

Exhibit B

Notes from Board of Directors on Water Rate Case

A copy of the July 11, 2013 Notice of Application to Increase Rates issued from the Public Service Commission (PSC) is enclosed with these notes. This important notice includes the deadlines for comments and responses, and the date of the PSC scheduling conference.

While following a court ruling, as well as adhering to legal requirements set by the State of Utah, the Board of Directors feels we have very positive actions taking place to ensure the sustainability of our HOA Water Company.

Understandably, there have been questions relating to the upcoming events with the PSC. In this notice, the Board of Directors are including a few notes which might be helpful.

1. The proposed rates are not necessarily what will be approved and ordered by the PSC. Our current Tariff is required to be updated as by the PSC and the State of Utah. This update must include a rate structure that ensures that we have an adequate reserve fund in place for continued operations. The full filing and all supporting documents (estimated to be around 400 pages) are available at the web site in the Tariff Filings/Water Tariff on the following site: <http://www.psc.utah.gov/utilities/water/waterindx/13219502indx.html>
2. The rate case was made necessary primarily by the continued demands made by the Dansie family, many of which are not supported by the language of the well lease agreement. The final court ruling left the final decision up to the PSC, and thus compelled the HOA to reinstate regulation of our rates by the PSC.
3. To meet the reserve fund requirements and estimated legal fees, as well as necessary system upgrades, it was projected that an increase of funding of approximately \$40-\$50 per month would be required
4. The reserve fund is required by both the PSC and Utah law governing HOAs. The mandated funding for the reserve is based on replacing the entire system during its 50 years of estimated useful life. The system is currently 30 years old.
5. The choice was whether the necessary funds could be best obtained by monthly payments over five years or through large yearly special assessments. The Board decided monthly payments would be financially easier for most customers.
6. The rate increase includes the following three items which would normally be required under a special assessment:
 - a. The new booster pump
 - b. new meters
 - c. The SCADA (supervisory control and data acquisition) system
7. The new booster pump is required for supplemental volume and pressure requirements for general and emergency use.

8. The new meters are required as an upgrade for more accurate readings, and to replace worn out and outdated equipment. This new installation will also allow meter reading to be done during all months and at much lower cost.
9. The SCADA system is required to update our control and monitoring capabilities of our tanks.
10. The goal by all parties is to create a water system for Hi-Country that is functionally and financially viable, and able to support the daily and emergency needs of all water users. All efforts are being taken to minimize costs, while adhering to update/current governmental regulations.

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Hi-Country)	
Estates Homeowners Association for Approval)	<u>DOCKET NO. 13-2195-02</u>
of its Proposed Water Rate Schedules and)	<u>NOTICE OF FILING, COMMENT PERIOD,</u>
Water Service Regulations)	<u>REQUEST FOR PROOF OF NOTICE TO</u>
)	<u>CUSTOMERS, AND NOTICE OF</u>
)	<u>SCHEDULING CONFERENCE</u>
)	

ISSUED: July 11, 2013

By The Commission:

NOTICE OF APPLICATION TO INCREASE RATES

Pursuant to Utah Code Ann. § 63G-4-201 et seq., notice is given that Hi-Country Estates Homeowners Association (“Hi-Country”) filed the above application on July 10, 2013. If approved by the Utah Public Service Commission, Hi-Country seeks the following revised rate schedule:

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NEW RATE SCHEDULE	
Water Charges	
Base Rate (0 to 10,000 gallons)	\$69.00
Overage Rate: 10,000 gal to 20,000 gal	\$1.45 per 1,000 gal
20,001 gal to 30,000 gal	\$1.69 per 1,000 gal
30,001 gal to 40,000 gal	\$1.96 per 1,000 gal
40,001 gal plus	\$2.27 per 1,000 gal
Monthly Standby Fee	\$27.60
Reserve Fund Monthly Customer Charge (applicable to all customers)	\$20.09
Second Source Water from Herriman Water System Due to Lack of Domestic Supply	Charged at cost proportionally to all customers using more than the 10,000 gallons included in the base rate
Second Source Water from Herriman Water System Due to Fire Control or Other Common Use	Charged at cost equally to all customers
Miscellaneous Charges	
Service Connection Fee	\$750.00
Temporary Service Suspension Fee	\$50.00
Account Transfer Fee	\$25.00
Meter Test Fee	\$10.00
Customer Late Fee (plus 18% interest)	\$10.00 per month
Security Deposit	\$150.00
Returned Check Fee	\$25.00
Active Meter Replacement Fee	Company cost of meter and labor for replacement
Nonstandard Service Connection Review Fee	\$10,000.00

In addition, Hi-Country proposes a new rate of \$225 monthly for the Bureau of Land Management for usage of up to 100,000 gallons, plus an annual service charge of \$1,950. Monthly usage over 100,000 gallons will be billed at \$1.99 per thousand gallons.

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Hi-Country also proposes a rate of \$3.85 per 1,000 gallons for water transported to Rodney Dansie and others under a well lease agreement and amended lease agreement.

Next, Hi-Country seeks to modify its service area by 1) removing one parcel from its service area and 2) expanding its service area to include current water customers located outside of the boundaries of the original service area and outside of the Hi-Country Estates Homeowners Association.

Hi-Country's application can be viewed at the PSC's web site at:

<http://www.psc.utah.gov/utilities/water/waterindx/13219502indx.html>.

NOTICE OF COMMENT PERIOD

Any interested party may submit comments on the above application no later than **Monday, August 12, 2013**, and reply comments may be submitted no later than **Tuesday, August 27, 2013**.

REQUEST FOR PROOF OF NOTICE TO CUSTOMERS

Within 10 days following this notice, Hi-Country shall provide proof of notice of the proposed rate increase to its affected customers. This proof should include a copy of any notice sent to customers notifying them that the utility is seeking a rate increase. Pursuant to Utah statutes¹ and rules², Hi-Country's application will not be considered a complete filing until this information is filed with the Commission.³

¹ See Utah Code Ann. § 54-3-3(2010) ("no change shall be made by any public utility in any rate . . . except after 30 days' notice . . . to the public . . ."). See also *id.* § 54-7-12(2)(a) (2010) ("[a] public utility that files for a general rate increase . . . shall file a complete filing with the commission . . .").

² See Utah Admin. Code R746-100-4(C) ("when applying for . . . [a] rate increase, the party . . . requesting Commission action shall publish notice of . . . [the] action requested . . . in a newspaper of general circulation in the area of the state in which the parties most likely to be interested are located."). See also *id.* R746-700-50(E)(1)

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NOTICE OF SCHEDULING CONFERENCE

The Commission will hold a scheduling conference on **Monday, August 12, 2013, at 9:00 a.m. (MDT) in the Fourth Floor Room 401**, Heber M. Wells Building, 160 East 300 South, Salt Lake City, Utah. Parties should come prepared to discuss a schedule for the case, including the hearing date, filing dates for testimony or prehearing motions, and a cut-off for intervention of interested parties. Parties should factor any applicable statutory deadline into the proposed schedule.

Individuals wishing to participate by telephone should contact the Public Service Commission two days in advance at (801) 530-6716 or (toll free) 1-866-PSC-UTAH (1-866-772-8824). Participants attending by telephone should then call the Public Service Commission at one of the numbers posted above five minutes before the conference to ensure participation.

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during the conference should notify the Commission, at 160 East 300 South, Salt Lake City, Utah, 84111, (801) 530-6716, at least three working days prior to the conference.

DATED at Salt Lake City, Utah, this 11th day of July, 2013.

/s/ Melanie A. Reif
Administrative Law Judge

(stating an applicant shall provide the following information with the application: “[a] copy of any notice sent to customers notifying them that the utility is seeking a rate increase.”).

³ See Utah Code Ann. § 54-7-12(1)(b)(i) (2010) (“[a] ‘complete filing’ means an application filed by a public utility that substantially complies with minimum filing requirements established by the commission, by rule, for a general rate increase. . .”).

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Approved and confirmed this 11th day of July, 2013, as the Notice of Filing, Comment Period, Request for Proof of Notice to Customers, and Notice of Scheduling Conference issued by the Public Service Commission of Utah.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
D#245512

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CERTIFICATE OF SERVICE

I CERTIFY that on the 11th day of July, 2013, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

J. Craig Smith (jcsmith@smithlawonline.com)
Smith Hartvigsen, PLLC
Counsel for Hi-Country Estates Homeowners Association

Patricia Schmid (pschmid@utah.gov)
Justin Jetter (jjetter@utah.gov)
Assistant Utah Attorneys General

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Administrative Assistant