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*Attorneys for Mountain Green Mutual Water Company*

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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<p>HIGHLANDS WATER COMPANY INC.,</p> <p>Petitioner,</p> <p>v.</p> <p>MOUNTAIN GREEN MUTUAL WATER COMPANY,</p> <p>Applicant.</p>	<p><b>Opposition to Highlands Water Company, Inc.’s Petition to Intervene in Application of Mountain Green Mutual Water Company for Exemption</b></p> <p>[Hearing Requested]</p> <p>Docket No. 23-2643-01</p>
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Mountain Green Mutual Water Company (“MGMWC”) submits the following Opposition to Highlands Water Company, Inc.’s (“Highlands”) petition for leave to intervene (the “Petition”).<sup>1</sup> MGMWC requests that the Public Service Commission of Utah (“Commission”) deny Highlands’ petition because it fails to satisfy the requirements for intervention under Utah

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<sup>1</sup> The Public Service Commission entered Highlands’ December 28, 2023 submission on Docket 23-2643-01 as “Highlands Water Company, Inc.’s Petition for Leave to Intervene.” For the record, MGMWC objects to the Commission’s consideration of Highlands’ submission as a petition for leave to intervene. In its cover email to the document entered on the docket, Highlands states that its submission is not a petition for intervention, but is instead being “submit[ted] . . . as an opposition statement.” Indeed, Highlands expressly stated that it “do[esn’t] really want to be an intervenor.” MGMWC requests that the Commission correct the docket in this matter to treat the December 28, 2023 entry as a comment, rather than a petition for intervention, and accordingly consider this Opposition memorandum as a timely filed reply to Highlands’ comment.

Code § 63G-4-207,<sup>2</sup> as applied to Commission proceedings pursuant to Utah Administrative Code R746-1-108(1). Specifically, Highlands has no legal interest in the exemption proceeding that warrants intervention, and the interests of justice and the orderly and prompt conduct of the adjudicative proceedings will be materially impaired by allowing the intervention. The Petition should be denied and MGMWC’s application for exemption, which was favorably recommended by the Utah Division of Public Utilities (DPU), should be granted.

### **BACKGROUND**

On November 1, 2023, MGMWC filed a request for exemption with the Commission based on its status as a mutual water company that serves water to only its member owners. [See MGMWC Application for Public Service Commission Regulation or Exemption, attached without exhibits as **Exhibit A.**] The Commission issued an action request on November 2, 2023, for DPU to review the application and make recommendations by December 1, 2023. The Commission also established a comment period on the application ending December 13, 2023, with reply comments due on or before December 28, 2023.

DPU submitted its Action Request Response as a “comment” on December 13, 2023, recommending that the Commission approve MGWMC’s application for exemption because “Mountain Green qualifies for an exemption because it proposes to serve only its members.” [See DPU Action Request Response, 1–3.]

On the final day of the reply comment period, December 28, 2023, Highlands submitted its first comment on Docket 23-2643-01. In Highlands’ cover email to the comment document,

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<sup>2</sup> Section 207(2) of the Utah Administrative Procedures Act permits intervention in a formal adjudicative proceeding if “(a) the petitioner’s legal interests may be substantially affected by the formal adjudicative proceeding; and (b) the interests of justice and the orderly and prompt conduct of the adjudicative proceedings will not be materially impaired by allowing the intervention.”

Highlands’ president Marjalee Smith states that “[t]here is information about this application that I believe should be on record, but I don’t really want to be an intervenor. I submit this document, as an opposition statement.” [Email from Marjalee Smith, President, Highlands Water Company, Inc., to Public Service Commission (Dec. 28, 2023).] The Commission, however, filed Highlands’ comment on the docket as a “Petition for Leave to Intervene.”

MGMWC makes this filing as an opposition to Highlands’ submission whether the latter is treated as a petition to intervene as a party or as an untimely comment on MGMWC’s application.

### ARGUMENT

MGMWC opposes Highlands’ request to intervene on two separate grounds, each of which would be a sufficient independent basis for the Commission to deny the Petition. First, Highlands does not have a legal interest that is relevant to the Commission’s inquiry into whether MGMWC, as a water cooperative serving only its members, should be exempt from regulation as a public utility. There is no genuine dispute that MGMWC satisfies the requirements under Utah law for exemption from Commission regulation. Highlands’ petition makes no allegations to dispute any of the relevant factual considerations under the governing *Bear Hollow Restoration* exemption test. Second, the interests of justice and the orderly and prompt conduct of this adjudicative proceeding will be materially impaired by allowing Highlands’ unnecessary intervention.

**I. MGMWC IS A “TRUE COOPERATIVE” ENTITLED TO EXEMPTION FROM REGULATION UNDER UTAH LAW, AND HIGHLANDS’ ALLEGATIONS OF INTERFERENCE WITH ITS SERVICE AREA ARE IRRELEVANT TO THAT DETERMINATION.**

The Public Service Commission has “no inherent regulatory powers other than those expressly granted or clearly implied by statute.” *Bear Hollow Restoration, LLC, v. Pub. Serv. Comm’n*, 2012 UT 18, ¶ 18, 274 P.3d 956 (cleaned up). Utah Code § 54-4-1 grants the

Commission the authority to regulate only “public utilities,” and MGMWC—a mutual water company that services only its shareholders—is not a “public utility” under the governing test. *See Bear Hollow Restoration*, 2012 UT 18, ¶¶ 21–29. Moreover, Highlands’ allegations of interference with its service area are irrelevant to the exemption inquiry under both the plain language of the statutory provisions governing the Public Service Commission and the prevailing *Bear Hollow Restoration* three prong test for regulatory exemption. Because the Commission does not have the authority to consider the impact of a mutual water company’s operations on a public utility when ruling on an exemption application, Highlands has no legal interest in these proceedings, substantial or otherwise. It follows that Highlands should not be permitted to intervene. Further, because Highlands’ allegations of interference are irrelevant to the Commission’s inquiry, the Commission should disregard Highlands’ submission even if it is construed to be a comment by a non-party.

**A. MGMWC Is a “True Cooperative” Exempt from Regulation under the *Bear Hollow Restoration* Three Prong Test.**

Utah Code § 54-4-1 “vest[s] [the Commission] with power and jurisdiction to supervise and regulate every *public utility* in this state, and to supervise all of the business of every such *public utility* in this state . . . .” (Emphasis added.) A “public utility” is defined to “includ[e] every . . . water corporation . . . where the service is performed for, or the commodity delivered to, the public generally.” *Id.* § 54-2-1(23)(a) (emphasis added). And the definition of a “water corporation” “includes every corporation and person, their lessees, trustees, and receivers, owning, controlling, operating, or managing any water system for *public service* within this state.” *Id.* § 54-2-1(39) (emphasis added). “Thus, the question of the Commission’s jurisdiction over [a water corporation] as a public utility hinges upon whether [the water corporation] provides service to or delivers its water to the public generally.” *Bear Hollow Restoration*, 2012 UT 18, ¶ 18.

Under Utah law, a water corporation “is exempt from [Public Service Commission] regulation because it does not serve the public generally when (1) there is mutuality of ownership among all users that is substituted for the conflicting interests that dominate the owner vendor-non owner vendee relationship, (2) the cooperative serves only its owner-members, and (3) the cooperative has the right to select those who become members.” *Id.* ¶ 21 (cleaned up). Highlands’ petition makes no allegations that are relevant to whether MGMWC is entitled to an exemption from public regulation under the three prong *Bear Hollow Restoration* test. Indeed, Highlands’ legal rights or interests cannot be substantially affected by this proceeding because Highlands’ only claimed effect of intercompany interference is wholly irrelevant to the sole issue before the Commission.

*1. Mutuality of Ownership Among the Owner-Members of MGMWC Eliminates Monopolistic Incentives That Would Warrant Regulation.*

The first prong of the exemption test requires “mutual ownership among all users of a water system because the owner-members have the power to set their own rates and manage their own services,” which “eliminates the policy justifications for regulation” because there are no “monopolistic incentives” to keep in check. *Id.* ¶ 22 (describing how price setting occurs within a water cooperative to foreclose profit-seeking and recognizing that “if consumer-members become dissatisfied with service, they have it in their power to elect other directors and demand certain changes” (cleaned up)). “Shareholders in a cooperative are not required to have the same amount of voting power.” *Id.* ¶ 24. Instead, “shareholders’ interests [must be] proportionally represented” and shareholders must “have a common interest.” *Id.*

Here, there is true mutuality of ownership among MGMWC’s shareholders. Under MGMWC’s Articles of Incorporation, “[o]wnership in the Company shall be held by the members in accordance with their respective [membership shares],” and “[t]he Company’s members . . . are

entitled to cast one vote for each Share.” *Id.* at Article IV–V, VII, attached as **Exhibit B**. Further, MGMWC was formed to pursue the “common interest” of operating a “nonprofit mutual water company.” *Id.* at 1; *see also id.* at Art. III. To support that end, the Articles of Incorporation expressly establish that “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.” *Id.* at Article III.J(1). In summary, the plain language of MGMWC’s Articles of Incorporation show that each member’s voting power “represents only its proportionate interest” and the interests of all members are “aligned with those of other shareholders.” *Bear Hollow Restoration*, 2012 UT 18, ¶ 24. “Accordingly, the mutual ownership among [MGMWC] shareholders is sufficient to give rise to a true cooperative that does not serve the public generally and is properly exempt from public regulation because [MGMWC]’s structure presents no risk of monopolistic coercion.” *See id.*

2. *MGMWC Serves Only Its Owner-Members and Does Not Provide Service to the General Public.*

On the second prong of the exemption test, a water corporation is a “true cooperative” exempt from regulation when it does not “provide[] service directly to anyone other than its shareholders, and therefore it does not serve the general public.” *Id.* ¶ 26. This standard is based on the principle that “there is no monopoly of essential services needed by the public that warrants regulation when a cooperative’s owners are its consumers and the cooperative serves only such owner-members.” *Id.* ¶ 25.

MGMWC is a “true cooperative” that should be exempt from regulation because it does not serve anyone but its members. Even where a cooperative “performs service for the public generally because it ultimately delivers water to individuals using public facilities [or] to renters who themselves are not shareholders,” this is not sufficient to establish that the cooperative “serve[s] the general public.” *Id.* ¶ 26. The relevant inquiry is whether “the only entities obligated

to pay [MGMWC] rates and legally entitled to receive water are the underlying shareholders that own the public and rental facilities.” *Id.*

MGMWC’s Articles of Incorporation limit the “objects, purposes and powers” of the cooperative to “own[ership] or lease [of] water rights for domestic, culinary, and municipal purposes allowed under the laws of the State of Utah, and [] stora[age] and distribut[ion] [of] this water on a non-profit basis *only to the members of the Company.*” Articles of Incorporation at Art. III.A (emphasis added). Specifically, the only individual or entities obligated to pay MGMWC rates and legally entitled to receive water are the MGMWC shareholders. *See* Articles of Incorporation, III.G (providing that MGMWC may “charge fees for water service and make assessments . . . against its . . . members”). “Because only shareholders are legally entitled to water from [MGMWC] and only shareholders pay for such water, there is no concern that [MGMWC] will monopolistically raise rates or withhold service from the general public.” *Bear Hollow Restoration*, 2012 UT 18, ¶ 26. Accordingly, regulation of MGMWC by the Commission is not warranted and the exemption application should be approved.

### 3. *MGMWC Retains the Right to Select Its Owner-Members.*

Finally, “a cooperative is not subject to regulation as a public utility that serves the general public when it has the right to select those that become members.” *Id.* ¶ 27. “A cooperative retains the right to select its members even though membership in the cooperative is easy to obtain.” *Id.* A water corporation “retain[s] the right to select cooperative members” when “it condition[s] membership upon ownership of shares and compliance with the articles of incorporation and bylaws of the cooperative.” *Id.* ¶ 28. In addition, it does not matter “that 5 or 1000 people are members or that a few or all the people in a given area are accorded membership.” *Id.* ¶ 27.

The MGMWC Articles of Incorporation provide that membership in the mutual water company is conditioned on ownership of shares and compliance with governing corporate documents. *See* Articles of Incorporation at IV (“The Company shall issue shares of the capital stock of the Company as evidencing membership therein.”); *id.* at Art. V.1 (requiring that Class A shareholders must “execute a membership and water service agreement prepared by the Company and duly approved by resolution of the Board of Directors,” which may be reasonably understood to require the shareholder’s compliance with the Articles of Incorporation and Bylaws). It follows that, where MGMWC “employs an objective method of membership selection and requires only that members acquire stock and abide by an internal set of rules to obtain a right to water,” *Bear Hollow Restoration*, 2012 UT 18, ¶ 29, MGMWC has retained the right to select its own members and is a “true cooperative” that is not subject to regulation by the Commission under Utah law.

In summary, there is no reasonable dispute that MGMWC satisfies all three prongs of the *Bear Hollow Restoration* exemption test. MGMWC members “mutually own their cooperative,” MGMWC “serves only its members,” and MGMWC has the right to select its members.” *Id.* ¶ 30. Indeed, Highlands’ petition makes no allegations to dispute any of the relevant factual considerations under the *Bear Hollow Restoration* exemption test. Because MGMWC “does not serve the public and there is no risk of monopolistic coercion of the public that would justify regulation,” *see id.*, MGMWC’s exemption from regulation should be recognized by the Commission as a matter of law. The Commission should accordingly deny Highlands’ petition for intervention.

**B. Any Alleged Potential Interference with a Public Utility’s Service Area Is Not Relevant to an Exemption Determination under Utah Law.**

Nowhere in the *Bear Hollow Restoration* test for regulatory exemption is the Commission directed to consider the impact of a mutual water company’s operations on a public utility. And



nothing in the Utah Code vests it with the authority to do so. *See e.g.*, Utah Code § 54-1-1 *et seq.* (authorizing statute for the Public Service Commission), *id.* § 54-4-1 *et seq.* (providing regulatory authority over *public utilities*); *see also Bear Hollow Restoration*, 2012 UT 18, ¶ 18 (The Commission has “no inherent regulatory powers other than those expressly granted or clearly implied by statute”). Highlands’ allegations of interference with its service area are irrelevant to the exemption inquiry under both the plain language of the statutory provisions governing the Public Service Commission and the prevailing *Bear Hollow Restoration* three prong test for regulatory exemption.<sup>3</sup>

Pursuant to Utah Code § 54-4-25(4)(b), the Commission has the authority to consider—during the process of deciding to issue *a certificate of convenience and necessity to a public utility*—whether a proposed line, plant, or system will “conflict with or adversely affect the operations of any existing certificated fixed public utility which supplies the same product or service to the public” or “extend[] into the territory certificated to [an] existing fixed public utility.” This section does not apply to water cooperatives that are exempt from regulation. *See id.* § 54-4-25. Section 54-4-25 is located within the chapter that establishes regulatory authority over public utilities and this section refers only to “public utilities.” *Id.* In addition, these “interference”

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<sup>3</sup> Highlands argues in its comment that the Commission should “hold[] unregulated companies to the standards of unregulated companies as outlined in the rules established by the Commission.” Highlands’ Comment, Docket 23-2643-01, at 2. Highlands does not identify which rules it thinks should apply to unregulated companies. But to the extent that Highlands argues that the Commission should follow Utah law when deciding whether to exempt a water company from regulation, MGMWC agrees. The Commission should apply the *Bear Hollow Restoration* test, which does not allow for consideration of allegations of “interference” by other water companies.

Further, because the effect of MGMWC’s operations on Highlands is irrelevant to the Commission’s inquiry, there is no basis for Highlands’ request that the Commission delay ruling on MGMWC’s exemption application “until Docket No. 23-010-01 [Highlands’ Request to Expand Service Area] is concluded and [Highlands’] service area is determined.” Highlands’ Comment, Docket 23-2643-01, at 2.

considerations are made in the context of applications for a certificate of convenience and necessity, which are not issued to exempt mutual water companies. *Id.* Section 54-4-25 thus does not provide statutory authority for the Commission to consider interference with a public utility's operations when ruling on a mutual water company's application for an exemption. *See id.*<sup>4</sup> And no other section of the Utah Code grants the Commission that authority.

Because the Commission does not have the authority to consider the impact of a mutual water company's operations on a public utility's operations or service area when ruling on an exemption from regulation, Highlands has no legal interest in the exemption proceeding that warrants intervention.<sup>5</sup>

For these same reasons, the Commission should disregard Highlands' claims of interference even if the Commission construes the submission as a comment. There is no statutory or common law basis for the Commission to consider the operations of another water company when reviewing an application for exemption from regulation.

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<sup>4</sup> The DPU's Action Request Response regarding MGMWC's application for exemption states that "it is not clear the extent to which [consideration of interference with an existing certificated fixed public utility's operations or service area per section 54-4-25(4)(b)] should apply when dealing with an exempt water company." Comments from the Division of Public Utilities, Docket No. 23-2643-01 (December 13, 2023). Based on the plain language of the section and the structure of the statute discussed above, there is no ambiguity on this point. The Commission does not have statutory authority to consider alleged interference with a public utility's operations or service area when deciding to grant an exemption to a mutual water company. The Commission's inquiry is limited to the three prong test established by *Bear Hollow Restoration*, which looks only to the organization and operations of the applicant for exemption.

<sup>5</sup> This does not mean Highlands would be without remedy if there were actionable interference with its water system. Rather, it just means that Highlands would need to seek any such remedy in some other adjudicative body.

**II. HIGHLANDS' INTERVENTION WILL MATERIALLY IMPAIR THE INTERESTS OF JUSTICE AND THE ORDERLY AND PROMPT CONDUCT OF THIS PROCEEDING.**

As discussed above, the Commission's inquiry when ruling on an exemption application is limited to three questions: (1) Is there a "mutuality of ownership among all users," (2) Does the cooperative serve "only its owner-members," and (3) Does the cooperative "ha[ve] the right to select those who become members." *Bear Hollow Restoration*, 2012 UT 12, ¶ 21. Highlands' allegations of interference with its operations and service area are outside the scope of what the Commission may properly consider when deciding if a water corporation is exempt from regulation. And Highlands offered nothing else in its petition that is relevant to the Commission's inquiry into MGMWC's organization or operations. Allowing Highlands to act as a party to this proceeding only to raise irrelevant and prejudicial arguments against MGMWC's exemption would "materially impair" the "interests of justice and the orderly and prompt conduct of the adjudicative proceedings." Utah Code § 63G-4-207(2)(b). Indeed, the material impairment of this proceeding alone requires that the Commission deny Highlands' petition for intervention.

**REQUESTED RELIEF**

Accordingly, MGMWC respectfully requests that the Commission deny Highlands' petition for leave to intervene in Docket No. 23-2643-01, and disregard Highlands' allegations as an irrelevant comment to this proceeding. And because no party has presented any argument or evidence disputing MGMWC's rights to an exemption under governing law, no hearing on Highlands' petition to intervene or MGMWC's exemption application is necessary. *See* Utah Admin. Code R746-110-1. The Commission should therefore grant the exemption and issue a final order pursuant to Utah Administrative Code R746-110-2.

DATED this 9th day of January 2024.

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*

**CERTIFICATE OF SERVICE**

I hereby certify that on the 9th day of January 2024, I caused a true and correct copy of the **Opposition to Highlands Water Company, Inc.’s Petition to Intervene in Application of Mountain Green Mutual Water Company for Exemption** to be served via e-mail to the following:

Marjalee Smith  
President  
HIGHLANDS WATER CO.  
[highlandswaterco@gmail.com](mailto:highlandswaterco@gmail.com)

Patricia Schmid  
Patrick Grecu  
Assistant Utah Attorneys General  
STATE OF UTAH  
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DIVISION OF PUBLIC UTILITIES  
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/s/ Tammy M. Frisby  
Tammy M. Frisby  
*Attorney for Intervenors*

MGMWC's Opposition to Highlands Water  
Company, Inc.'s Petition for Leave to Intervene

Docket No. 23-2643-01

**EXHIBITS**

## **EXHIBIT A**

MGMWC Application for Public Service  
Commission Regulation or Exemption

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**”).

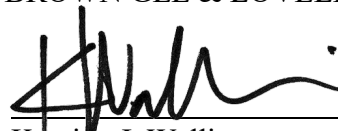
Also attached are the items required under Section A of the Application, each of which is bookmarked in the electronic file for your convenience. Attachment #1 includes the MGMWC status report from the Division of Corporations, as well as the MGMWC Articles of Incorporation. Attachment #2 includes the 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)



## 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

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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**

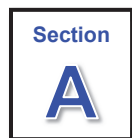
If “**Yes**,” then this company appears to meet the criteria to be exempt from PSC regulation. Please complete and provide the information requested in **Sections A, C, and D**.

**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.

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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 ½" 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

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

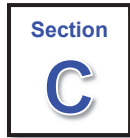
**Balance Sheet**

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.

Section  
**D**

**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**

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Please submit the application and required documentation via email with the Public Service Commission (PSC) to [psc@utah.gov](mailto: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 B**

MGMWC Articles of Incorporation



Date: 05/19/2023  
Receipt Number: T0043749  
Amount Paid: \$129.00

**EXPEDITE**

RECEIVED

MAY 19 2023

Utah Div. Corp. & Comm. Code

**ARTICLES OF INCORPORATION  
OF  
MOUNTAIN GREEN MUTUAL WATER COMPANY**

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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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 in 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-801, 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 powers 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:

<u>Name</u>	<u>Address</u>
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

individual member shall own the service lateral from the property side of the curb-stop valve box and shut-off valve to the premises being served excluding the water meter and outside readout.

**ARTICLE XIX – MEETINGS**

Meeting of the Board of Directors shall be held at the time and place set forth in the Bylaws of the Company, or by resolution of the Board. The annual members meeting shall be held in the month of March at a place designated by the Board of Directors.

**IN WITNESS WHEREOF**, these Articles of Incorporation have been executed by the incorporator of this corporation on this 18th day of May, 2023.

By:   
Rulon C. Gardner, Incorporator

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