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*Attorneys for Respondents Mountain Green Mutual
Water Company and Village at Trappers Loop LLC*

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| <p>HIGHLANDS WATER COMPANY INC.,</p> <p>Applicant,</p> <p>v.</p> <p>MOUNTAIN GREEN MUTUAL WATER COMPANY and VILLAGE AT TRAPPERS LOOP LLC,</p> <p>Intervenors.</p> | <p>Opposition to Highlands Water Company, Inc.’s Request to Update Service Area</p> <p>[Hearing Requested]</p> <p>Docket No. 23-010-01</p> |
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Mountain Green Mutual Water Company (“**MGMWC**”) and Village at Trappers Loop LLC (“**Village**,” and collectively “**Intervenors**”) submit the following Opposition to Highlands Water Company, Inc.’s (“**Highlands**”) request to update its service area (the “**Request**”).¹ Intervenors request that the Public Service Commission of Utah (“**Commission**”) deny Highlands’ request on three separate grounds: (1) Highlands failed to comply with the notice requirement of the Utah Administrative Procedures Act § 63G-4-201(3)(b); (2) Highlands improperly asks the Commission to include within its service area parcels for which Highlands has contractually

¹ This Opposition also replies to the Division’s Action Request Response on this Docket.

waived service rights; and (3) the interests of the water users and landowners in Highlands’ proposed expansion service area are better served by non-profit MGMWC than Highlands, and approving Highlands’ requested service area expansion request is against the public interest.

BACKGROUND

On September 20, 2023, Highlands filed a request with the Commission to update its service area. [See Highlands PSC Request, attached with exhibits as **Exhibit A.**] Highlands represented that “[i]t has come to our attention that the Public Service Commission’s recorded CC&N service area description and map do not represent our current service area” [Exhibit A.] In addition to requesting that the Commission update its service area descriptions and maps to “reflect Highlands Water Company’s current infrastructure [and] service area,” Highlands also seeks Commission approval of “immediate” and “projected” expansions of its service area and infrastructure. [See Exhibit A.] For the convenience of the Commission, a map of the relevant boundaries is attached as **Exhibit B.**

As illustrated in Exhibit B, Highlands’ proposed service area (outlined in blue) includes parcels owned by Soderby, LLC (“**Soderby**”), a member/shareholder of MGMWC. [See also Attachment 2 to Exhibit A.] But in an April 2021 Settlement and Mutual Release Agreement (the “**Settlement Agreement**”) between, among others, Highlands and Soderby, LLC, Highlands expressly agreed that “[t]o the extent the Well Agreement could be construed to require [Soderby] to use Highlands as the exclusive water provider for the Johnson Property² described in the Well Agreement, Highlands expressly relinquishes any claim that it is the exclusive provider of water

Commented [HWC1]: We believed the service area had been updated several years ago, but all that was on record was a three-lot subdivision.

Commented [HWC2]: The agreement is only between Highlands and Duane Johnson.

Commented [HWC3]: This paragraph in the agreement is grossly misinterpreted. To the extent that the Well Agreement could be construed Highlands relinquishes its claim as the exclusive water provider, but it in no way infers that we CANNOT be a provider.

² The term “Johnson Property” is not used in the referenced Well Agreement but must at least include the following four parcels identified in that agreement: Morgan County Parcel #s 00-0003-3876, 00-0003-3884, 00-0003-4163, 00-0003-4197. These parcels are currently owned by Soderby, whose principals are members of the Johnson family.

for the Johnson Property”

Highlands has long known of Soderby’s, and by extension MGMWC’s, direct interest in ensuring effective water supply to planned development of its property. In 2007, Highlands and Soderby, among others, entered into a Well Construction and Water Supply Easement Agreement (the “Well Agreement”) concerning well construction and water service to the Soderby property. In 2014, Soderby protested Highlands’ request for a tariff revision, arguing that it was inconsistent with the Well Agreement. See [PSC Docket No. 14-010-T01](#). Ultimately, Highlands and Soderby settled their differences through the 2021 Settlement Agreement, in which Highlands expressly “relinquish[ed] any claim that it is the exclusive provider of water” to Soderby property. Yet Highlands filed the pending request just over two years later to include Soderby property in its service area.

As illustrated in Exhibit B, Highlands also plans to expand its service area to cover additional acreage outlined in red. [See also Attachment 3 to Exhibit A.]³ The proposed expansion area includes acreage owned by Village and additional acreage owned by Soderby. Most of the Soderby property is included in the Mountain Green Village Project (the “Project”). The Morgan County Council approved the Project on June 18, 2013, following public hearings and a notice and comment period, and the Master Development Agreement for the Project was executed on January 28, 2014. [See [Master Development Agreement](#).] The boundary of the Project is outlined in yellow in Exhibit B. The Council held four consecutive public meetings at which the Project was

³ Intervenors understand the Request and the Division’s October 17, 2023 Action Request Response as seeking approval for only the area outlined in blue on Exhibit B as described in Attachment 2 to Exhibit A, with the expansion area shown in Attachment 3 to Exhibit B not presently before the Commission for approval. Regardless, both the proposed service area (Attachment 2 to the Request and blue line on Exhibit B) and the proposed expansion area (Attachment 3 to the Request and red line on Exhibit B) are improper for the reasons described in this Opposition.

Commented [HWC4]: We have not "long known" that MGMWC even existed, and we knew very little about until we read its application the same day we read this document.

Commented [HWC5]: The 2021 settlement was **not** about a tariff revision.

Commented [HWC6]: This statement has nothing to do with the Well Agreement or Highlands' service area, and it was resolved long before the settlement. To reiterate, this is not what the Settlement Agreement was about. This seems like a "see what sticks" tactic.

The settlement states Highlands is no longer the **exclusive** provider, but that doesn't mean it's an **excluded** provider.

Commented [HWC7]: In 2020, Duane Johnson (Soderby) demanded a Will Serve letter from Highlands for a project in this disputed area. In about June of 2022 he came into Highlands' office and asked if we would serve his property.

For the past year, Highlands Water Company has been approached multiple times by developers for Lee's Market to serve the property in question.

As recently as October 2023, we were asked for a formal proposal to serve this property.

Commented [HWC8]: It is already in our certified area - why would we NOT include it?

Commented [HWC9]: It is not improper for the reasons described in our response.

discussed.⁴ And at the first meeting on May 7, 2013, Bart Smith, an officer of Highlands took the floor to provide public comments on behalf of Highlands. [See [Agenda and Minutes](#), Morgan County Council, 4 (May 7, 2013).] The meeting minutes reflect that “Bart Smith stated that this property is within the Highlands Water Company; there is plenty of water and it is not an issue for this development. He noted a plan needs to be put in place and followed instead of changing it every few years.” [Agenda and Minutes at 4.] Despite Mr. Smith’s assertion that the Project is within Highlands’ existing service area—an assertion that is misleading at best given the Request—the Request now seeks to include a portion of the Project in the proposed service area and a portion of the Project in the proposed expansion area. The Request’s inclusion of only a portion of the Project demonstrates that Highlands does not have capacity or infrastructure to serve the entirety of the Project, and construction of the Project has already begun.

MGMWC has a long-term lease for water well sources sufficient to supply the Project. MGMWC also has a long-term lease to a one-million-gallon water tank that can supply sufficient storage capacity and fire flow capacity to the Project. MGMWC has submitted water system approval documents to the Utah Division of Drinking Water and expects imminent approval of that system, which is designed for the specific purpose of providing water to the Project and neighboring properties. MGMWC has filed a request for exemption with the Commission based on its status as a mutual water company that serves water only to its member owners. [See MGMWC Application for Public Service Commission Regulation or Exemption, attached without exhibits as **Exhibit C**.] Upon information and belief, Highlands lacks storage and distribution line capacity to serve water to the Project.

⁴ [Agenda and Minutes](#), Morgan County Council (June 18, 2013); [Agenda and Minutes](#), Morgan County Council (June 4, 2013); [Agenda and Minutes](#), Morgan County Council (May 21, 2013); [Agenda and Minutes](#), Morgan County Council (May 7, 2013).

Commented [HWC10]: At this point in time, the Well Agreement was in place, and Highlands was expected to be the sole provider of water to Duane Johnson’s (Soderby’s) property. I believe Bart made this statement at the request of Mr. Johnson in order to get his project approved.

Commented [HWC11]: Again, this property has already been certified as part of Highlands’ service area dating back to 1976.

Commented [HWC12]: This is a ridiculous, far-fetched conclusion. We included in our service area only the portion of the project that is already certified as part of our service area. This has no implications on our capacity or infrastructure to serve the entirety of the project, and is not relevant to our original request for our service area to be updated with the Public Service Commission.

Commented [HWC13]: The wells and tank referenced here were submitted and approved under Cottonwood Mutual Water Co, and are currently being claimed by both companies simultaneously.

Commented [HWC14]: This speculative statement is categorically false. Based upon knowledge and reports, Highlands has plenty of storage and adequate distribution lines to serve the project that is under construction. In addition, this point is moot, as we are in the process of upgrading a pipeline that will be operational before the project is complete.

On September 5, 2023, the Morgan County Commission held a public meeting that included discussion of development of a Lee’s grocery store as part of the Project. [See [Agenda and Minutes](#), Morgan County Commission (September 5, 2013).] During the public discussion—with Highlands officer Bart Smith in attendance—County Planner Jeremy Lance and Planning Director Josh Cook referred to the formation of MGMWC and its plan to serve the Lee’s grocery and the rest of the Project. [See [Agenda and Minutes](#) at 1, F4; MGMWC Articles of Incorporation (May 19, 2023), attached as **Exhibit D.**] The meeting minutes also reflect that Bart Smith spoke earlier in the meeting during the public comment period to oppose the formation of another water company to service Lee’s grocery—demonstrating that Highlands was aware of the formation of MGMWC before Lance and Cook made their presentation later in the meeting. [See [Agenda and Minutes](#) at D (“There cannot be another water company formed in [Highlands’] service area [to service Lee’s] unless we give them permission.”).] Then, on September 19th, one day before the Request was filed, Highlands officers met with Cottonwoods officials without including MGMWC.

Commented [HWC15]: The timeline of when Highlands became aware of MGMWC is irrelevant, given the fact that we are asking to update what is already in our service area. It could also be noted here, again, that we’ve been approached multiple times in the past year to serve Lee’s Market.

Despite Highlands’ knowledge of MGMWC and Village’s interest in its service area boundaries, Highlands did not provide notice of the Request to Village, MGMWC, or Soderby. On October 25, 2023, MGMWC’s counsel happened upon the Request on the PSC website when doing research in preparation of MGMWC’s exemption request to the Commission.

Commented [HWC16]: Highlands Water Company attended this meeting at the invitation of Cottonwoods’ officials. We were not in a place to invite another water company, and we wouldn’t have as the meeting wasn’t about MGMWC.

Commented [HWC17]: Our request is just to capture what is already in our service area, so Highlands was not aware of a need to notify these parties.

Once aware of the Request, MGMWC and Village promptly filed a petition to intervene and this Opposition.

ARGUMENT

Intervenors oppose Highlands’ request on three separate grounds, each of which would be a sufficient independent basis for the Commission to deny Highlands’ request. First, Highlands

did not provide the required notice to initiate an agency action under the Utah Administrative Procedures Act. Second, Highlands improperly asks the Commission to officially recognize Highlands’ right to serve parcels for which it relinquished any sole provider claim under the terms of the Settlement Agreement. Third, the interests of the water users in Highlands’ proposed expansion service area are better served by non-profit MGMWC than Highlands, and granting the Request is therefore against the public interest.

A. Highlands Failed to Give Notice of Its Request to Soderby, MGMWC, or Village as “Person[s] Known to Have a Direct Interest in the Requested Agency Action.”

The Utah Administrative Procedures Act [§ 63G-4-201\(3\)\(b\)](#) provides that a party requesting agency action “shall file the request with the agency *and shall mail a copy to each person known to have a direct interest in the requested agency action.*” (Emphasis added.) As discussed above, Highlands knew on its filing date that Soderby, Village, and MGMWC all had a direct interest in Highlands’ request for the PSC to endorse Highlands’ proposed service area expansion. Yet Highlands failed to give notice to any of these parties.

In the case of Soderby, Highlands’ knowledge of Soderby’s direct interest in its service area and tariff is clear based on the 2007 Well Agreement, the 2014 tariff opposition, and the 2021 Settlement Agreement. Indeed, just two years prior, Highlands expressly relinquished any claim to have an exclusive right to service the Soderby property. Highlands also had knowledge of Village’s interest in Highlands’ service area boundary. The proposed expansion area includes Village’s property, and Highlands had constructive notice of that ownership based on recorded deeds in the Office of the Morgan County Recorder. *See* Utah Code § 57-3-102(1). And Highlands had knowledge of MGMWC’s direct interest based on attendance at the September 5, 2023 Morgan County Commission meeting where the public discussion made clear that MGMWC planned to serve the Project.

Commented [HWC18]: Again, the settlement does not exclude us from providing water to this property, and as it is still certified as our service area, we included it in the request.

Commented [HWC19]: This is clearly a biased opinion, and arguably untrue based on Highlands’ capacity, infrastructure, and flow.

Commented [HWC20]: This is false. The public discussion was regarding who would inspect the water line installation because there still was no answer as to who would serve Lee’s Market.

Highlands thus had knowledge of Intervenor’s direct interest in the Request, and Highlands was obligated under Section 201(3)(b) to provide them with notice through a direct mailing of a copy of its requested agency action. “Notice to those directly affected by an administrative proceeding is not only required by statute, Utah Code § 63G-4-201(3)(b), but comports with a broader requirement of due process that ‘affected parties must receive adequate notice.’” [*Republic Outdoor Advert., LC v. Utah Dep’t of Transp., Div. II*, [2011 UT App 198](#), ¶ 23, 258 P.3d 619, 627 (quoting *V-1 Oil Co. v. Department of Env’tl. Quality*, [939 P.2d 1192](#), 1197 (Utah 1997)).] The Commission should accordingly deny the Request because Highlands failed to comply with the notice requirements of the Utah Administrative Procedures Act in bringing its Request before the Commission.

B. The Commission Should Not Overrule Highlands’ Settlement Agreement with Soderby.

Highlands asks this Commission to update its recorded CC&N service area—exclusive of other regulated water utilities—to include the area identified in Attachment 2 to its Request. Highlands, however, is legally bound by the Settlement Agreement to “relinquish any claim that it is the exclusive provider of water for the [Soderby] Property.” [Settlement Agreement, ¶ 3.] It follows that Highlands is foreclosed from asking this Commission to declare that the Soderby property is within the Highlands service area. Highlands thus does not have the legal authority to bring the Request to the extent it seeks inclusion of Soderby property, and the Commission should deny the Request on this basis.

C. MGMWC Can Better Serve the Project, So Expansion of the Highlands Service Area to Include This Area Is Against the Public Interest.

The Commission is “charged with the duty of seeing that the public receives the most efficient and economical service possible. This requires consideration of all aspects of the public interest.” [*See, e.g., Utah Dep’t of Admin. Servs. V. Pub. Serv. Comm’n*, 658 P.2d 601, 611 (Utah

Commented [HWC21]: The proposed "intervenor" are asking the commission to interpret a legal document/contract that has a confidentiality clause. In my opinion, they are reading more into it than what is there.

Whichever way you may interpret the Settlement Agreement, it pertains only to the Well Agreement, not to service areas or anything else.

1983) (cleaned up); *see also* Utah Code § 54-4-18 (“The commission shall have power, after a hearing, to ascertain and fix *just and reasonable* standards, classifications, regulations, practices, measurements or service to be furnished, imposed, observed and followed by all electrical, gas and water corporations.”) (emphasis added).] To support the Commission in this mandate, the Utah legislature established the Division of Public Utilities, which “shall act in the public interest” to provide the PSC “information, evidence, and recommendations” consistent with the statutory objectives for public utility service regulation, including “protecting [the] long-range interest of consumers in obtaining continued quality and adequate levels of service at the lowest cost.” [Utah Code § 54-4a-6; *see also* Section 54-4a-1(b) (directing the Division of Public Utilities to “represent the public interest” in administrative proceedings involving public utility regulation).]

Here, expansion of the Highlands service area as outlined in the Request is against the public interest. The Project and neighboring properties can be more effectively served by MGMWC’s water system. MGMWC has been formed and has filed an application with the Commission for an exemption as a mutual water company. [See Exhibits C & D.] MGMWC controls the water source and storage necessary for the Project and neighboring properties. It is therefore not “efficient or economical” for Highlands to expand its service area or its infrastructure to serve the Project or any of Village’s or Soderby’s property. [See *Utah Dep’t of Admin. Servs.*, 658 P.2d at 611.] Further, as discussed above, upon information and belief, Highlands lacks storage and distribution line capacity to serve water to the Project. And existing limited connections to Highlands’ water system within Soderby’s properties will cease once MGMWC’s system is in place because Highlands is unable to provide adequate fire flow capacity. It follows that the “long-range interest of consumers in obtaining continued quality and adequate levels of service at the lowest cost” are not served by Highlands’ proposed expansion of its service area.

Commented [HWC22]: I firmly disagree that MGMWC can serve this property more efficiently. Highlands Water Company has pipelines on three sides of the Project. Our pipes have been in place for decades.

Commented [HWC23]: Does it? I believe this is a critical question because, upon examination of the recently posted comments, both MGMWC and CMWC claim the same well and pipes.

Commented [HWC24]: This is such wild speculation and in no way factual.

TO BE CLEAR: Highlands has NO storage shortage, and we are in the process of increasing distribution lines to improve fireflow capacity. These additional lines will be completed mid-2024, and will put our company in an even better place to serve this area.

Utah Code § 54-4a-6.

Moreover, a decision to grant Highlands an expansion into the area the MGMWC seeks to serve runs counter to the public interest because such an expansion undermines the parties' freely negotiated Settlement Agreement. [*Cf. Com. Real Est. Inv., L.C. v. Comcast of Utah II, Inc.*, [2012 UT 49](#), ¶ 38, 285 P.3d 1193 (“Persons dealing at arm's length are entitled to contract on their own terms without the intervention of the courts for the purpose of relieving one side or the other from the effects” of a bargain that it no longer prefers. (cleaned up)); *Monaco Apt. Homes v. Figueroa*, [2021 UT App 50](#), ¶ 9, 489 P.3d 1132, 1135 (“[A] settlement between parties to a lawsuit is a contract like any other contract, which may be freely entered into and which a court, absent a demonstration of fraud or other compelling circumstances, should honor and enforce as it does other contracts.” (cleaned up)).]

In short, it does not serve the public interest for Highlands to serve the properties owned by MGMWC shareholders Village and Soderby.

REQUESTED RELIEF

For the foregoing reasons, Mountain Green Mutual Water Company and Village at Trappers Loop LLC respectfully request that the Public Service Commission deny Highlands Water Company, Inc.'s request to update its service area in Docket No. 23-010-01. If the Request is approved in any respect, Highlands' service area should expressly exclude the property outlined in green in Exhibit B because that property will be served by MGMWC. Intervenors request a hearing to present evidence supporting this Opposition.

Commented [HWC25]: Again, these statements are incorrect based on the following:

1. The property is already certified as Highlands Water Company's service area dating back to 1976. The parcel in question is not an "expansion," it already exists within our service area.
2. The Settlement Agreement pertains ONLY to the Well Agreement, and does not extend to service areas or any other aspects of business.
3. The Settlement Agreements states that Highlands relinquishes "exclusive" service, but does not *preclude* us from serving the property that is clearly within our service area.

DATED this 3rd day of November 2023.

PARR BROWN GEE & LOVELESS, P.C.

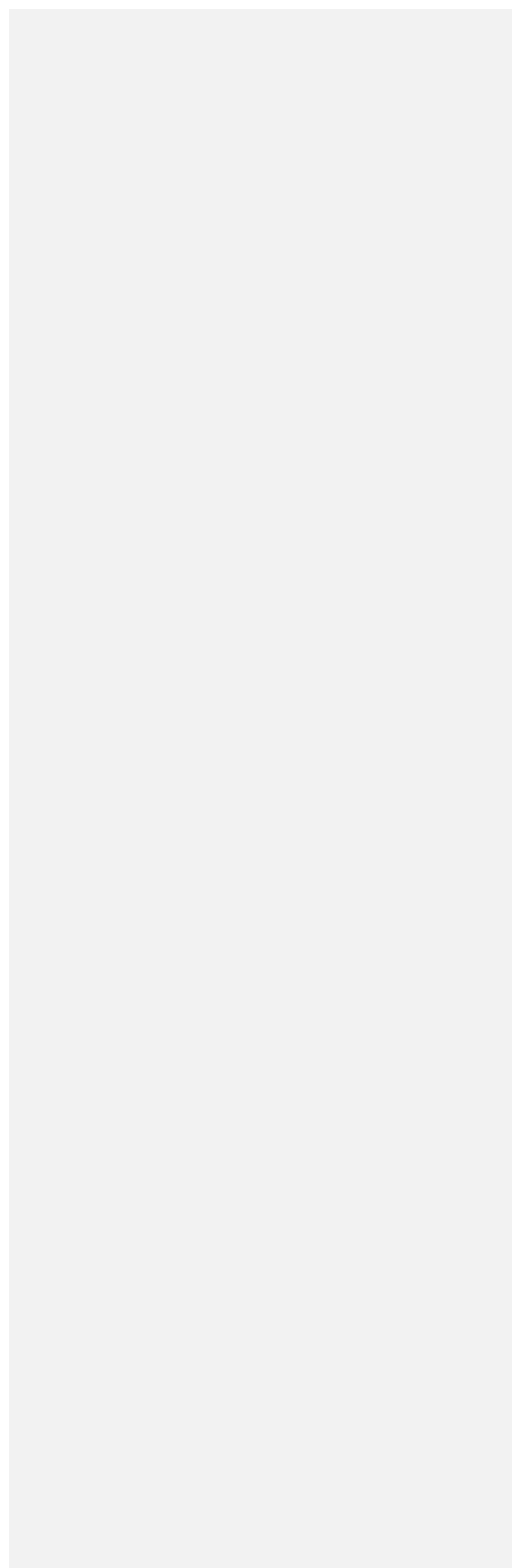
 /s/ Matthew E. Jensen

Matthew E. Jensen

Kassidy J. Wallin

Tammy M. Frisby

*Attorneys for Mountain Green Mutual Water
Company and Village at Trappers Loop LLC*



MGMWC & Village at Trappers Loop LLC
Opposition to Highlands Water Company, Inc.'s
Request to Update its Service Area

Docket No. 23-010-01

EXHIBITS

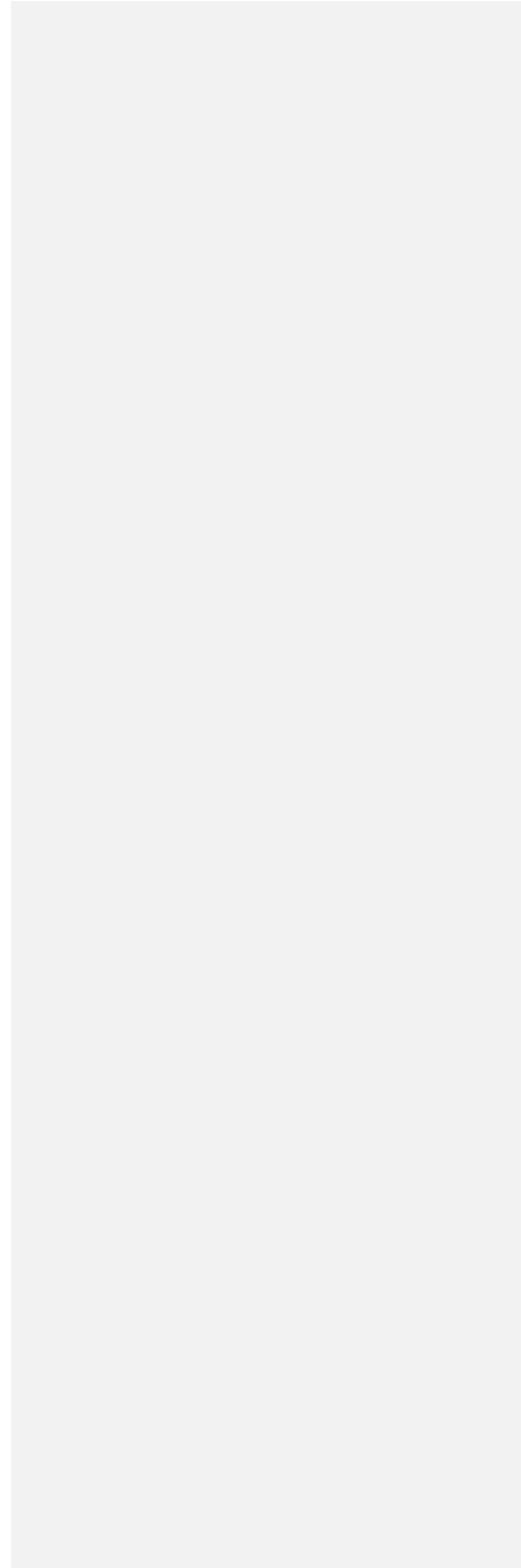
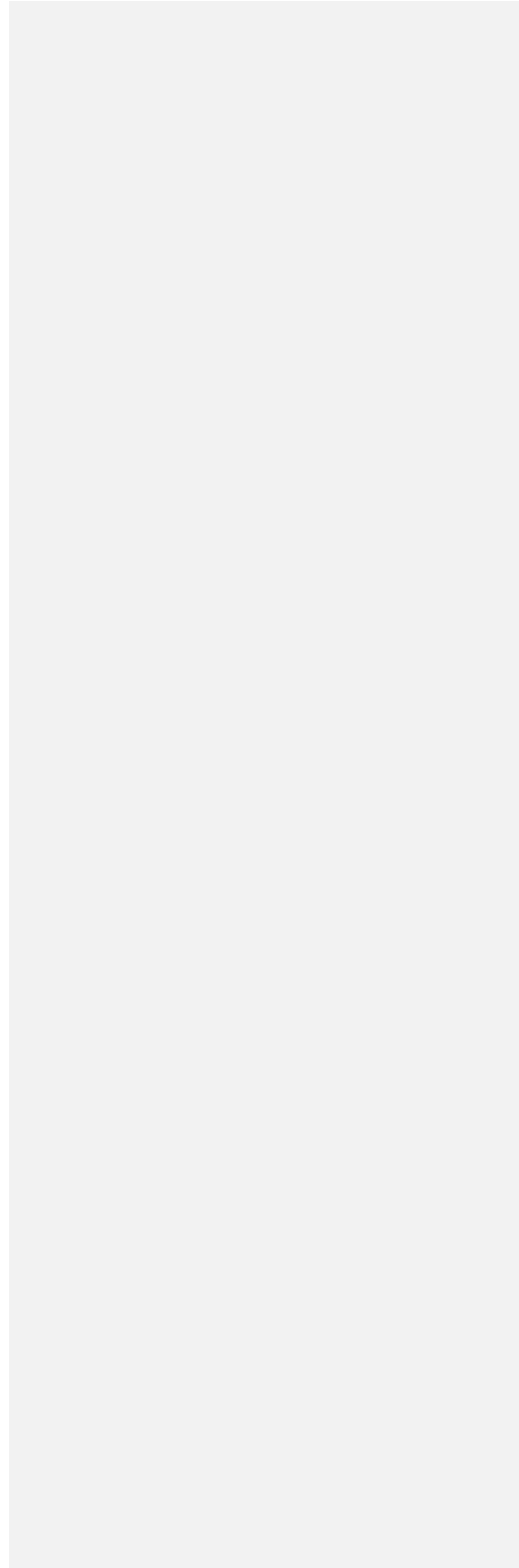


EXHIBIT A

Highlands SC Request and Attachments





Highlands Water Co.
5880 Highland Dr.
Mountain Green, UT 84050
801 876-2510
highlandswaterco@gmail.com
24 hour phone #801-458-0175

Public Service Commission
160 East 300 South, 4th Floor,
Salt Lake City, UT 84111
Email: psc@utah.gov

September 20, 2023

RE: Highlands Water Company, Inc. CC&N (Certificate of Convenience and Necessity) No. 1520 - May 28, 1965

It has come to our attention that the Public Service Commission's recorded CC&N service area description and map do not represent our current service area. Over the years we have engaged the PSC in proceedings and tariff changes, however, changes to our CPCN service area were overlooked and not formally authorized. Service area expansions were granted to Highland Water Company in the following proceedings:

We are requesting that the service area descriptions and maps be updated to reflect Highlands Water Company's current infrastructure, service area and immediate planned extension of infrastructure and service areas.

For reference and convenience, the following are attached:

- **Attachment 1** is CC&N No. 1520-Sub 2 and 4, amended February 25, 1976.
- **Attachment 2** is the legal description and map of our current and immediate expansion of the service area and infrastructure.
- **Attachment 3** is the legal description and map of our projected service area and infrastructure.

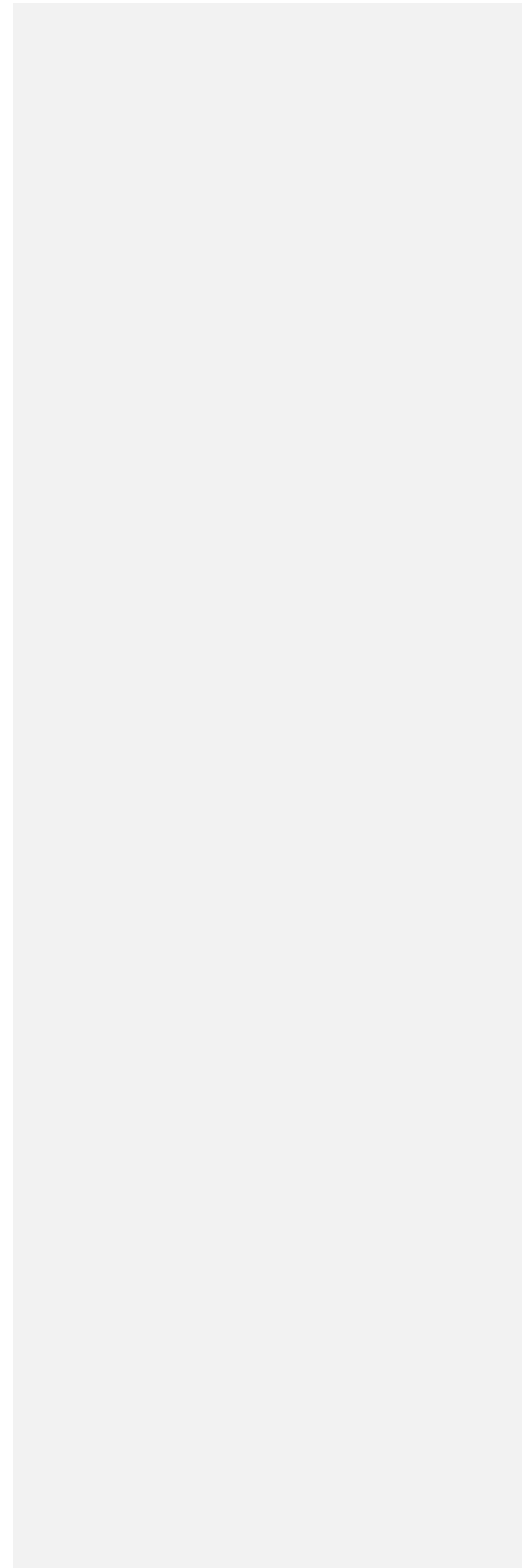
We appreciate your consideration in this matter.

Sincerely,

Marjalee Smith
President, Highlands Water Co.

Highlands PSC Request – Attachment 1

**Highlands Water, Case No. 5572 Sub-2 and Sub-4, Rate Increase,
PSC Report and Order Issued February 25, 1976**



- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of
HIGHLANDS WATER COMPANY,))
INC. for an increase in its rates)
and charges for water service,)
addition to its certificated area,)
and certificate to furnish)
irrigation water.)

CASE NO. 5572 SUB 2 and SUB 4

REPORT AND ORDER

Submitted: June 2, 1975

Issued: February 25, 1976

Appearances:

| | | |
|--|-----|--|
| Elliott Lee Pratt | For | Highlands Water Company, Inc. |
| Clair J. Jaussi, Assistant Attorney General | " | Division of Public Utilities, Department of Business Regulation, State of Utah |
| Robert A. Echard | " | Highlands Homeowner's Association |
| Philip C. Patterson | " | Morgan County |

By the Commission:

The above-entitled application of Highlands Water Company for an increase in its rates, for an additional certificated area and for a certificate to serve irrigation water throughout its system to the consumers therein came on for hearing on February 26, 1975, therea er on March 18 and finally on June 2, 1975. Notice of the hearing was given by mail and by publication.

Based upon the evidence adduced herein, the Commission finds as follows:

FINDINGS OF FACT

1. Highlands Water Company, Inc. is a corporation organized and existing under the laws of the State of Utah with its principal place of business in Mountain Green, Morgan County, Utah. The company was issued its original Certificate of Convenience and Necessity, No. 1520, in Case No. 5572 by order of this Commission dated May 28, 1965, and said certificate was amended August 11, 1966 in Case No. 5572 Sub 1. Thereafter, in Case No. 6328, the applicant was granted a rate increase by order of this Commission dated June 25, 1971, and from that date forward the applicant has been operating under the rates established by such order.

CASE NO. 5572 SUB 2 and SUB 4

-2-

2. In Investigation Docket No. 168 this Commission, by its Report and Order issued November 13, 1974, ordered that the Gordon Creek Springs become the primary water source for the applicant, and that the Pate-Poll Weil and Reservoir shall be operated only in emergencies; and the Commission retained further jurisdiction over the operation of the system requiring the system to meet the standards of the State of Utah Division of Health, Department of Social Services.

3. In the present application, Sub 2 and Sub 4, applicant seeks an extension of its certificated area, and extension of its certificate to permit it to furnish irrigation water through a secondary system, and to increase the culinary rates above those rates granted in 1971. The proposed additional area is set out in the attachment hereto, and is shown on the map exhibit submitted in these proceedings. Said additional areas include in Parcel No. 1 a trailer court, known as the Wagon Wheel Trailer Court, together with approximately 50 possible connections, 30 of which are in actual use, and some additional homes along the County Road in the general vicinity of the Wagon Wheel. In the additional areas there are various existing consumers who are now receiving water from applicant, there are consumers who desire to receive water and there are prospective consumers who will require water in the future development of the area.

4. The applications seek to increase the rates as follows:

Raise the rate for 6,000 gallons from \$4.50 to \$6.00, for 14,000 gallons from \$.35 per thousand gallons to \$.90 per thousand gallons, for 30,000 gallons from \$.30 per thousand gallons to \$.80 per thousand gallons, and for all over 50,000 gallons from \$.25 per thousand gallons to \$.70 per thousand gallons. The increase will also raise the minimum from \$4.50 to \$6.00; and the 3/4¹¹ connection fee from \$85 to \$300.

5. The applications further seek to obtain approval of the use of secondary water from Gordon Creek to serve the customers in the certificated areas with irrigation water, in addition to the culinary water which is now being served under the appropriate certificates. The Commission finds that as to the secondary irrigation system, that at the present time, and under the engineering studies and testimony adduced at the hearing, that there is presently insufficient need for the additional water in sufficient quantities and for enough

CASE NO. 5572 SUB 2 and SUB 4

-3-

customers, to justify a finding that public convenience and necessity would best be served by the granting of such a certificate. The Commission further finds that due to sub-surface soil conditions and steep slopes, the increased application of surface waters likely to occur should a secondary system be approved would likely cause a serious risk of soil slippage and the secondary system should be disapproved for this reason alone.

6. The Commission finds that as to the additional area sought to be included in applicant's certificated area, that for the most part, the smaller areas are within the overall boundaries and service area presently being served by applicant., that there is a present public convenience and necessity which will be satisfied by granting a certificate to serve said areas. The Commission finds that as to the larger area lying to the north and east of the existing certificated area, that the reasonable and foreseeable development of said area, together with its proximity to the existing area and system of the applicant, justifies a finding that public convenience and necessity will be best satisfied by adding said area to the certificated area of applicant. In this connection the Commission finds that there are no other utilities having water which either at the present time or in the foreseeable future could serve said area; that applicant is the logical company to furnish water to said area; and that public convenience and necessity will best be served by granting said area to applicant.

7. The evidence shows that there is one metering connection at the Wagon Wheel whereby the trailers are all metered through a common meter. The evidence further shows that at the present time only one billing for the water used at the Wagon Wheel is being made by the Company. The Commission finds that such a practice is consistent with public convenience and necessity in this case.

8. The evidence shows that in the general vicinity of the Wagon Wheel, there were several homes which should be served by applicant; and the Commission finds that said homes shall be served and shall be billed and shall pay the same rates as are other customers in applicant's certificated area. In this connection, the evidence shows that some homes have been receiving water without being billed or paying for same; and the Commission finds that such a practice is inconsistent with proper utility regulation and shall cease; and that all water users throughout the entire system shall be billed and shall

| | |
|------------------------------|-----------------|
| All over 50,000 gallons | \$ "70/thousand |
| Minimum | \$6.00 |
| 3/4 ¹¹ Connection | \$300.00 |

16" The Commission further finds that said rates should be put into effect for all connections made after the date of this order, and shall be effective beginning with the next billing date for all existing consumers now receiving service from applicant.

CONCLUSIONS

The Commission concludes that applicant's application for a certificate to furnish secondary irrigation water should be denied"

The Commission further concludes that the applicant's additional area requested herein should be certificated to applicant and added to its certificated area"

The Commission further concludes that the increase in rates sought herein by applicant should be approved"

The Commission further concludes that the Order herein should be conditioned upon applicant first obtaining all prior approvals required by the Utah State Board of Health and by Morgan County, as said approvals have been described in the Findings of Fact herein"

ORDER

IT IS THEREFORE ORDERED, That applicant's request for a certificate to serve irrigation water through a secondary system is denied.

IT IS FURTHER ORDERED u That applicant's certificated area shall be expanded to include the additional areas described in the attached Exhibit A, conditioned upon applicant first obtaining all prior approvals required by the Utah State Board of Health and by Morgan County.

IT IS FURTHER ORDERED, That the rates of applicant shall be increased in accordance with Finding No. 15 above, and that said rate increase shall be effective as to any new connections made after the date of this Order, and as to existing connections at the beginning of the next billing period"

IT IS FURTHER ORDEREDJ That applicant shall file with the Public Service Commission, Division of Public Utilities, copies of its operating statement and balance sheet every 90 days for the next year, or until further ordered by this Commission" These

CASE NO. 5572 SUB 2 and SUB 4

..7-

financial records must be in compliance in all respects with the uniform system of accounts and with the regulations of this Commission.

IT IS FURTHER ORDERED, That this Report and Order shall be effective upon the date it bears.

Dated at Salt Lake City, Utah, this 25th day of February, 1976.

/s/ Frank S. Warner, Chairman

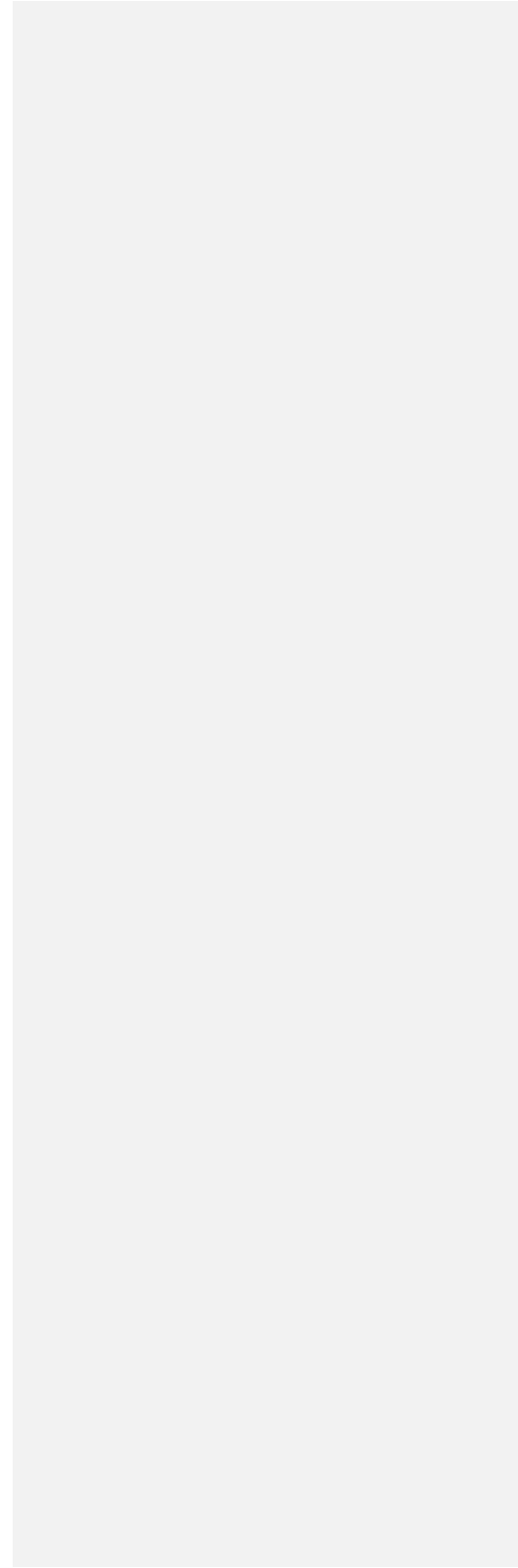
(SEAU /s/Olof E. Zundel, Commissioner

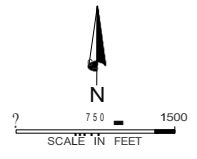
/s/James N. Kimball, Commissioner

Attest:

/s/ Ronald E. Casper, Secretary

Highlands PSC Request – Attachment 2
Existing Service Area Boundary





| Curve Table | | | | | |
|-------------|--------|---------|--------|-----------------|--------------|
| Curve # | Length | Radius | Delta | Chord Bearing | Chord Length |
| C1 | 527.44 | 718.29 | 042.07 | s20° 55' 25.5"W | 515.67 |
| C2 | 210.2s | 467.26 | 025.78 | s11° 33' 09.9"W | 208.51 |
| C3 | 490.46 | 357.27 | 078.66 | S19° 38' 29.0"E | 452.85 |
| C4 | 379.73 | 1000.00 | 021.76 | N75° 19' 27.3"E | 377.45 |
| C5 | 70.36 | 239.42 | 016.84 | N1° 04' 14.5"W | 70.11 |
| C6 | 12.22 | 15.01 | 046.64 | N89° 01' 40.7"W | 11.89 |
| C7 | 151.57 | 268.45 | 032.35 | N70° 24' 28.9"W | 149.56 |

| Line Table | | |
|------------|---------|-----------------|
| Line # | Length | Direction |
| L1 | 2590.26 | N0D° 03' 18.9"E |
| L2 | 716.58 | N89° 57' 30.5"E |
| L3 | 2627.00 | s09° 43' 50.2"E |
| L4 | 162.32 | N89° 57' 27.5"E |
| L5 | 2651.90 | s00° 30' 05.9"W |
| L6 | 1324.42 | N89° 57' 00.0"E |
| L7 | 1066.4B | s00° 29' 16.8"W |
| LB | 512.45 | SBT 59° 59.9-W |
| L9 | 221.94 | S60° 59' 59.9-W |
| L10 | 155.96 | S88° 00' 00.2-W |
| L11 | 99.97 | S59° 59' 59.9-W |
| L12 | 93.61 | S4S 00° 00.1"W |
| L13 | 1238.15 | N89° 51' 09.7-W |
| L14 | 252.23 | N64° 46' 25.3-W |
| L15 | 732.24 | S12° 21' 45.5"E |
| L16 | 327.86 | sos 24° 50.7"E |
| L18 | 272.36 | S50° 14' 14.6-W |
| L19 | 435.24 | N74° 32' 00.3"E |
| L20 | 35.48 | S42° 28' 59.8"E |
| L21 | 879.33 | N69° 01' 58.7"E |
| L22 | 191.74 | S05° 14' 17.5"E |
| L23 | 110.44 | S41° 45' 46.9"E |
| L24 | 66.66 | N72° 46' 32.7"E |
| L25 | 149.65 | S05° 02' 17.9"E |
| L28 | 100.96 | S04° 13' 52.1"E |
| L29 | 30.09 | N89° 59' 37.1"E |
| L30 | 328.36 | S0S 54' 33.5"E |
| L31 | 19.94 | N89° 43' 15.0"W |
| L32 | 100.43 | s21° 29' 18.7"E |
| L33 | 79.06 | S0S 33' 41.0"E |
| L34 | 186.41 | S18° 37' 21.7-W |
| L35 | 31.08 | s21° 49' 42.4-W |
| L36 | 56.96 | s21° 49' 42.4-W |
| L37 | 363.34 | N85° 10' 59.1"W |
| L38 | 218.34 | s00° 00' 00.0"E |
| L39 | 99.64 | S84° 43' 42.0"W |
| L40 | 263.05 | s02° 05' 13.7-W |
| L41 | 56.52 | S72° 12' 27.4"W |
| L42 | 31.61 | S6S 44' 59.8-W |
| L43 | 1.19 | N22° 37' 18.8"W |
| L44 | 57.60 | S6S 45' 00.0"W |
| L45 | 130.32 | N00° 00' 00.0"E |
| L46 | 167.11 | S89° 59' 49.8"W |
| L47 | 20.02 | NOY 33' 56.8"E |
| L48 | 176.33 | S49° 39' 47.0"W |
| L49 | 424.00 | S89° 34' 47.4"W |
| L50 | 242.50 | N81° 06' 07.4-W |
| L51 | 114.31 | S72° 02' 51.8"W |
| L52 | 135.00 | S3T 04' 47.3-W |
| L53 | 312.06 | S78° 10' 02.8"W |
| L54 | 106.50 | N38° 24' 07.1-W |
| L55 | 111.53 | S19° 30' 29.7-W |
| L56 | 39.19 | S7T 41' 16.2-W |
| L57 | 34.22 | s00° 11' 16.4-w |
| L58 | 30.31 | S38° 40' 20.6"E |

| Line Table | | |
|------------|---------|-----------------|
| Line # | Length | Direction |
| L59 | 0.05 | S38° 37' 32.3"E |
| L60 | 74.44 | S38° 40' 20.2"E |
| L61 | 91.60 | S3Y 29' 00.8"E |
| L62 | 1127.19 | S75° 55' 13.7-W |
| L63 | 374.92 | NOT 05' 03.2"W |
| L64 | 756.35 | NOT 13' 18.0"W |
| L65 | 879.82 | SBT 17' 31.4-W |
| L66 | 143.13 | sos 38' 34.8"W |
| L67 | 119.22 | sos 38' 35.3-W |
| L68 | 107.66 | SOB° 38' 35.3-W |
| L69 | 23.81 | SBT 05' 33.1"W |
| L70 | 255.86 | S12° 14' 09.8"W |
| L71 | 42.12 | s21° 05' 18.6-W |
| L72 | 52.21 | s21° 05' 21.4-W |
| L73 | 260.71 | S34° 07' 41.1"W |
| L74 | 132.03 | S38° 21' 51.0"W |
| L75 | 161.36 | s00° 00' 00.0-w |
| L76 | 130.60 | s00° 00' 00.0-w |
| L77 | 2837.49 | NBY 45° 52.7"W |
| L78 | 213.64 | N00° 06' 50.0-E |
| L79 | 150.07 | N6Y 57' 19.1"E |
| L80 | 135.27 | NOB° 29' 43.7"W |
| L81 | 120.34 | N7Y 49' 56.1"W |
| L82 | 843.33 | N64° 26' 45.3"E |
| L84 | 244.23 | N86° 12' 09.2"E |
| L85 | 158.59 | N02° 39' 16.7"W |
| L87 | 133.18 | N32° 26' 09.7"W |
| L90 | 319.16 | N00° 20' 48.8"E |
| L91 | 62.39 | N89° 39' 20.0-w |
| L92 | 28.58 | N01° 26' 40.1"W |
| L93 | 112.73 | N89° 35' 47.7-W |
| L94 | 28.68 | S00° 30' 43.5-W |
| L95 | 2205.70 | N89° 45' 24.3"W |
| L96 | 214.40 | s00° 10' 26.5-W |
| L97 | 304.53 | S7Y 10' 24.9-W |
| L98 | 571.94 | N65° 39' 42.4"W |
| L99 | 319.31 | s00° 45' 16.3-W |
| L100 | 725.06 | S14° 58' 20.8"E |
| L101 | 87.84 | s10° 28' 19.7"E |
| L102 | 197.80 | S2S 47' 22.3"E |
| L103 | 213.48 | S14° 03' 08.6"E |
| L104 | 256.31 | S19° 39' 54.9"E |
| L105 | 299.93 | S78° 14' 53.5-W |
| L106 | 172.95 | N12° 50' 38.3-W |
| L107 | 109.83 | S7T 18' 44.1"W |
| L108 | 133.44 | S00° 23' 52.6-W |
| L109 | 191.28 | S7T 18' 52.2-W |
| L110 | 33.11 | N21° 55' 39.3"E |
| L111 | 49.09 | N41° 19' 30.6"E |
| L112 | 54.96 | N02° 05' 42.2"W |
| L113 | 29.48 | N32° 57' 17.2"E |
| L114 | 36.20 | N45° 12' 09.3"E |
| L115 | 13.29 | N7T 18' 56.4"E |
| L116 | 14.04 | N14° 59' 59.4"E |
| L117 | 21.45 | N45° 12' 07.5"E |

| Line Table | | |
|------------|---------|-----------------|
| Line # | Length | Direction |
| L118 | 38.24 | N04° 36' 14.3"E |
| L119 | 38.22 | N00° 32' 59.9"E |
| L120 | 10.32 | N7T 19' 00.7"E |
| L121 | 57.41 | N00° 22' 16.3"E |
| L122 | 38.93 | N16° 49' 45.2"W |
| L123 | 48.77 | N01° 38' 13.6-W |
| L124 | 61.14 | N1T 41' 21.7-W |
| L125 | 16.38 | N1T 37' 54.9"E |
| L126 | 9.35 | N89° 11' 19.0"W |
| L127 | 77.20 | N06° 55' 20.8"E |
| L128 | 104.87 | S89° 45' 25.8"E |
| L129 | 94.49 | N10° 49' 24.6"W |
| L130 | 155.52 | N00° 17' 49.0"E |
| L131 | 309.44 | N82° 34' 38.8"W |
| L132 | 276.88 | N61° 09' 18.0"W |
| L133 | 249.84 | N1Y 33' 12.4-W |
| L134 | 249.22 | N15° 44' 06.0"E |
| L135 | 14.92 | N90° 00' 00.0"E |
| L136 | 69.38 | N15° 11' 39.0"E |
| L137 | 241.39 | NOY 13' 12.0"E |
| L138 | 782.85 | N10° 28' 57.1-W |
| L139 | 208.59 | N1T 31' 41.6"W |
| L140 | 8.12 | N89° 57' 42.0"E |
| L141 | 223.87 | N18° 22' 50.7-W |
| L142 | 130.24 | N30° 13' 47.7"E |
| L143 | 132.01 | N00° 00' 00.2-w |
| L144 | 592.97 | N89° 14' 01.9-W |
| L145 | 1959.46 | N00° 22' 10.6"E |
| L146 | 112.96 | S81° 52' 30.3"E |
| L147 | 4.75 | S66° 53' 34.8"E |
| L148 | 460.31 | S79° 01' 29.9"E |
| L149 | 232.46 | S64° 44' 33.0"E |
| L150 | 438.70 | s00° 41' 18.4"E |
| L151 | 498.15 | S88° 46' 06.3"E |
| L152 | 1322.92 | s00° 30' 57.0"E |
| L153 | 12.85 | S65° 08' 43.3-W |
| L154 | 654.57 | S01° 15' 08.7"E |
| L155 | 1408.29 | N89° 30' 15.5"E |
| L156 | 367.97 | N00° 34' 29.1"E |
| L157 | 1265.78 | N41° 38' 06.4-W |
| L158 | 322.10 | N00° 34' 26.2"E |
| L159 | 90.04 | N89° 21' 00.2"E |
| L160 | 3005.15 | N00° 09' 38.0"E |
| L161 | 1768.09 | S89° 56' 52.3"E |
| L162 | 765.93 | N39° 24' 42.7-W |
| L163 | 436.00 | S65° 04' 50.1"E |
| L164 | 454.91 | S4S 23' 08.0"E |
| L165 | 390.63 | N55° 04' 50.1"E |
| L166 | 669.40 | N38° 17' 13.1"E |
| L167 | 7.20 | S54° 35' 23.7"E |
| L168 | 4056.53 | N89° 59' 30.8"E |
| L169 | 48.40 | S16° 36' 17.4"E |
| L170 | 306.69 | N88° 20' 36.0"E |
| L171 | 34.92 | N15° 48' 34.8"W |
| L172 | 246.50 | S89° 16' 27.2"E |

POINT OF BEGINNING
2.15 FT N 00° 32'
35.3" THENCE 3.30 FT
EAST OF 5N1E1401

rr-oGRc,ss r"-m"
s. 2023
for construction
to 0" asl 0. V. 1-00-10C
"a0a0" P. "E1" gfees
ca0suto0-s

NOTE:
MONUMENTS AND LOT PINS WERE NOT SURVEYED.
ALL BEARINGS AND DISTANCES FOLLOW PARCEL
BOUNDARIES AS AVAILABLE FROM THE COUNTY.

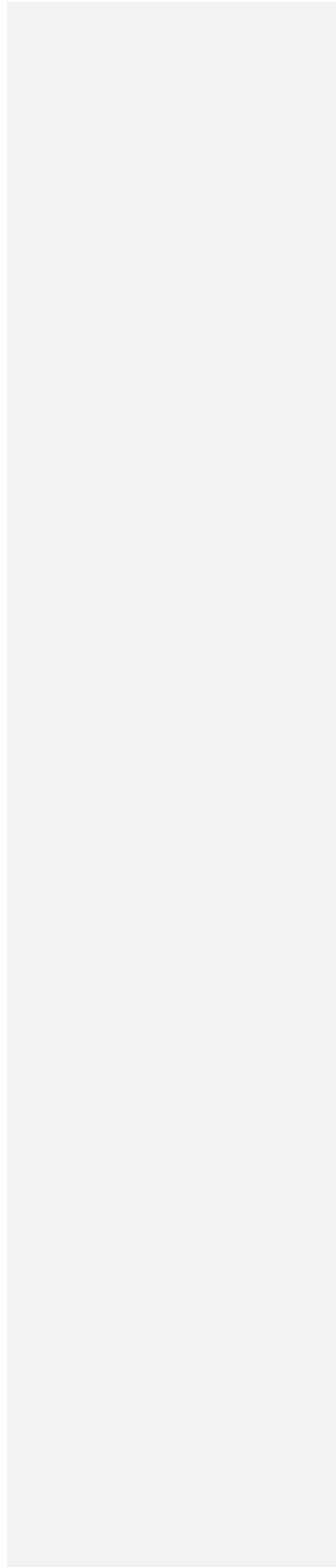


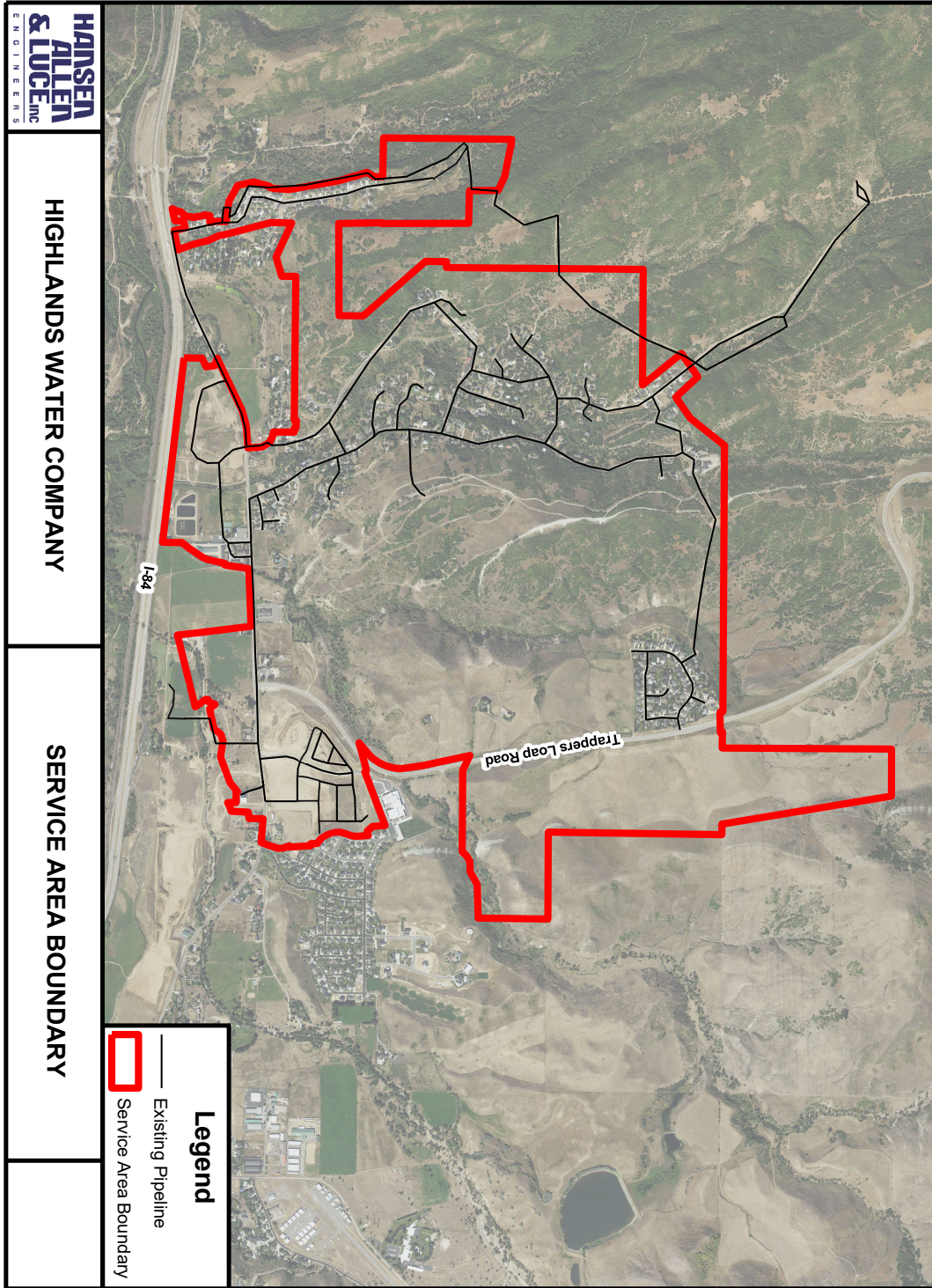
HIGHLANDS WATER COMPANY – SERVICE AREA

FIGURE
1

Highlands PSC Request – Attachment 2A

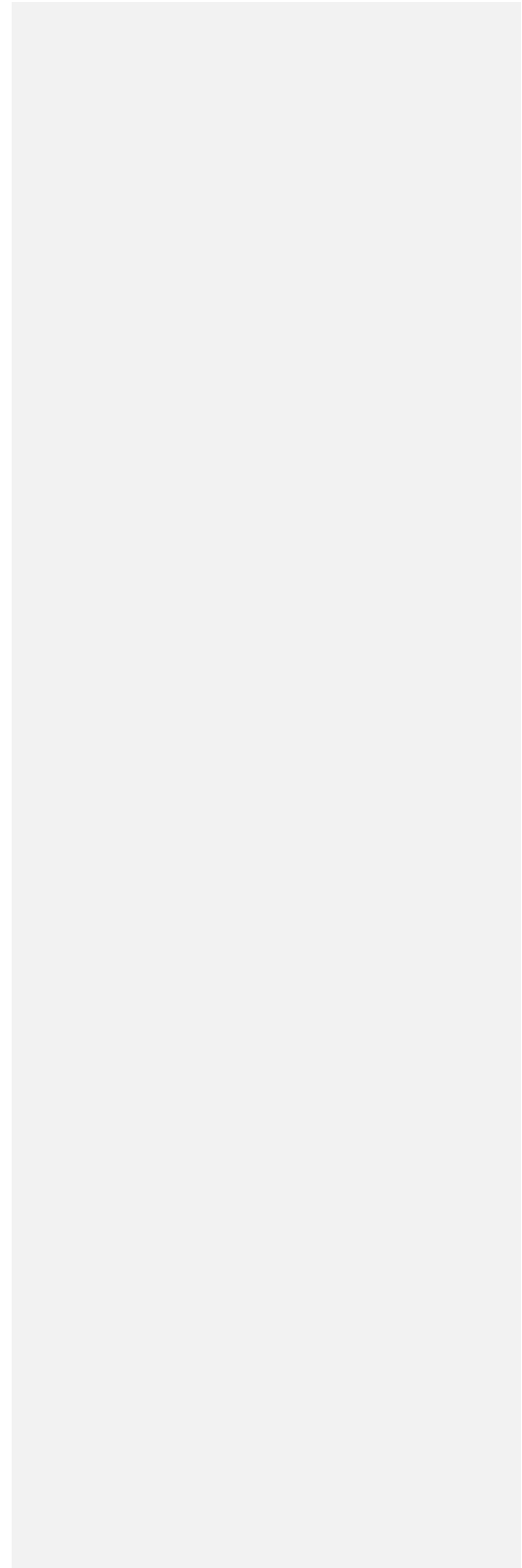
Service Area Map

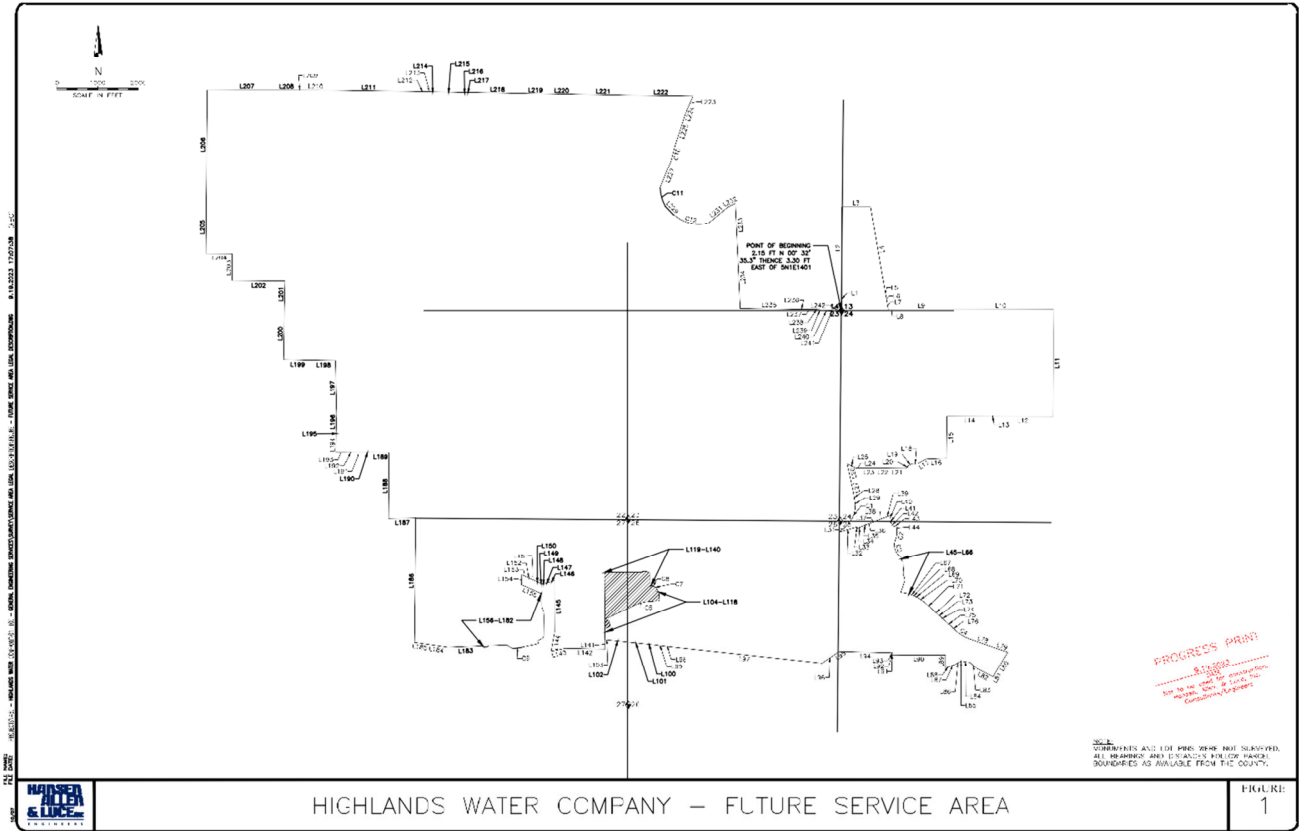




Highlands PSC Request – Attachment 3

Future Service Area Boundary





HIGHLANDS WATER COMPANY - FUTURE SERVICE AREA

FIGURE 1

| Curve Table | | | | | | |
|-------------|--------|---------|--------|-----------------|---------------|--------------|
| Curve | H | Length | Radius | Delta | Chord Bearing | Chord Length |
| C1 | s21.4s | 11B.20 | 042.oB | s20° ss' 2s.s"W | | 515.67 |
| C2 | 218.15 | 441.85 | 028.29 | S08° 47' 00.5"Y | | 215.94 |
| C3 | 510.03 | 356.71 | 081.92 | S18° 04' 47.8"E | | 467.68 |
| C4 | 428.29 | 1022.05 | 024.01 | SST 59° 50.3"E | | 425.17 |
| CS | 415.40 | 1219.82 | 019.51 | N7S 45° 40.2"E | | 413.39 |
| C6 | 70.36 | 239.43 | 016.84 | N11° 04' 14.5"Y | | 70.11 |
| C7 | 12.22 | 15.01 | 046.64 | N89° 01' 40.7"Y | | 11.89 |
| CB | 112.06 | 239.48 | 026.81 | N66° 54' 48.8"W | | 111.04 |
| C9 | 220.11 | 1342.43 | 009.39 | S82° 45' 51.8"W | | 219.87 |
| C10 | 398.04 | 5906.23 | 003.86 | S14° 35' 34.5"Y | | 397.97 |
| C11 | 487.84 | 961.89 | 029.06 | S15° 21' 59.7"E | | 482.63 |
| C12 | 933.17 | 936.82 | 057.07 | S76° 25' 47.0"E | | 895.07 |

| Line Table | | |
|------------|---------|-----------------|
| Line | H | Direction |
| L1 | 536.ss | Noo 03° 19.0"E |
| L2 | 2053.70 | Noo 03° 18.9"E |
| L3 | 716.58 | N89° 57' 30.5"E |
| L4 | 2118.02 | s09 43' so.s"E |
| LS | 91.70 | s09 43' so.4"E |
| L6 | 1sB.1s | s09 43' so.4"E |
| L7 | 201.12 | s09 43' 47.2"E |
| LB | 162.32 | N89° 57' 27.5"E |
| L9 | 1325.37 | N89° 55' 02.3"E |
| L10 | 2650.77 | N89° 55' 18.1"E |
| L11 | 2664.91 | s0o 26' 01.8"W |
| L12 | 1508.33 | N89° 48' 46.7"Y |
| L13 | 0.02 | S2S 50' 10.3"Y |
| L14 | 1146.43 | N89° 48' 46.6"W |
| L1s | 1oBB.48 | s0o 29' 16.8"W |
| L16 | 512.45 | SBT 59' 59.9"Y |
| L17 | 221.94 | S60° 59' 59.9"Y |
| L18 | 155.96 | S88° 00' 00.2"Y |
| L19 | 99.97 | 559 59' 59.9"Y |
| L20 | 93.61 | S4S 00' 00.1"W |
| L21 | 465.44 | N89° 40' 17.5"W |
| L22 | 217.94 | N89° 59' 59.9"W |
| L23 | 489.06 | N89° 58' 13.9"Y |
| L24 | 66.72 | N89° 46' 20.6"Y |
| L25 | 252.23 | N64° 46' 25.3"W |
| L26 | 513.84 | S12° 21' 45.6"E |
| L27 | 218.40 | S12° 21' 45.5"E |
| L28 | 256.88 | S08° 24' 50.7"E |
| L29 | 70.98 | S08° 24' 50.5"E |
| L31 | 272.36 | sscr 14' 14.8"W |
| L32 | 435.24 | N74° 32' 00.3"E |
| L33 | 35.48 | S42° 28' 59.8"E |
| L34 | 119.32 | N69° 10' 04.2"E |
| L35 | 164.77 | N69° 05' 15.8"E |
| L36 | 45.45 | N68° 52' 38.5"E |
| L37 | 200.75 | N68° 55' 50.1"E |
| L38 | 186.79 | N69° 04' 17.7"E |
| L39 | 162.25 | N69° 00' 14.5"E |
| L40 | 98.66 | soS 14' 11.1"E |
| L41 | 93.0B | soS 14' 17.9"E |
| L42 | 110.44 | S41° 45' 46.9"E |
| L43 | 66.66 | N72° 46' 32.7"E |
| L44 | 122.40 | soS 21' 35.8"E |
| L47 | 39.70 | S04° 13' 51.4"E |
| L48 | 0.02 | S04° 13' 51.6"E |
| L49 | 12.85 | S04° 13' 53.1"E |
| L50 | 48.39 | S04° 13' 52.3"E |
| L51 | 28.71 | N89° 59' 37.1"E |
| L52 | 1.11 | S04° 13' 52.3"E |
| L53 | 1.38 | S88° 18' 47.6"E |
| L54 | 140.95 | SOS 35' 30.3"E |
| L55 | 107.89 | S04° 08' 58.7"E |
| L56 | 78.37 | S04° 08' 58.5"E |
| L57 | 19.94 | N89° 43' 15.0"W |
| L58 | 100.43 | S21° 29' 18.7"E |
| L59 | 63.15 | S04° 13' 17.6"E |
| L60 | 15.94 | socr 56' 41.4"E |

| Line Table | | |
|------------|---------|-----------------|
| Line | H | Direction |
| L61 | 186.41 | S18° 37' 21.7"W |
| L62 | 88.04 | S21. 49' 42.4"W |
| L63 | 26.82 | s0o oo' oo.2"E |
| L64 | 134.97 | S80° 31' 54.1"E |
| L65 | 80.98 | S76° 45' 00.8"E |
| L66 | 60.76 | S6T 24' 58.6"E |
| L67 | 0.24 | S6T 25' 16.5"E |
| L68 | 111.72 | S6T 23' 34.1"E |
| L69 | 38.99 | S66° 34' 05.2"E |
| L70 | 207.47 | S56° 05' 00.8"E |
| L71 | 301.18 | S4T 18' 00.2"E |
| L72 | 214.80 | S4T 16' 50.7"E |
| L73 | 2.02 | N45° 58' 18.9"E |
| L74 | 205.00 | S4T 09' 18.7"E |
| L75 | 232.79 | S4T 04' 27.1"E |
| L76 | 95.93 | S46° 50' 30.1"E |
| L78 | 645.09 | S70° 37' 20.1"E |
| L79 | 365.67 | S70° 37' 20.1"E |
| LBO | 678.77 | S30° 44' 37.4"W |
| L81 | 35.35 | S30° 44' 37.4"W |
| L82 | 455.58 | NBS 28' 54.5"Y |
| L83 | 231.96 | N4T 35' 09.4"Y |
| L84 | 219.66 | N81° 48' 17.6"Y |
| L85 | 5.56 | N81° 48' 17.6"Y |
| L86 | 172.63 | ss9 12' 45.1-w |
| L87 | 121.20 | S69° 14' 38.8"W |
| L88 | 135.62 | S69° 14' 38.8"W |
| L89 | 330.11 | Noo 06' 58.5"E |
| L90 | 1332.07 | N89° 48' 03.4"W |
| L91 | 5.85 | Noo 05' 09.8"E |
| L92 | 25.00 | N01° 56' 06.5"E |
| L93 | 25.00 | N01° 55' 56.6"E |
| L94 | 1325.14 | N88° 44' 41.1"Y |
| L95 | 42.88 | 555 41' 05.6"W |
| L96 | 477.14 | 555 41' 04.0"W |
| L97 | 3851.22 | NBS 45' 34.4"Y |
| L98 | 64.82 | N82° 53' 48.1"W |
| L99 | 295.88 | N82° 53' 48.7"Y |
| L100 | 228.02 | N84° 29' 19.4"Y |
| L101 | 443.90 | NBS 54' 47.4"Y |
| L102 | 474.62 | NBS 54' 48.0"W |
| L103 | 80.68 | N84° 05' 52.6"Y |
| U 04 | 279.80 | Noo 27' 19.8"W |
| L105 | 139.41 | NBS 57' 19.1"E |
| L106 | 135.27 | NOB° 29' 43.7"Y |
| L107 | 111.48 | N7S 49' 56.1"W |
| L1oB | B.ss | Noo 27' 19.8"W |
| L109 | 211.66 | N64° 14' 03.9"E |
| L110 | 404.42 | N64° 14' 50.0"E |
| L111 | 162.80 | N64° 14' 58.5"E |
| L113 | 263.37 | N86° 12' 09.2"E |
| L114 | 158.59 | N02° 39' 16.7"Y |
| L116 | 133.18 | N32° 26' 09.7"Y |
| L119 | 39.32 | NBO° 19' 10.6"Y |
| L120 | 161.58 | Noo 20' 49.1"E |
| L121 | 157.59 | Noo 20' 48.5"E |
| L122 | 62.39 | N89° 39' 20.0"W |

| Line Table | | |
|------------|---------|------------------|
| Line | H | Direction |
| L123 | 28.58 | NO 1° 26' 40.1"W |
| L124 | 112.73 | N89° 35' 47.7"Y |
| L125 | 28.68 | socr 30' 43.8"W |
| L126 | 31.75 | N89° 39' 20.9"Y |
| L127 | 77.85 | N89° 39' 17.6"W |
| L128 | 71.76 | N89° 39' 18.2"Y |
| L129 | 123.04 | N89° 39' 18.3"Y |
| L130 | 2.48 | S88° 44' 51.5"Y |
| L131 | 78.00 | S88° 44' 38.1"W |
| L132 | 47.51 | N89° 25' 38.3"Y |
| L133 | 125.51 | N89° 25' 40.4"Y |
| L134 | 125.51 | N89° 25' 40.1"W |
| L135 | 134.05 | N89° 25' 39.5"Y |
| L136 | 134.05 | N89° 25' 40.3"W |
| L137 | 11B7.46 | s0o 27' 19.7"E |
| L138 | 6.55 | socr 27' 19.8"E |
| L139 | 228.os | socr 27' 19.8"E |
| L140 | 279.60 | s0o 27' 19.8"E |
| U 41 | 236.24 | s0o 27' 19.5"E |
| L142 | 992.96 | N88° 50' 55.8"W |
| L143 | 362.90 | S78° 00' 00.0"W |
| L144 | 492.01 | N09° 59' 05.9"E |
| L145 | 1296.54 | Noo 16' 23.1"W |
| L146 | 126.90 | S7S 10' 16.6"Y |
| L147 | 125.15 | S7S 10' 30.7"Y |
| L148 | 54.24 | S7S 10' 30.7"Y |
| L149 | 74.24 | N65° 49' 30.9"Y |
| L150 | 131.02 | N65° 49' 31.3"W |
| L151 | 131.02 | N65° 49' 31.6"W |
| L152 | 117.57 | N65° 25' 42.2"Y |
| L153 | 118.10 | N65° 25' 41.9"Y |
| L154 | 249.53 | s0o 45' 16.0"W |
| L155 | 539.66 | S65° 42' 50.0"E |
| L156 | 21.73 | S32° 49' 36.9"E |
| L1s1 | 292.30 | s0o oo' 2s.s"E |
| L158 | 42.00 | S08° 54' 38.4"E |
| L159 | 70.85 | S20° 30' 14.6"E |
| L160 | 72.67 | S14° 35' 20.5"E |
| L161 | 74.47 | s0o 27' 38.0"E |
| L162 | 1s1.0B | s0o 1o 24.8"W |
| L163 | 347.76 | s0o 19° 33.8"W |
| L164 | 40.78 | S19° 10' 32.9"Y |
| L165 | 54.18 | S45° 32' 58.1"W |
| L166 | 57.35 | S68° 33' 46.4"W |
| L167 | 55.14 | S60° 20' 59.6"Y |
| L168 | 74.71 | S1T 14' 11.8"E |
| L169 | 130.95 | S7T 57' 06.1"W |
| L170 | 131.02 | S78° 28' 40.6"Y |
| L171 | 37.96 | S78° 28' 40.6"Y |
| L172 | 114.56 | S78° 07' 52.8"W |
| L174 | 16.26 | S15° 59' 59.3"Y |
| L175 | 126.34 | NBo 1o' 00.1-w |
| L176 | 62.58 | N58° 38' 30.3"Y |
| L177 | 451.68 | SBT 46' 58.7"Y |
| L178 | 39.52 | S41° 17' 28.8"W |
| L179 | 88.36 | S88° 17' 28.4"W |
| L180 | 12.62 | N48° 37' 45.6"Y |

| Line Table | | |
|------------|---------|-----------------|
| Line | H | Direction |
| L181 | 12.61 | N41° 27' 19.3"Y |
| L182 | 11.10 | N34° 16' 29.9"Y |
| L183 | 866.18 | SBT 46' 58.7"W |
| L184 | 565.77 | N81° 47' 14.1"Y |
| L185 | 281.95 | N81° 47' 14.1"Y |
| U BB | 3116.sB | Noo 33° 13.8"E |
| L187 | 675.69 | S88° 53' 51.8"W |
| L188 | 1650.40 | Noo 19' 48.8"E |
| L189 | 435.71 | N89° 48' 51.1"Y |
| L190 | 220.00 | N89° 48' 51.2"Y |
| L191 | 225.39 | N89° 48' 51.4"Y |
| L192 | 220.02 | N89° 48' 51.5"Y |
| L193 | 230.06 | N89° 48' 51.3"Y |
| L194 | 396.04 | N01° 09' 49.4"E |
| L195 | 193.96 | N01° 09' 49.5"E |
| L196 | 388.91 | N01° 09' 49.6"E |
| L197 | 1321.42 | N01° 02' 25.0"W |
| L198 | 605.83 | N89° 08' 04.2"Y |
| L199 | 693.97 | N88° 47' 57.5"Y |
| L200 | 131s.93 | Noo 58' 32.0"E |
| L201 | 649.67 | Noo 58' 32.0"E |
| L202 | 1319.52 | N89° 41' 01.4"Y |
| L203 | 683.82 | Noo 27' 16.8"E |
| L204 | 659.76 | N89° 39' 15.4"W |
| L205 | 1368.32 | Noo 27' 16.8"E |
| L206 | 2736.64 | Noo 27' 16.8"E |
| L207 | 1978.65 | S89° 42' 48.4"E |
| L208 | 1.79 | S89° 42' 57.0"E |
| L209 | 658.61 | S89° 42' 48.4"E |
| L210 | 115.81 | S89° 14' 42.4"E |
| L211 | 2522.94 | S89° 14' 42.2"E |
| L212 | 176.23 | S88° 58' 30.7"E |
| L213 | 173.52 | S88° 58' 30.0"E |
| L214 | 0.24 | S89° 01' 40.7"E |
| L215 | 797.00 | S88° 48' 58.3"E |
| L216 | 2.21 | Noo 26' 56.7"E |
| L217 | 166.23 | S88° 58' 31.1"E |
| L218 | 1313.20 | S88° 58' 30.6"E |
| L219 | 576.69 | S88° 58' 30.3"E |
| L220 | 736.50 | S88° 58' 30.1"E |
| L221 | 1313.20 | S88° 58' 30.2"E |
| L222 | 1597.80 | S89° 18' 16.0"E |
| L223 | 385.40 | S24° 28' 12.8"W |
| L224 | 124.92 | S18° 03' 39.6"Y |
| L225 | 807.27 | S18° 03' 39.2"Y |
| L227 | 707.75 | S22° 13' 32.3"W |
| L229 | 298.06 | S4S 38' 56.9"E |
| L231 | 625.45 | Noo 38' 08.0"E |
| L232 | 204.70 | N64° 51' 30.7"E |
| L233 | 1082.65 | S02° 36' 29.3"E |
| L234 | 1562.74 | S02° 36' 29.2"E |
| L235 | 1435.63 | S89° 16' 23.8"E |
| L236 | 173.51 | S89° 16' 23.7"E |
| L237 | 219.25 | S89° 16' 24.0"E |
| L238 | 139.62 | S89° 16' 23.7"E |
| L239 | 48.39 | S16° 36' 17.4"E |
| L240 | 306.69 | N88° 20' 36.0"E |

| Line Table | | |
|------------|--------|-----------------|
| Line | H | Direction |
| L241 | 34.92 | N15° 48' 34.8"W |
| L242 | 246.50 | S89° 16' 27.2"E |

1
 9_19_2023
 of a f coBvuction
 10' to pe 0sif o. #. 1.0c+ loC
 r,01s8", P.: ts/c.9g/0ers
 caal..hcn

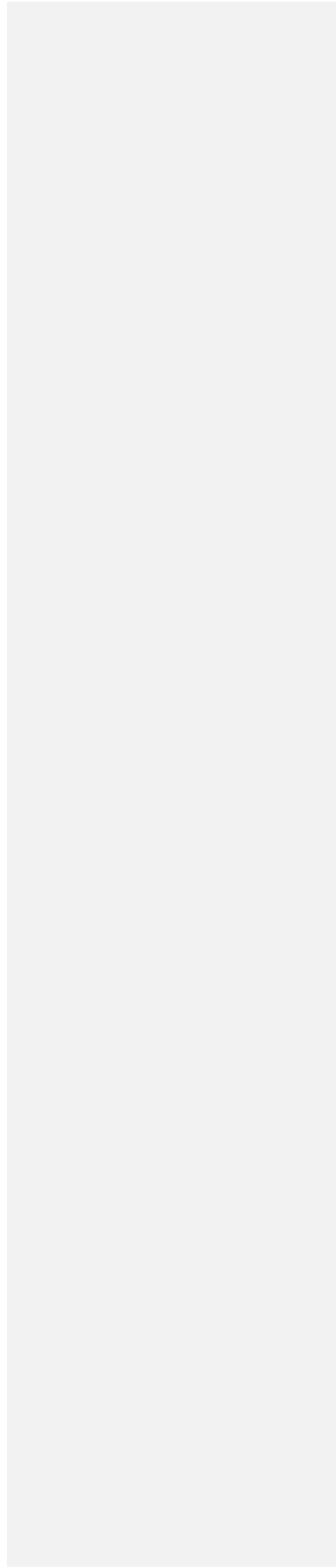
NOTE:
 MONUMENTS AND LOT PINS WERE NOT SURVEYED.
 ALL BEARINGS AND DISTANCES FOLLOW PARCEL
 BOUNDARIES AS AVAILABLE FROM THE COUNTY.



HIGHLANDS WATER COMPANY – FUTURE SERVICE AREA TABLES

Highlands PSC Request – Attachment 3A

Future Service Area Map



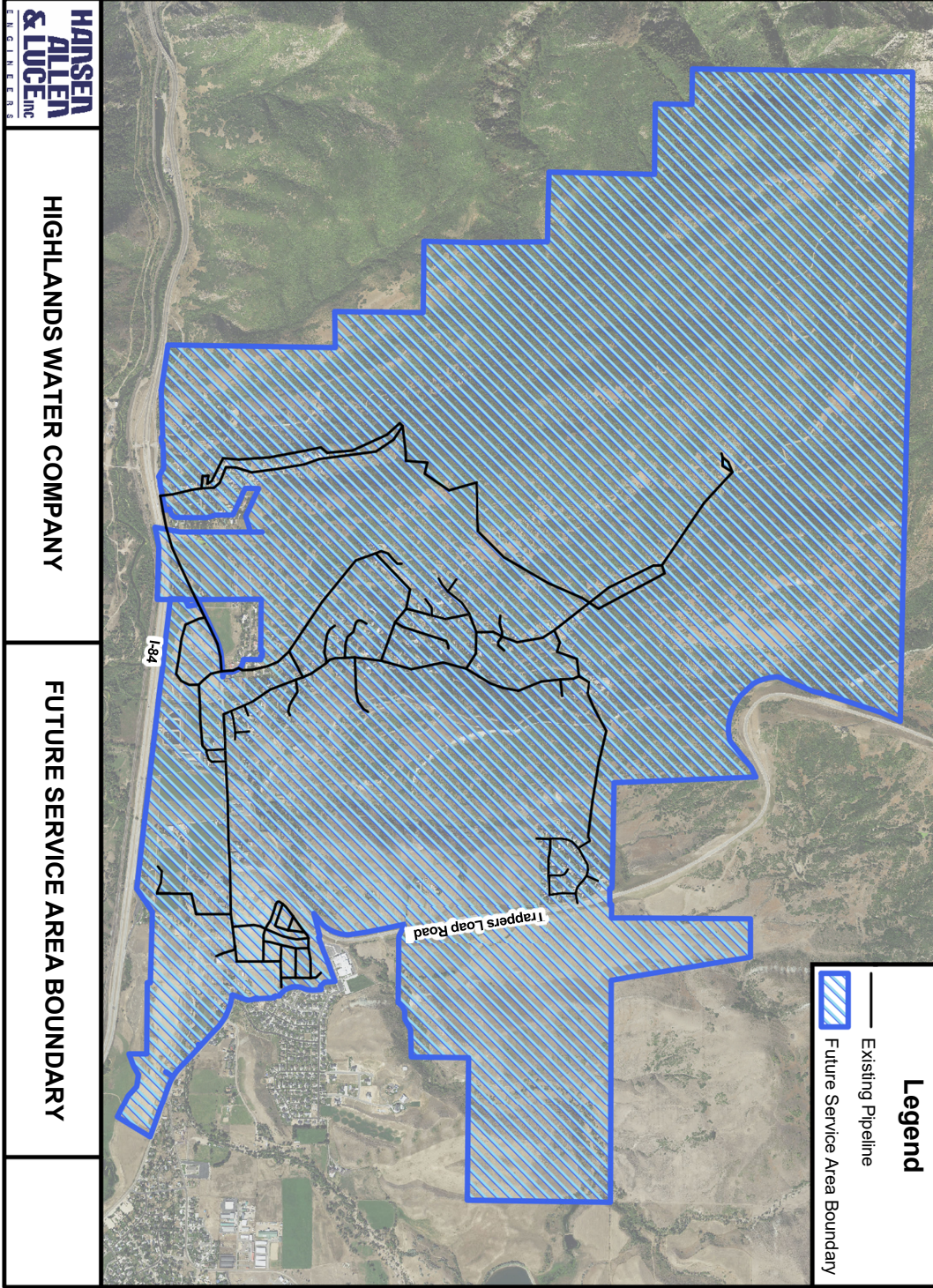
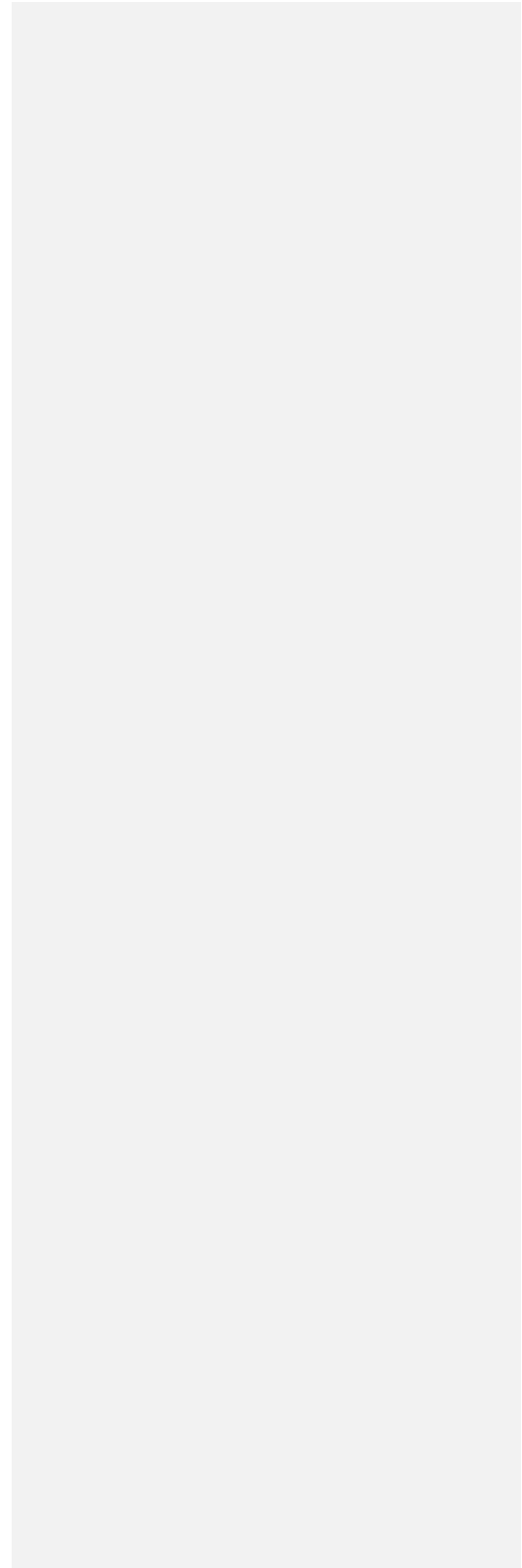
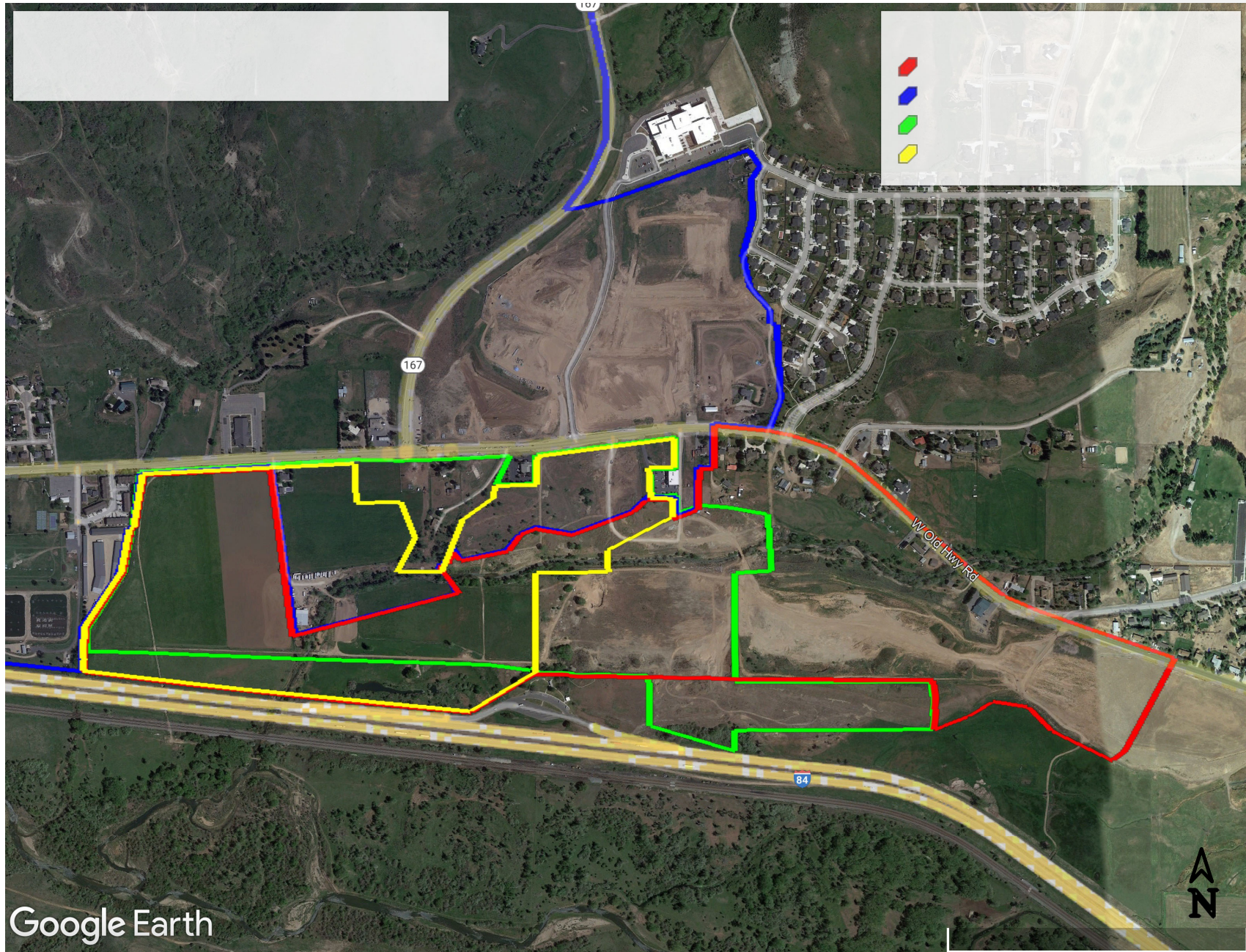


EXHIBIT B

MGMWC & Highland Service Area Map

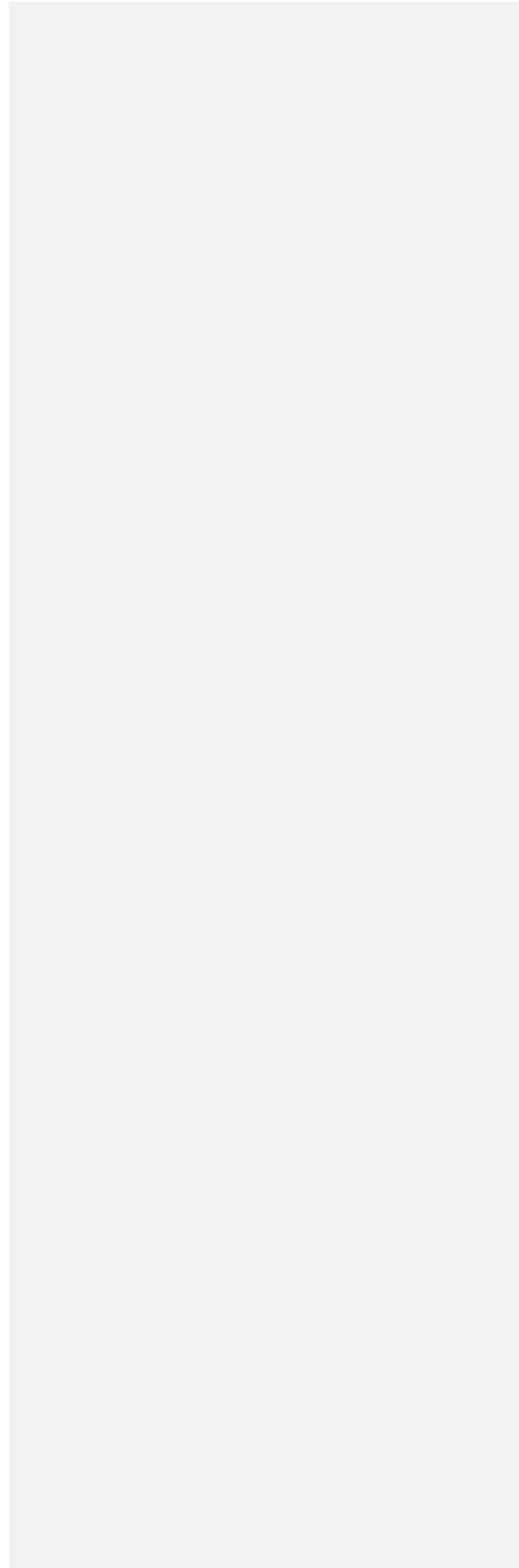




Google Earth



EXHIBIT C
MGMWC PSC Exemption Application



**PARR BROWN
GEE & LOVELESS**
ATTORNEYS AT LAW

KASSIDY J. WALLIN
Attorney at Law
kwallin@parrbrown.com

November 1, 2023

Utah Public Service Commission
160 East 300 South
Salt Lake City, UT 84111

Via E-mail (psc@utah.gov)

Re: *Application for Exemption for Mountain Green Mutual Water Company*

Honorable Commissioners:

This law firm represents Mountain Green Mutual Water Company (“MGMWC”) with respect to its planned water system that will provide water to the service area identified in the Application for Public Service Commission Regulation or Exemption attached hereto as **Exhibit A** (the “**Application**”).

Also attached are the items required under Section A of the Application, each of which is bookmarked in the electronic file for your convenience. Attachment #1 includes the MGMWC status report from the Division of Corporations, as well as the MGMWC Articles of Incorporation. Attachment #2 includes the New Public Drinking Water System Application that has been filed with the Division of Drinking Water. Attachment #3 includes two maps; one (Map #1) showing the MGMWC service area in relation to the neighboring service areas, and one (Map #2) showing the MGMWC system and applicable subdivision. Attachment #4 explains that MGMWC currently has no active customers to whom it provides water, and that MGMWC is being established to provide water to future customers within MGMWC’s proposed service area.

Based on Application, including the items submitted pursuant to Section A of the Application, MGMWC respectfully requests that the PSC issue a Letter of Exemption to MGMWC. Please don’t hesitate to contact me with any further questions on this matter.

Sincerely,

PARR BROWN GEE & LOVELESS

By:



Kassidy J. Wallin

Enclosures: Exhibit A – Application for Public Service Commission Regulation or Exemption

cc: Mountain Green Mutual Water Company
Patricia Schmid, Counsel for Division of Public Utilities (pschmid@agutah.gov)

Last revised: Apr 12, 2021

Application for Public Service Commission Regulation or Exemption Water and Wastewater Companies

Enclosed is an application designed by the Division of Public Utilities (DPU) intended to assist an applicant in determining if a water system qualifies as a public utility. Public utilities are subject to regulation by the Utah Public Service Commission (PSC or Commission).

In the regulation of water companies, the PSC can issue one of two different designations. The first is a Certificate of Public Convenience and Necessity (CPCN). A CPCN is required for any public utility providing service to the public generally. The Public Service Commission regulates companies with this designation. The second designation is a Letter of Exemption (LOE). An LOE is provided to companies providing water service that is limited to its members only and is not delivered to the public. If the company serves only its members, it is not serving the public generally. It is irrelevant how a member acquires their member status as long as a member's rights and duties are different than those of nonmembers.

Legal name of applicant (company name): Mountain Green Mutual Water Company



Questionnaire

Please fill out the following questionnaire to assist you in determining if you are subject to PSC regulation. *(Please check only one for each question.)*

Q1. Is this company providing water to anyone other than the owner (two houses or more)?:

Yes

If "**Yes**," then please continue to **Question Q2**.

No

If "**No**," then this company or water distribution system is not subject to PSC regulation. You are not required to register with the PSC at this time. If your circumstances change, you may be required to register with the PSC at a later time.

Q2. Is the company serving its members only and not to the public generally?

Yes

If "**Yes**," then this company appears to meet the criteria to be exempt from PSC regulation. Please complete and provide the information requested in **Sections A, C, and D**.

No

If "**No**," then this company meets the criteria requiring it to be regulated by the PSC. Please complete and provide the information requested in all the sections (**Sections A, B, C, and D**).

Legal name of applicant (company name): Mountain Green Mutual Water Company

Please Note: The information requested in the following sections covers the basic items of interest to the Division of Public Utilities. The list does not necessarily include all things the Public Service Commission and the Division of Public Utilities need to review in the application procedure. Additional details may be requested as the Division and Commission become more familiar with the applicant's particular circumstances.



The following items are required with this application for ALL applicants, both regulated and exempt.

The following documentation **MUST** be provided to be considered complete. Incomplete applications will **NOT** be considered.

- Please provide copies of internal governing documents detailing water usage and any restrictions, e.g., by-laws, operating agreements, or other applicable internal operating documents. *(Attachment required)*
- Please provide documentation of the review and approval of the water system by the Division of Drinking Water. If approval of the water system is pending, please provide documentation indicating its status and contact information of who you are working with at the Division of Drinking Water. *(Attachment required)*
- Please provide maps (8 1/2" x 11") showing the location of the proposed water system relative to nearby towns and highways and the proposed platted subdivision. This map must also show the names and service area of any water utilities that are providing or proposing to provide similar service near or in any part covered by this applicant. *(Attachment required)*
- If this is an existing or operating water company, whether regulated or unregulated, please provide evidence showing that the company notified its customers that it is seeking an exemption from regulation by the Public Service Commission of Utah. *(Attachment required)*
- I certify that this proposed water utility will not conflict with or adversely affect the operations of any existing certified public utility which supplies the same product or service to the public and that it will not constitute an extension into the territory of an existing public utility.

Initial Here:  RG

Section B inapplicable, as MGMWC is NOT seeking to operate as a regulated public utility.

Legal name of applicant (company name): Mountain Green Mutual Water Company

Section B **Additional financial items to be included with this application for applicants applying for authority to operate as a regulated public utility.**

The following documentation **MUST** be provided to be considered complete. Incomplete applications will **NOT** be considered.

1 **Proposed TARIFF**
Proposed tariff should include proposed rates and service rules and regulations. Applicant's tariff must comply with the format, construction, and elements as set forth in Utah Administrative Rule: [R746-405](#) < Click on link > (Attachment required)

2 **Rates:**
For item 2, please select one of the following regarding rates and provide the information requested:

Proposed rates will cover the entire cost of service
Please provide calculations to show that the proposed rates are based upon actual cost of service. (Attachment required)

OR

Developer agrees to subsidize costs
If the proposed rates are less than the full cost of service, then the developer agrees to subsidize the water utility expenses until such time that the utility is self-sustaining through its customers' rates. (Attachment required)

3 **Balance Sheet**
In addition to providing a balance sheet for the water company, if the water company is to be, or was, constructed by a developer please provide a personal balance sheet for the developer to ensure that funds are available for the operations of the water company. (Attachment required)

Income Statement
Please provide an historical income statement if the water company is already operating, or a projected income statement if not yet operating. (Attachment required)

Legal name of applicant (company name): Mountain Green Mutual Water Company



APPLICATION

(Must be completed by ALL applicants, both regulated and exempt.)

The following information **MUST** be provided with this application to be considered complete. Incomplete applications will **NOT** be considered.

1. Legal name of applicant (company name): Mountain Green Mutual Water Company

2. Principal office address, phone number, and email address:

Address: 201 S Main St. Suite 2015

Address: _____

City: Salt Lake City State: UT ZIP: 84111

Phone No.: (801) 456-1280 Email address: rulon@rcgardner.com

3. Name of the state in which the applicant is incorporated and date of incorporation

Name of State: UT Date of Incorporation: 05/18/2023

If not incorporated, describe the type of organization (partnership, LLC, etc.) and state in which it is organized.

Not applicable. Organization is incorporated in Utah.

4. The officers and directors (or partners) of the applicant are as follows:

| Name | Title | Phone # | Email |
|------------------|----------|----------------|------------------------|
| Rulon C. Gardner | Director | (801) 456-1280 | rulon@rcgardner.com |
| Duane D. Johnson | Director | (801) 456-1280 | soderbyllc@outlook.com |
| Wayne Johnson | Director | (801) 456-1280 | soderbyllc@outlook.com |
| | | | |

Legal name of applicant (company name): Mountain Green Mutual Water Company

5. The type of service (water, sewer, or both) which applicant proposes to render is:
(Please check the services that apply.)

Water Only Sewer Only Both Water and Sewer

6. If the applicant is conducting operations at present, please enter the date applicant commenced rendering such service: _____

7. How Many Connections will the company serve and type (residential/commercial)?

Residential Customers: 533

Commercial Customers: _____

Total Number of Customers: 533

8. Please provide any other information not listed above that you consider relevant to this application.

See attached Explanatory.



Applicant Must Sign and Date below:

I certify that to the best of my knowledge the above information is true, accurate and complete. I am in compliance with and agree to comply with all regulations and requirements of all State and local government agencies.

Legal name of applicant (company name): Mountain Green Mutual Water Company



Rulon Gardner

(This serves as my electronic signature)

Director

Title

10/27/2023

Date

If you have any questions regarding the information, the Division is requesting, please feel free to contact us at (800) 874-0904 or (801) 530-7622.



PSC Filing Requirements

Please submit the application and required documentation via email with the Public Service Commission (PSC) to psc@utah.gov.

Additional filing options and for confidential information, further details may be found online at the following site:

<https://psc.utah.gov/psc-filing-requirements/>

If you have any questions regarding the PSC Filing Requirements, please contact the PSC at 801 530-6716

Please Note:

A complete application includes all pages of the application (you may omit the first page that contains the laws and rules), all requested documentation, and an original signature on the signature page.

Electronic copies should include all files in their native formats. For example, all spreadsheets should be in their original EXCEL format, and documents should be in their original WORD format. Files formatted as Adobe PDF are acceptable to use for documents that must be copied or scanned from an original source.

(A \$100.00 filing fee must accompany this application. If applying for an EXEMPTION, the \$100 fee is waived.)

Below is a list of governing rules and definitions that will help provide guidance in filing an application with the Public Service Commission. Please note that this is not a complete list of applicable rules and definitions that a company may need when applying for a CPCN or LOE.

Utah Code: [54-2-1](#) [< Click on link >](#)

Definitions (22) (a) "Public Utility includes ... water corporations [and] sewerage corporations ... where the service is performed for, or the commodity delivered to, the public generally..."

Utah Code: [54-2-1](#) [< Click on link >](#)

Definitions (38) "Water corporation"
Definitions (39) (a) and (b) "Water system"

Utah Administrative Rule: [R746-330](#) [< Click on link >](#)

Rules for Water and Sewer Utilities Operating in Utah.

Utah Administrative Rule: [R746-332](#) [< Click on link >](#)

Depreciation Rates for Water Utilities.

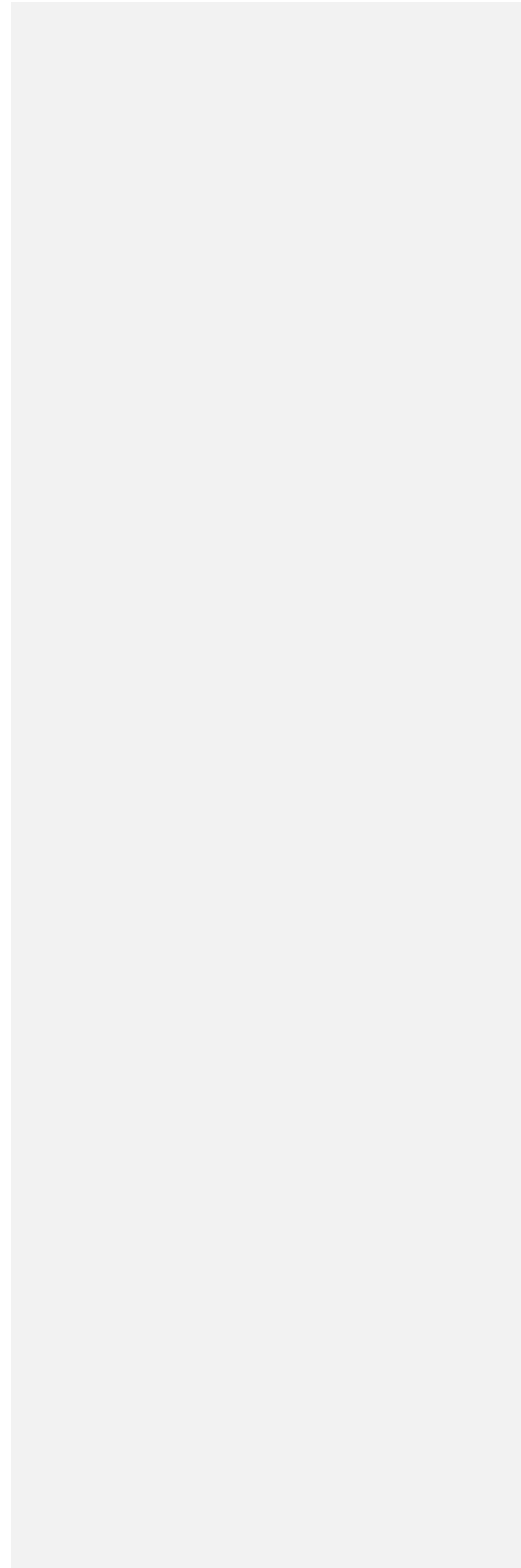
Utah Administrative Rule: [R746-405](#) [< Click on link >](#)

R746-405-1. Filing of Tariffs. General Provisions.
R746-405-2. Filing of Tariffs. Format and Construction of Tariffs.

EXPLANATORY
to Mountain Green Mutual Water Company's
Application for Public Service Commission Exemption

The Development Agreement governing the Mountain Green Village Project, where MGMWC will provide water to future customers, provides a limit of 533 residential connections. It also contemplates commercial and hotel use within the service area, but does not quantify the total number of commercial or hotel connections. In addition, there are properties within the proposed MGMWC service area which are not subject to the Development Agreement that will require additional connections. In certifying that this application will not conflict with or adversely affect an existing certified public utility, MGMWC is relying on an April 2021 Settlement and Mutual Release Agreement between, among others, Highlands Water Company Inc. and MGMWC shareholder Soderby LLC.

EXHIBIT D
MGMWC Articles of Incorporation



J::XPEDIT

State: 05119120...
Receipt Number: 1004374-9
Amount Paid: \$12900

REC_EFVED

MAY 19 2023

**ARTICLES OF INCORPORATION
OF
MOUNTAIN GREEN MUTUAL WATER COMPANY** *Utah Corp. & Comm. Code*

The undersigned do, for the purpose of organizing a nonprofit mutual water company pursuant to the Utah Revised Nonprofit Corporation Act (Utah Code §§ 16-6a-101, et. seq.) (the "Act"), hereby adopt the following Articles of Incorporation this 18th day of May, 2023.

ARTICLE I - CORPORATE NAME

The name of this Company is the **Mountain Green Mutual Water Company** (the "Company").

ARTICLE II - PERIOD OF DURATION

The Company commenced when these Articles of Incorporation are filed by the Utah Division of Corporations and Commercial Code. The period of duration for this Company is perpetual, unless sooner terminated in the manner provided by law.

ARTICLE III - POWERS AND PURPOSES

The purpose of the Company is to engage in and pursue any legal and lawful business purpose, purposes, act, acts, activity, or activities for which nonprofit mutual companies may be organized under the Act. In furtherance of and in no way in limitation of the powers now or hereinafter conferred upon non-profit corporations by the laws of the State of Utah, the nature of business of the Company, and the objects, purposes and powers to be transacted, promoted, exercised or carried on by it are as follows:

A. To own or lease water rights for domestic, culinary, and municipal purposes allowed under the laws of the State of Utah, and to store and distribute this water on a non-profit basis only to the members of the Company.

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MAY 19 '23 AM 11:02

B. To acquire and maintain water rights and sources of water supply by purchase, lease, contract, appropriation, change application or otherwise.

C. To acquire, hold, and sell real and personal property useful to the carrying on of the corporate business.

D. To own water diversion, transportation, distribution, measurement and storage facilities useful to the distribution of the water supply held by the Company.

E. To solicit and receive contributions, to purchase, own, and sell real and personal property, to make contracts, to invest corporate funds, to spend corporate funds for corporate purposes, and to engage in any activity in furtherance of, incidental to, or connected with any of the other purposes.

F. To convey its assets as security for loans and make and perform contracts of any kind and description, including, without limitation, contracts with the State of Utah or the United States of America, or any agency, department or political subdivision thereof, for the purpose of borrowing money, acquiring water and water rights, and for the use, joint development of and/or the construction, development, repair, improvement, modification, repair, and replacement of all springs, wells, reservoirs and other water sources, as well as all other water diversion, transportation, distribution, measurement and storage facilities.

G. To charge fees for water service and make assessments, in accordance with Article VIII of these Articles of Incorporation and Utah Code §§ 16-4-201, et seq., against its membership shares ("Shares") and members, as determined by the board of directors, for the purpose of raising funds to accomplish any of the other purposes or powers, or to pay its debts or obligations, to publish notice of delinquency for nonpayment of assessments, and to sell at public auction, after adequate notice, the Shares that remain delinquent.

H. To engage in any and all other lawful purposes, activities and pursuits, which are substantially similar to the foregoing and which are or may hereafter be authorized by Section 501(c)(12) of the Internal Revenue Code and consistent with those powers described in the Utah Revised Nonprofit Corporation Act, as amended and supplemented.

I. To do any and all acts and things, and to exercise any and all other powers which a natural person could do or exercise, and which are not, now nor hereafter prohibited by law, in carrying on its business, or for the purpose of attaining or furthering its objectives.

J. With respect to such purposes:

(1) no part of the net earnings of the Company shall inure to the benefit of, or be distributed to; its directors, officers, members, or other private persons, except that the Company shall be authorized and empowered to pay reasonable and customary compensation for services rendered to the Company and to make payments and distributions in furtherance of the purposes set forth herein;

(2) no substantial part of the activities of the Company shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Company shall not participate in, or intervene in (including publishing or distribution of statements) any political campaign on behalf of any candidate for public office, except as authorized under the Internal Revenue Code of 1954, as amended; and

(3) the Company shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c) of the Internal Revenue Code of 1954, as amended (or the corresponding provision of any future United States Internal Revenue Code).

ARTICLE IV - MEMBERS

The Company shall issue shares of the capital stock of the Company as evidencing membership therein and the members may be referred to as shareholders. This Company shall have one or more classes of members, which are the shareholders in the Company. The liability of the members shall be limited as provided in Article XV of these Articles of Incorporation and Utah Code § 16-6a-115.

ARTICLE V - MEMBERSHIP SHARES

Ownership in the Company shall be held by the members in accordance with their respective interests. For purposes of ownership, interest in the Company is divided into Shares. The total number of Shares in the Company is flexible and may change according to the capacity of the Company's water systems as more specifically set forth below. The total number of Shares, however, shall not exceed 12,000. Shares in the Company are divided into the following three (3) classes with the respective maximum numbers of Shares in parentheses: (1) Class A (Connection) Shares (3,000); (2) Class B (Organizer) Shares (6,000), and (3) Class C (Development) Shares (3,000). Subclasses within each class may be created for purpose of administering the non-pro rata assessments authorized under Utah Code § 16-4-203 and as may be required to meet certain membership costs not fairly attributable to all.

Up to Six Thousand (6,000) Shares may be issued at the ratio of 0.45 acre-feet per year per share as Class A or C Shares in accordance with the requirements for the issuance of such Shares as specified in these Articles. The maximum number of Shares may be increased or decreased, and additional classes may be added in a manner provided by law. In addition, inasmuch as the Company may, at some future date, be converted into a governmental entity, all Shares issued by the Company may be cancelled and recalled for no consideration upon

resolution of the Board of Directors so long as Class A members are assured of continued water service by the resulting governmental entity, and so long as Class C members receive a credit from the governmental entity towards any impact fee, water dedication requirement, or other requirement in an amount equal to the Class C member's contributions to the Company, to the satisfaction of the Class C member, acting reasonably. The number, preferences, limitations and relative rights of the Shares of each class are:

1. Class A (Connection) Shares:

Each Class A (Connection) Share shall be entitled to receive up to 0.45 acre-feet of water to the subject connection for culinary water use. Each Class A (Connection) shareholder must execute a membership and water service agreement prepared by the Company and duly approved by resolution of the Board of Directors. The Board may approve conversion of Class C (Development) Shares to Class A (Connection) shares. The Board may require that the Company receives adequate compensation in the form of money, water rights, facilities, land, easements, personal property or such combination of the above to assure that the Company is able to provide culinary water service to the Class A members who will hold such Shares. Any compensation received must be used for purposes of paying for past, present, or future expansions of the culinary water system unless the Board of Directors approves an alternative use for such funds. The decision by the Board of Directors as to conversion of Class C (Development) Shares and issuance of Class A (Connection) Shares shall be final. Class A (Connection) Shares may only be issued at the ratio of one Share per 0.45 acre-feet of water per year in the culinary water system (i.e., there can be no more than 100 Class A Shares per each 45 acre-feet of water rights committed to the culinary water system), and there may not be more than one Class A (Connection) Share issued per single family residential connection or

equivalent residential connection as reasonably determined by the Company. No Class A (Connection) Share may be issued unless the Company owns all facilities, works, and rights necessary to serve the property designated on the Share with water meeting culinary standards. In conformance with this requirement, however, a Class A (Connection) Share may be issued at any time after (1) the Company has capacity to serve the relevant lot with water meeting culinary standards, and (2) a water main is installed in the street adjacent to that lot. Prior to a Class A member's receiving water service, the Board of Directors may assess a standby fee in lieu of the assessments or rates charged to other holders of Class A (Connection) Shares. The Company shall not issue Class A (Connection) Shares on a fractional basis. Prior to a Class A member's receiving water service, the Company may, in its discretion, enter into a lease or similar agreement with the Class A member, on terms and conditions approved by the Board of Directors, for any well(s) and/or tank(s) owned by the Class A member (the "Leased Facilities") if such lease or similar agreement is not detrimental to the Company; provided; however, that (A) such Class A member must dedicate to the Company, as a condition of entering into such lease or similar agreement, all other facilities, works, and rights necessary to serve the property designated on the Share with water meeting culinary standards, (B) any such lease of Leased Facilities shall provide for transfer of such Leased Facilities to the Company free and clear of all liens and encumbrances within five (5) years after the initial issue date of the shares, and (C) any such membership shares issued based on such a lease shall be restricted and subject to cancellation if the Leased Facilities are not timely transferred to the Company.

Class A (Connection) Shares shall represent an actual proportionate ownership interest in the water rights and facilities committed to this class of Shares and no interest whatsoever in the water rights, diversion facilities, water distribution works or storage facilities under the B

and C Classes of Shares. Holders of Class A (Connection) Shares shall have one vote per Share in accordance with the provisions of these Articles and the duly adopted Bylaws, and as specifically limited by Article VII below. Class A (Connection) Shares shall be fully assessable in such manner as may be authorized by law and as is specifically provided for in Utah Code Title 16, Chapter 4.

2. Class B (Organizer) Shares:

The undersigned incorporator of Mountain Green Mutual Water Company shall receive six thousand (6,000) Class B (Organizer) Shares in this Company. Class B (Organizer) Shares shall be non-assessable. Holders of Class B (Organizer) Shares shall have one vote per Share in accordance with the provisions of these Articles and the duly adopted Bylaws, and as specifically provided in Article VII below. Class B (Organizer) Shares shall represent an actual and proportionate ownership in the water rights, facilities, and all other assets of the Company.

3. Class C (Development) Shares:

Class C (Development) Shares may be issued upon transfer to the Company of a source site, a storage site, and approved water rights sufficient to increase the Company's capacity by a minimum of 0.45 acre-feet of water per year. The Company may, in its discretion, enter into a lease or similar agreement with a proposed Class C (Development) member, on terms and conditions approved by the Board of Directors, for any well(s) and/or tank(s) owned by the proposed Class C member (the "Leased Facilities") if such lease or similar agreement is not detrimental to the Company; provided, however, that (A) any such lease of Leased Facilities shall provide for transfer of such Leased Facilities to the Company free and clear of all liens and encumbrances within five (5) years after the initial issue date of the shares, and (B) any such membership shares issued based on such a lease shall be restricted and subject to cancellation if

the Leased Facilities are not timely transferred to the Company. A Class C (Development) Share may be converted into a Class A (Connection) Share as provided in these Articles and in the duly adopted Bylaws of the Company. To ensure continual beneficial use of all water rights held by the Company, prior to conversion into a Class A Share, the water rights associated with a Class D (Development) Share may be used by the holder of such Share for irrigation purposes on an irrigation, storage and distribution system not necessarily owned or otherwise controlled by the Company.

Class C (Development) Shares shall be non-assessable, with the exception of (1) those holding costs incurred to maintain the contributed water right in good standing or such other needed or requested work, and (2) any special assessments or contract charges associated with the water rights or infrastructure contributed or leased to the Company (e.g., canal and irrigation ditch company assessments and Weber Basin Water Conservancy District contract charges). Class C (Development) Shares shall represent an actual and proportionate ownership in the water rights or facilities committed to this class of Shares and no interest whatsoever in the water rights, diversion facilities, water distribution works or storage facilities committed to the A and B Classes of Shares. Class C (Development) Shares shall not entitle the holder thereof to water delivery. Class C (Development) Shares must be surrendered and converted into Class A Shares to obtain water delivery and to obtain an interest in the Company's culinary water distribution works. Class C (Development) Shares shall be non-voting.

ARTICLE VI - SHARES APPURTENANT TO LAND

Class A (Connection) Shares shall be deemed to be appurtenant to the land described on the membership certificate at such time and in the manner specifically provided for in the Bylaws or rules and regulations. Once Shares become appurtenant to the land, the owner

thereof shall not be entitled to separately convey or transfer ownership of its Shares off the land without the express written approval of the Board of Directors of the Company.

ARTICLE VII - VOTING RIGHTS

The Company's members, with the exception of Class C (Development) members, are entitled to cast one vote for each Share. Class A (Connection) and Class B (Organizer) members are entitled to vote in all decisions committed to the members, including the election of the members of the Board of Directors; elections pertaining to the sale, transfer, or other conveyance of the assets of the Company and the operation of the Company's water system to any other entity; and such other matters as the Board of Directors deems appropriate to place before the members. In elections concerning the sale, transfer, or other conveyance of the assets of the Company and the operation of the Company's water system to any other entity, the majority vote of all voting Shares is required in order to take action on the matter being voted upon. In all other matters, only a majority vote of the Shares present or represented by proxy at a meeting of the members is required in order to take action on the matter being voted upon, unless otherwise provided for herein or in the duly adopted Bylaws of the Company.

ARTICLE VIII - SHARE ASSESSMENTS & WATER SERVICE FEES

All Shares which are assessable under these Articles shall be fully assessable for the purpose of paying their proportionate share of all lawful obligations of the Company, including, without limitation, operating, maintaining, developing, and managing the facilities used to divert and convey water from any water source within the Company to water storage facilities, or to the place of use, and for the operation, maintenance, development, and management of facilities utilized to divert, store and distribute water, and to pay their proportionate share of the general administrative expenses incurred in the operation of the Company. Subject to exceptions

detailed below, assessments shall be levied proportionally within specific classes of Shares. For example, holders of Class A (Connection) Shares shall be assessable for all the costs associated with the culinary system. Holders of Class A (Connection) Shares shall not bear any costs incident to an expansion of the Company's water distribution systems except to the extent that such expansion is calculated to benefit the then-existing members. Assessments shall be levied and provisions made for the collection of all delinquent assessments as provided in Rules and/or Regulations as may be adopted in accordance with state law by the Company from time to time.

The amount assessed per Share shall be equal and pro-rata within each class of Shares, except that special assessments may be levied on an equitable but unequal basis, at the discretion of the Board, in situations where expenditures are made or are necessary for purposes that are of benefit to only a part of the members, or where existing or future contracts with the United States, the State of Utah, or any other lending institutions or agencies, or the laws or regulations of such institutions or agencies or other contracting parties, now or hereafter, require unequal assessments, or where unequal assessments are required or permitted by the terms or conditions of any contract between the Company and any of its members.

In addition to or, in lieu of share assessments, the members of the Company may be charged water service fees. Such water service fees may be charged on a monthly basis or any other increment authorized by the Board of Directors. The water service fees or water rates may be based on the quantity of water used by a particular member. As set forth in Article X below, Culinary water rates and Class A share assessments shall be set by the Board.

ARTICLE IX-ALLOCATION OF COSTS OF EXPANSION

Revenue from rates for culinary water, and assessments on Class A (Connection) Shares may not be used to fund expansion of the Company to serve additional lots. All costs

attributable to the expansion of a water system to serve new connections shall be paid by Class C (Development) members.

ARTICLE X - BOARD OF DIRECTORS

This Company shall be governed by a Board of Directors. The Board of Directors shall consist of between three and seven directors. Each director shall be a member or representative of a member of the Company holding at least one Share in the Company. No more than one board member may serve concurrently for each parcel to which a share or shares are appurtenant under Article VI. The normal term of a directorship is three years. The Board of Directors shall elect a President, Vice-President, Secretary, and Treasurer as more fully set forth in the Bylaws of the Company. The directors as of the date of these Amended and Restated Articles are as follows:

Rulon C. Gardner
201 S MAIN ST STE 2015
Salt Lake City, UT 84111

Duane D. Johnson
201 S MAIN ST STE 2015
Salt Lake City, UT 84111

Wayne Johnson
201 S MAIN ST STE 2015
Salt Lake City, UT 84111

Pursuant to Utah Code § 16-6a-80 I, the Board of Directors may authorize persons other than the Board of Directors to have the authority and perform a duty of the Board of Directors and the directors shall be relieved to that extent from such duty. The rates for culinary water service and assessments set by the Board must be at least sufficient to pay for the operation, maintenance, reasonably necessary improvements or expansions, and management of the culinary water system.

ARTICLE XI - QUORUM & TIE BREAKING PROCEDURE

A majority of the members of the Board of Directors of the Company shall be necessary to form or constitute a quorum to transact the business and exercise the corporate power of the Company and every decision of a majority of the quorum so formed shall be valid as a corporate act. If the Board of Directors, in voting on a Board resolution, has an equal number of votes in support and in opposition to the resolution, the Board may pursue the following procedure to cure the tie: First, the members of the Board who support the resolution shall select an independent person versed in the operation of water companies ("Representative One"). Second, the members of the Board who oppose the resolution shall select an independent person versed in the operation of water companies ("Representative Two"). Third, Representative One and Representative Two shall jointly select some other independent person versed in the operation of water companies ("Independent"). Finally, the Independent, upon being fully informed as to the resolution at a duly called Board meeting, shall cast the deciding vote on the disputed resolution.

ARTICLE XII - INCORPORATORS

The name and mailing address of the incorporator of this Company are:

Name

Address

Rulon C. Gardner

201 S MAIN ST STE 2015 Salt Lake City, UT 84111

ARTICLE XIII - CURRENT REGISTERED AGENT

The name of the initial registered agent of the Company is **Rulon C. Gardner**.

ARTICLE XIV - CURRENT REGISTERED OFFICE

The location of the initial registered principal office of the Company is:

201 S MAIN ST STE 2015 Salt Lake City, UT 84111

ARTICLE XV - OFFICERS, DIRECTORS, AND MEMBERS NOT LIABLE

Officers, directors and members are not liable under a judgment, decree, or order of a court, or in any other manner, for a debt, obligation or liability of the company, and the private property of a director, officer or member of the Company shall not be subject to a debt or obligation of the Company.

ARTICLE XVI - BYLAWS

The Board of Directors shall adopt, by a two-thirds vote, appropriate bylaws, rules and regulations and any amendments thereto that may be necessary for the proper governance of this Company. Bylaws and amendments thereto so approved need not be confirmed by the members.

ARTICLE XVII - DISSOLUTION

In the event of dissolution, after paying or providing for the payment of all debts of the Company, funds and gains from sale of appreciated assets will be paid to all persons who were members during the period the assets were owned by the company in proportion to the amount of business done during that period, and any remaining asset or value of the Company shall be distributed pro rata to the members of the Company. This Article XVII shall not apply in the event of a conversion of the Company into a governmental entity, under which conversion, all assets will become the property of such governmental entity.

ARTICLE XVIII - OWNERSHIP OF WATER SYSTEM

The Company shall hold title for and on behalf of its members to all land, reservoirs, storage tanks, wells, pumps, pumphouses, pressure reduction valves, treatment plants, main distribution lines, delivery and service lateral lines and connections from the water mains to the curb stop of each individual member-water user, including the meter, outside readout, curb-stop valve box and shut-off valve, and any other facilities constituting the water system. Each

