ever be required to pay the \$970.00 we were assessed last year by the company?**

Each household was assessed \$970.00 to pay for failed pumps and other costs that were apparently associated with the tests being run by Tremonton City on our well at the time. Why were we assessed for these failures? Where are the invoices? Did the pumps have a warranty? Why did the company not have enough money to cover pump replacement? We were told there were wiring and mouse problems that occurred at the same time. What really happened? Were the pumps broken as a result of the tests run by Tremonton or mishandling of the pumps by the company? Why did three or four pumps have to be replaced in a matter of months?

**6. Why did the company sell the well to Tremonton City? Was that in the best interest of the company and the customers?**

We were told that we were going to get together to discuss the possible sale of the well. When the customers arrived at the designated meeting, we were informed that it had already been sold. Why? Was the sale of the well legal? How much did the company really make on the sale of that well? Did the money from the sale of the well go into the company's account? Was it supposed to have? Why sell the well to Tremonton when it may have been better to make an

arrangement with Deweyville or the Conservancy District? Were any other options considered? Why sell the well in the first place?

The Tremonton City Well Purchase Agreement states, "To Seller's knowledge after due inquiry, Seller has not in the past utilized the Water Well in violation of any law, ordinance, or regulation of any governmental agency or entity." Is that true? What about functioning without a certificate of operation or exemption? How about promising the State Division of Natural Resources in a notarized letter to install meters on the well pumps by September of 1995 and not doing so? I am informed that the well was sold and Tremonton City had already built a pump house and laid pipe before they had even received their water rights from the state. Is that true?

#### **7. Are the current articles of incorporation and bylaws of the company in need of revision?**

There are typos and statements that do not make sense in these documents. They are also not being followed by the company. I question the legality of these documents.

For example, the company was incorporated in 1976 with David Z. Thompson, Jon Z. Thompson, and Henry Z. Thompson as its Board of Directors. The articles of incorporation state, "There shall be a Governing Board which shall have the power to manage only those affairs of the corporation specified in the bylaws. There shall be three trustees who shall constitute the initial governing board. The number of trustees on the governing board may be changed by the bylaws of the corporation but in no case shall the number be less than three." Currently, there appears to be one person in charge of everything--David Z. Thompson. Who are the three or more members of the governing board currently? We have been told that Jon and Henry turned everything over to David many years ago.

The articles of incorporation also state, "The annual stockholders meeting of the corporation shall be held at the corporation office the second Monday in January of each year or a day substituted by an act of the Board of Directors, and no notice of the annual stockholders meeting need be given." Have these meeting occurred? Minutes from these meeting have been requested, but not provided by the company. Who are the stockholders? It appears that the customers each have an A and B share, but is this stock? Are we supposed to have share certificates? First we were told that our share certificates were on file at the courthouse, but that is not true. We were then told that we are going to be given share certificates, but this has never occurred. What is the correct procedure here?

The articles and bylaws contain confusing terms referencing the people involved in the company. The terms "stockholders," "members holding stock," "members holding stock with voting rights," "shareholders," "voting shareholders," and "member shareholders" are used and interchanged in a manner that makes it difficult to identify exactly to whom the statement is referring. There are no definitions of these terms provided. We need clarification on this.

Some of the officers listed for the company were listed without their knowledge or consent, ie. Frank Walker (listed as secretary) and Keith Anderson (listed as treasurer). Is this acceptable?

**8. Will we be assessed a large fee to install water meters on each home?**

We are constantly told that the state is "coming after us" to install meters on each home. If the company decides that this is something it wants to do, will we be assessed a large lump sum of money to have this happen?

**9. How much water are we entitled?**

The articles of incorporation state, "Each share of Class A stock shall entitle the shareholder to the use of up to a maximum of .448 acre feet of culinary water for residential use for only the lot specified on the share." The articles also state, "Each share of Class B stock shall entitle the shareholder to the use of up to a maximum of .448 acre feet of residential irrigation water per calendar year subject to necessary or applicable conditions and restrictions imposed by the bylaws and resolutions of the corporation." The Division of Water Rights recognizes that the duty in Box Elder County for our area is 4 acre feet of irrigation water per acre. Are the articles of incorporation incorrect in the amount of water we are allotted? Do we need share certificates?

**10. Where are our share certificates?**

The company bylaws state, "Certificates of stock shall be issued in numerical order for each class of stock authorized by the articles of incorporation from the stock certificate book. A record of each certificate issued shall be kept on the stub thereof. In addition, the name of the owner of each certificate shall be entered in the official books of the corporation. No certificate of stock shall be considered valid unless the certificate has 1) the corporate seal, 2) a number of issuance, 3) the required signatures, and 4) the name of the original owner to whom the stock was issued corresponding to that name entered in the books and stub of the certificate." To my knowledge, certificates of stock have not been issued.

**11. Do the customers have any voting rights in the company?**

In the articles it states, "Each share of stock shall carry the right to one vote in the company for each said share, and all shares shall have accumulative voting rights." In another place the articles state, "Each share of Class A and B stock shall have no voting rights in the corporation." Which is correct?

**12. Why is the company in debt?**

**13. Why does David keep loaning the company money? How are his loans repaid?**

**14. Where are the financial records?**

15. What is the schedule of who owns what?

16. Are we set up to ensure sufficient fire suppression?

17. Will we receive a monthly invoice documenting what we owe and payments received?

18. How will we be charged now that Tremonton City owns the well? Tremonton bills the company and the company pays the bill so what does that mean to us as far as the amount we are billed? How much are we paying the company? How much goes to Tremonton City?