

WATER SERVICE RATE SCHEDULE

Applicability

Applicable in the entire service area, to water service for culinary purposes at one point of delivery.

Rates as herein set forth shall apply to each customer unit. A consumer unit is defined as a single unit dwelling or any store service station, cafe, factory, shop, processing plant, or other establishment or concern that might apply for culinary water service for domestic purposes.

The following rate is for a period of one month.

<u>Usage</u>	<u>Charges</u>
All use	\$38.46 charge for each service connection

Water users will be subject to the Article of Incorporation of the Falcon Crest Water Company

Issued: November 28, 1994 Effective: November 29, 1994

By: Falcon Crest Water Company

Docket No. 94-2203-01

I hereby certify that the foregoing has been filed
and approved on the 24th day of June 1994
in the office of this Division and hereby issue
this Certificate thereof.

By KL Date 7/20/94



Karla S. Woods

KARLA T. WOODS
Division Director

ARTICLES OF INCORPORATION
OF
FALCON CREST WATER COMPANY

(A Non-profit Mutual Water corporation)

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WE, THE UNDERSIGNED, natural persons of the age of twenty-one years or more, acting as incorporators of a corporation under the Utah Nonprofit Corporation and Co-operative Association Act, Section 16-6-1 et seq., Utah Code Annotated, 1953, as amended, hereby adopt Articles of Incorporation, as follows:

ARTICLE I
CORPORATE NAME

The name of the non-profit corporation hereby created is:

"FALCON CREST WATER COMPANY"

ARTICLE II
DURATION

Falcon Crest Water Company, (hereinafter the "Corporation") shall have perpetual existence unless sooner terminated in the manner provided by law.

ARTICLE III
POWERS AND PURPOSES

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 Corporation and the objects, purposes and powers to be transacted, promoted, exercised or carried on by it are as follows:

A. To own water for domestic, culinary, stockwatering and irrigation purposes, and to store and distribute this water on a non-profit basis only to the shareholders of the Corporation for use on their lands situated in Weber County, State of Utah.

B. To acquire 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, operate and maintain a deep well and pumping facilities, water diversion, transportation, distribution, measurement and storage facilities useful to the distribution of this water supply to its shareholders.

E. To convey its assets as security for loans and make out perform contracts of any kind and description, including, without

initial purchaser of each lot together with the lot, whereupon said Class A share shall be surrendered by the initial lot purchaser to the secretary of the Corporation and be converted upon the books and records of the Corporation to one Class B share, which Class B share shall thereupon be issued in the name of said lot purchaser. In order to maintain the beneficial use of the water of the Corporation, the Developer shall be authorized to lease its Class A shares for irrigation and other purposes. One share of Class A stock shall also be conveyed by the Developer to the Falcon Crest Owners Association to be used for the Common Areas of the Subdivision, which share shall thereafter be converted to one Class B share upon the books and records of the Corporation in the name of the Subdivision. A share of Class A stock shall entitle the Developer or its lessee, in normal years, to a maximum of: (i) 0.45 acre-feet of water on a year-round basis for inside culinary purposes, and (ii) 2.59 acre-feet of water per year for outside uses, including irrigation purposes.

(2) Class B Domestic Stock. Class B Domestic Stock shall be issued to the owners of subdivision lots within the Falcon Crest Estates Subdivision and other developments which may, in the future, desire to receive water service from the Corporation pursuant to the Rules and regulations of the Corporation, at the rate of one (1) share per lot. A share of Class B stock shall entitle the holder thereof, in normal years, to a maximum of: (i) 0.45 acre-feet of water on a year-round basis for inside culinary purposes, and (ii) 2.59 acre-feet of water per year for outside uses, including incidental irrigation of the owner's residence for lawns, gardens and pasture; or his proportionate share thereof in times of shortage.

D. APPURTENANCE OF CLASS B STOCK TO LAND. Class B stock, when issued, shall become an appurtenance to the land upon which it is to be used. Each Class B certificate shall identify on its face the number of the lot upon which the water represented by each said certificate is to be used. Each said share of Class B stock shall be freely transferable with the lot or property to which it is appurtenant, and must be transferred with said lot or property. Class B shares shall not be separated from the lot or property to which they are deemed an appurtenance and transferred for use on any lot or property other than that described on each certificate without the express approval of the Board of Trustees of the Corporation.

E. PRO-RATION IN THE EVENT OF SHORTAGE. In the event of shortage, use of the available water supply of the Corporation shall be pro-rated by the Board of Trustees so that each shareholder within a given class will receive the same quantity of water per share per year on a pro-rate basis as each other shareholder of the same class, except that as to water entitlement, the Class B stock shall have preferential rights to the available water in times of critical shortage when there is an insufficient water supply to satisfy the requirements of all the classes of stock.

F. WATER SERVICE AND DELIVERY. Each share of stock shall entitle its holder to one connection to the Corporation's water distribution system and the right to use the quantity of water determined by the Board of Trustees in accordance with all applicable

D. Assessments shall be levied and provisions made for the collection of all delinquent assessments as provided in the Rules and Regulations of the Corporation and in conformance with State law.

E. Any assessment levied by the Corporation for the purpose of making up operating losses of the Corporation shall be levied in proportion to the amount of business (water service received and paid for) which each shareholder has conducted with the Corporation.

ARTICLE VIII PLACE OF USE OF WATER

The place of use of water represented by the shares of stock in the Corporation, or in other words, the service area of the Corporation, is fixed at any given time by the Corporation's water rights of record in the office of the Utah State Engineer. In the event that any shareholder desires to establish a place of use of the water on lands which are situation outside the then current service area of the Corporation, the shareholder desiring to establish such use shall be required to file and obtain the approval of all necessary change applications therefore with the State Engineer, at the shareholder's sole expense, and design, construct, install and maintain all pipelines, valves, meters, storage tanks and any and all other additional facilities as may reasonably be required to accomplish the delivery of water to said shareholder pursuant to such a change. The Corporation expressly reserves the right to protest such a proposed change or to refuse to deliver water under this or any such circumstance which will unreasonably interfere with the storage and distribution of its water to the remaining shareholders of the Corporation.

ARTICLE IX BOARD OF TRUSTEES

A. The powers of the Corporation shall be exercised and its affairs managed by a governing board of three (3) trustees (the "Board"), to be elected, by the shareholders at an annual meeting. The members of the Board shall consist of one (1) member elected by the shareholders of Class A stock, two (2) members elected by the shareholders of both Class A and Class B stock, provided that at such time as when all of the Class A stock has been converted to Class B stock, as set forth herein, then all members of the Board of Trustees shall be elected by the shareholders of the Class B stock. Each member of the Board of Trustees shall be required to give a surety bond to the Corporation, the premium for which shall be paid by the Corporation conditioned upon the faithful performance of their duty as a Trustee. In order to provide for staggered terms for members of the Board of Trustees, the first Board elected to serve pursuant to these Articles shall be elected so that one of the members shall be elected to a term of one year and two of the members shall be elected to terms of two years. Thereafter, each member of the Board of Trustees shall be elected for terms of two years. Each Trustee shall hold office for the term for which he is elected and until such Trustee's successor has been elected and duly qualified.

ARTICLE XII
ANNUAL MEETING

The annual shareholder's meeting shall be held on the 15th of February at 2:00 p.m. (MST), at the company office or at such other date, place and time as may be prescribed by the Board of Trustees.

ARTICLE XIII
SHAREHOLDERS NOT LIABLE

The private property of the trustees, officers and shareholders of the Corporation shall not be liable for any of its debts or obligations.

ARTICLE XIV
TRANSFER OF ASSETS TO GOVERNMENTAL ENTITY

A. The parties hereto contemplate that the area to be served by this Corporation may over time become populated enough so that a mutual water company may have difficulty economically and efficiently operating, maintaining, repairing and replacing its water systems. Should that ever occur, the Corporation is specifically authorized upon the consent of a majority of all the shareholders of the Corporation, at an annual meeting, or at any special meeting called for this purpose, to dissolve the Corporation, and to transfer the assets thereof to a municipality, water improvement district, special service district, county service area, or any other governmental entity authorized and empowered by the State of Utah to own and manage water rights, water systems and sources of water supply in a similar manner as provided herein.

B. The Corporation is specifically authorized to transfer its water rights, water system, and all appurtenant facilities to such governmental entity upon the condition that:

(1) said entity shall agree to provide, without any additional capital cost, one (1) water connection per Class B share;

(2) those shareholders already connected to the Corporation's system would continue to receive service;

(3) those shareholders of Class B shares who had not yet connected to the Corporation's system would be permitted by said entity to do so, at any time, at the rate of one (1) connection per share of Class B stock, without payment of any connection or capital improvement fee therefor; likewise, those shareholders of Class A shares would be entitled to receive from said entity, at such time as said shareholder's property is developed into a residential subdivision, residential equivalent connections, in number equal to the number of Class B shares said shareholder would have been entitled to receive upon conversion of Class A shares to Class B shares as provided in these Articles, without payment of any connection or capital improvement fee therefor; and

I hereby consent to act as the initial registered agent of the Corporation.

Gregory M. Holbrook
Gregory M. Holbrook
JOHNSON, HOLBROOK & SCHIFFERLI, L.C.
544 Park Avenue
P.O. Box 3598
Park City, UT 84060

IN WITNESS WHEREOF, the undersigned, having respectively agreed to these Articles of Incorporation, have hereunto set their hands this 21ST day of JULY, 1994.

Gregory M. Holbrook
Gregory M. Holbrook
David W. Johnson
David W. Johnson
Eric D. Schifferli
Eric D. Schifferli

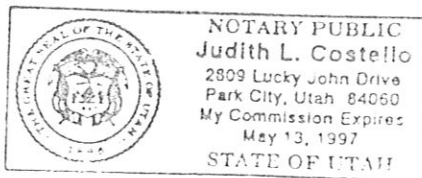
ACKNOWLEDGMENT

STATE OF UTAH)
County of Summit) ss.

I, the undersigned, a Notary Public hereby certify that Gregory M. Holbrook, David W. Johnson and Eric D. Schifferli, personally appeared before me on the 21ST day of July, 1994, and being duly sworn by me declared that they are the persons who signed the foregoing document as incorporators and that to the best of their knowledge the statements therein contained are true.

Judith L. Costello
Notary Public
Residing at: Park City, UT

My Commission Expires:
May 13, 1997



Method — Minimum Pipe

(407.47 acres)
(Road: approx 9,850')

16 lots @ 1,500 gal/day = 24,000 gal/day = 12

