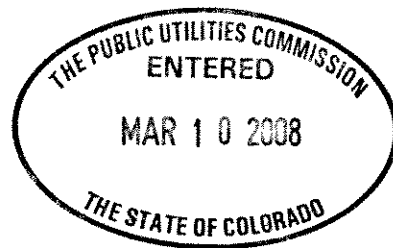


BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
MILL CREEK WATER SALES AND)
DISTRIBUTION, LLC REQUESTING, AMONG)
OTHER THINGS, AN ORDER GRANTING MILL)
CREEK WATER SALES AND DISTRIBUTION,)
LLC: 1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
PROVIDE WATER UTILITY SERVICE IN)
DESIGNATED AREAS WITHIN SAN JUAN)
COUNTY, COLORADO; 2) A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
CONSTRUCT, MAINTAIN, OWN AND)
OPERATE WATER DISTRIBUTION)
FACILITIES NECESSARY TO PROVIDE)
WATER SERVICE IN AND TO SUCH AREAS;)
AND 3) APPROVAL OF INITIAL RATES AND)
TERMS AND CONDITIONS OF SERVICE TO)
SUCH AREAS PURSUANT TO THE)
COMMISSION'S PROCEDURES FOR)
SIMPLIFIED REGULATORY TREATMENT.)

Docket No. 07A-317W



STIPULATION AND AGREEMENT IN RESOLUTION OF PROCEEDING

This Stipulation and Agreement in Resolution of Proceedings ("Stipulation") is entered into by and among Mill Creek Water Sales and Distribution, LLC ("Mill Creek" or "Company") and the Staff of the Public Utilities Commission of the State of Colorado ("Staff"). Mill Creek and Staff are referred to herein collectively as the Parties and individually as a Party. This Stipulation sets forth the terms and conditions by which the Parties have agreed to resolve all outstanding issues that have or could have been contested by the Parties relative to the Company's Application in the above-captioned matter. Intervenor Robert Oppenheimer, Terry and Dale Lingenfelder, and Cascade Village

Condominium Association – 2004, Inc. (collectively the “Cascade Village Intervenors”) are not parties to this Stipulation. However, counsel for Mill Creek and Staff are authorized to state that the Cascade Village Intervenors do not oppose the settlement reflected herein or the Commission’s approval thereof without modification.

The Parties state that the results of the compromises reflected herein represent a just and reasonable resolution of this proceeding, that reaching agreement as set forth herein and that implementation of the compromises and settlements reflected in this Stipulation is consistent with the provisions of §40-3-104.4, C.R.S., simplified regulatory treatment for small, privately owned water companies, and will result in substantial savings to all concerned by establishing certainty and avoiding litigation. Each Party hereto pledges its support of this Stipulation and states that each will defend the settlement reached. The Parties respectfully request that the Public Utilities Commission of the State of Colorado (“Commission”) approve this Stipulation, without modification.

I. BACKGROUND

On August 21, 2007, Mill Creek filed an application seeking, among other things, the issuance of a Certificate of Public Convenience and Necessity (“CPCN”) to Mill Creek in order that it may provide water service to customers located within an area described in the Application as the Cascade Village Service Area, and for approval of initial rates and terms and conditions pursuant to which such service will be provided.

On August 22, 2007, the Commission issued its Notice of Application Filed in this proceeding, which Notice, among other things, established a thirty (30) day time period within which interventions were to have been filed. The Commission’s Notice also

established filing dates for Mill Creek's direct testimony, as well as for Staff and Intervenor answer testimony. Finally, the Notice set a date for hearing in this matter. Except for these filing dates, the Commission's Notice did not establish any other procedural dates in this docket.

On September 21, 2007, the Cascade Village Intervenors petitioned to intervene in this proceeding.

On September 27, 2007, Staff filed its notice of intervention, entry of appearance and request for hearing.

On October 10, 2007, the Commission adopted Decision No. C07-0861, by which decision the Commission granted the Cascade Village Intervenors' motion to intervene and referred this matter to an Administrative Law Judge. The Commission also modified the procedural schedule set forth in its Notice and set the matter for hearing on January 17, 2008.

On November 13, 2007, Mill Creek filed an unopposed motion seeking to vacate the existing procedural schedule in this docket and replacing it instead with a comprehensive procedural schedule. Mill Creek's motion was granted on November 23, 2007 by Decision No. R07-0990-I.

On November 30, 2007, Mill Creek filed a written waiver of the 210-day statutory time period provided for in § 40-6-109.5, C.R.S. within which the relief requested in this proceeding would otherwise have been required to be determined. In addition, Mill Creek filed an unopposed motion seeking an extension of time within which to file its direct testimony and exhibits in this matter. Mill Creek's motion was granted on December 3, 2007 by Decision No. R07-1013-I.

On December 5, 2007, Mill Creek filed its direct testimony and exhibits in this matter, and on January 22, 2008, Staff and the Cascade Village Intervenors filed their answer testimony and exhibits.

Thereafter, Mill Creek undertook discussions with the parties to determine whether a basis for settlement might exist. Based upon those discussions, on February 12, 2008, Mill Creek filed an unopposed motion to further modify the procedural schedule in this proceeding so as to, among other things, vacate the filing date for Mill Creek rebuttal testimony so as to allow the Parties to continue to pursue settlement. Mill Creek's motion was granted on February 13, 2008 by Decision No. R08-0158-I.

On February 29, 2008, Mill Creek filed a motion seeking an extension of time within which to file any settlement with the Commission that the Parties might reach, which motion was granted by the Commission on March 3, 2008 by Decision No. R08-0219-I.

Thereafter, the Parties reached a comprehensive settlement in this proceeding, the terms and conditions of which are embodied in this Stipulation and which represent the Parties' resolution of all issues which were or could have been raised in this proceeding. This Stipulation incorporates by reference S&A Attachments A and B, appended hereto, which are identified as follows:

S&A Attachment A - Rate Development and Annual Expenses

S&A Attachment B - Settled Revisions to Colorado PUC No. 1 Water Tariff

II. TERMS OF SETTLEMENT

A. Rate Development and Annual Expenses

Background. Mill Creek's proposed rates that accompany its Application in this matter were developed using the Commission's Operating Ratio methodology as more particularly described in Rule 5112(b), 4 CCR 723-5 of the Commission's Rules Regulating Water Utilities. Mill Creek proposed that its rates be derived based upon normalized annual expenses of \$223,384, which included an operating ratio of 13%. Staff supported use of the Operating Ratio methodology, as well as the use of a 13% operating ratio, but questioned the level of certain expenses. The Cascade Village Intervenors did not sponsor a witness to address either the methodology to be used in setting rates or the specific level of expenses to be included within the Operating Ratio method.

Resolution. For purposes of settlement, the Parties agree that Mill Creek's rates resulting from this proceeding shall be calculated based upon the Operating Ratio methodology (applying an operating ratio of 13 percent). S&A Attachment A hereto sets forth the Mill Creek settlement operating expense categories and associated settlement annual expense amounts (which total \$178,770) agreed to by the Parties.

In reaching the agreed-upon annual expense amount of \$178,770, the Parties reached a variety of compromises surrounding certain of the expense categories set forth in S&A Attachment A. Such compromises were reflective of the fact that Mill Creek has not heretofore operated as a regulated water utility and, as such, must, to a certain degree, create the business infrastructure that is needed in order to conduct its operations as a regulated entity, including maintaining its books and records with a level of detail that is required of a

regulated utility. The expense categories of Office Supplies, Accounting, Management and Legal are particular examples of expense categories where such compromises occurred. With regard thereto, the Parties note that in reaching the compromise amounts reflected on S&A Attachment A relative to the expense categories of Office Supplies, Accounting and Management, generally speaking, they identified specific office, accounting and management functions that would be required in order to operate Mill Creek's water utility enterprise as a regulated concern and then determined a reasonable anticipated cost associated with such function. In agreeing upon the settlement amount for the Legal expense category, the Parties approached the matter by agreeing upon an estimated number of hours that Mill Creek may reasonably expect to require legal services during the course of a 12-month period.

Having agreed upon the total annual expense amount of \$178,770, the Parties turned their attention to the development of a fixed monthly customer charge for water service. Based upon such total annual expense amount, the Parties agree that a resulting fixed rate of \$99.32 per month, per billing unit, as more particularly set forth on S&A Attachment A, is just and reasonable. Because of the present inability to meter consumption at each of the individual end-use customer locations within the Cascade Village Service Area, the Parties agree that there shall be no commodity or volumetric usage charge applicable to end-use consumption over a certain threshold as initially proposed by the Company. Notwithstanding this feature of the settlement, the Parties acknowledge and agree that nothing herein prevents any Party from proposing a commodity or volumetric usage charge in a future proceeding.

B. Agreement to File Report on Rates

Background. This proceeding represents the first regulatory proceeding for Mill Creek in which its rates and terms and conditions of service will have been reviewed and approved by the Commission. Given the lack of comprehensive historic usage, expense and plant investment information, Mill Creek, Staff and the Cascade Village Intervenors each acknowledge the value of reviewing the rates resulting from this proceeding at some point in the future once a sufficient period of time has elapsed so as to allow the Parties to make a meaningful assessment of such information.

Resolution. For the purposes of settlement, the Parties agree that Mill Creek shall file a report with the Commission Staff (with a copy also provided to the Cascade Village Intervenors) no later than July 1, 2010 in which Mill Creek will summarize its operating expenses, revenues and plant investment for the twelve-month period ending December 31, 2009. Such report shall be accompanied by workpapers which are reflective of the Company's books and records and which are sufficient to demonstrate the basis for the Company's reported levels of operating expenses, revenues and plant investment for the agreed-upon twelve-month period. Upon submission of such report, Mill Creek understands, that Staff may seek clarification or explanation regarding the supporting information and Mill Creek agrees to work with Staff in good faith to provide the requested clarification and/or explanation.

C. CPCN Service Territory Boundaries

Background. Mill Creek's Application in this docket requests the issuance of a Certificate of Public Convenience and Necessity ("CPCN") to serve existing and future

customers located within a defined parcel of land in San Juan County, Colorado referred to as the Cascade Village Service Area. Mill Creek's Application also requests a CPCN authorizing Mill Creek to construct, maintain, own and operate water distribution facilities necessary in the normal course of providing water utility service to the Cascade Village Service Area. Staff noted that: (1) in Recommended Decision No. R05-0545, dated May 10, 2005, issued in Docket 03F-470W, Administrative Law Judge Jennings-Fader declared Mill Creek to be a water utility subject to the jurisdiction of the Commission; (2) Mill Creek has been continuously providing potable water service to the Cascade Village Service Area since 2003; and (3) the proposed service area is consistent with the territory identified in the Cascade Village Amended Master Plan as presented to and approved by San Juan County, Colorado. While Staff sought confirmation regarding the nature and extent of Mill Creek's ability to serve customers within this area, Staff did not oppose the issuance of either a service area or facilities CPCN covering the Cascade Village Service Area as requested by Mill Creek. The Cascade Intervenors took no position on the nature and extent of the CPCNs requested by Mill Creek.

Resolution. For purposes of settlement, the Parties agree to the issuance of a service area CPCN to Mill Creek as requested by it in its Application. The parties further agree to the issuance of a CPCN authorizing Mill Creek to construct, maintain, own and operate water distribution facilities necessary to enable Mill Creek to provide water utility service to the Cascade Village Service Area as requested by Mill Creek in its Application.

D. Metering Issues

Background. Mill Creek's Application in this proceeding includes estimated expenses associated with Mill Creek's proposal to install approximately 15 meters on certain of the existing, stand-alone buildings located within the Cascade Village Service Area. In its prefiled direct testimony, Mill Creek acknowledged that the relative cost versus benefit associated with its plan to install such meters was not a given and indicated its willingness to discuss the matter further. During the course of settlement discussions, the Parties discussed the fact that the majority of the existing buildings (and individual end-use customer locations) located within the Cascade Village Service Area do not have individual metering facilities installed by which Mill Creek can gather monthly consumption data. Mill Creek further presented financial information concerning the cost of installing meters to individual residential units within the Cascade Village community. Mill Creek represented that the cost of installing individual meters for the existing condominium units is estimated to be \$1,000 per unit for a total estimated cost of \$128,000, but noted that this amount does not include the cost that a customer would incur for any alterations and/or repair work that would be required within the customer's unit as a result of the meter installation, nor did it include the additional labor cost associated with reading the meters once installed. Mill Creek further noted that even if meters could be economically installed at these locations, access to the customer units would be necessary on a monthly basis for meter readings, and that such access might itself prove to be a problem.

Staff indicated as a general matter its strong endorsement of individual meters and the value of being able to measure consumption as a useful tool in conserving precious water

resources and, in many instances, as an effective tool for allocating operating expenses to end-use customers. However, in reviewing the unique circumstances presented at this time relative to the Cascade Village Service Area, such as the limited number of customers served, the existence of many absentee or seasonal use residents, as well as the fact that only nominal expenses can be directly linked to the volume of water available or distributed, Staff concludes that the public interest would not be served by imposing the cost of the installing, reading and maintaining meters to all units at this time without a more thorough cost/benefit analysis and a more comprehensive look at characteristics unique to Mill Creek and possible metering issue alternatives. As a result, Staff indicated that it did not support Mill Creek's original proposal of installing 15 meters. The Cascade Village Intervenors also opposed Mill Creek's proposal regarding meters.

Resolution. For purposes of settlement, the Parties agree that Mill Creek will, for purposes of this proceeding only, abandon its proposal to install meters on certain of the individual, stand-alone buildings within the Cascade Village Service Area. In place thereof, Mill Creek agrees to meet with Staff and a representative of the Cascade Village Intervenors to explore metering and allocation issues further, including the feasibility of installing meters on all condominium units, single-family homes and individual commercial operations conducted within the Benchmark Building, all as located within the Cascade Village Service Area. Mill Creek agrees to convene such a meeting no later than December 31, 2009 and to include any findings and conclusions that result from such meeting (and any subsequent meetings that the Parties may agree to conduct) in its report to Staff and the Cascade Village Intervenors discussed in Paragraph No. II B above. Notwithstanding the Parties' agreement

that Mill Creek will abandon its proposal to install meters at certain locations, the Parties nevertheless agree that any new construction within the Cascade Village Service Area seeking to receive water service from Mill Creek and that is completed after the date this Stipulation is approved by the Commission should be required to have a meter installed so as not to add to the difficulty created in this case by the absence of meters and the inability, on a cost-effective basis, to retro-fit end-use locations with meters. Such a requirement is based upon the Parties' agreement that meters installed at all such new end-use locations will not only facilitate the gathering of usage data on the Mill Creek system for use in future proceedings, but will also facilitate the detection of leaks on the system. Consistent with this agreement, the Parties further agree that Mill Creek's pro forma tariff as set forth in S&A Attachment B appropriately contains a provision requiring new end-use customer locations to include a meter installation as a condition of receiving service from Mill Creek. The parties further agree that until such time as data from end-use meters within the Cascade Village Service Area is used to determine rates on the Mill Creek system, Mill Creek shall not be required to test any such meters installed as may otherwise be required under the Commission's rules and that a waiver of any such rules is appropriately granted to Mill Creek by the Commission.

E. Revised Tariff Provisions

Background. Mill Creek's Application in this proceeding included proposed tariff sheets setting forth the rates and terms and conditions for water service to be offered by Mill Creek. The terms and conditions of the Parties' settlement require that certain aspects of Mill

Creek's proposed tariff be changed, so as to bring the tariff in line with the Parties' settlement.

Resolution. For purposes of settlement, the Parties have agreed to a variety of revisions to Mill Creek's initial proposed tariff and agree that the revisions set forth in the pro forma tariff sheets included as S&A Attachment B hereto should govern service on the Mill Creek system (until such time as they may be changed in accordance with the public utilities law and the Commission's rules and regulations) rather than those originally proposed by Mill Creek in its Application.

F. Treatment of Commercial Operations Within the Benchmark Building and Irrigation Usage

Background. Mill Creek's Application proposed to establish commercial rates applicable to the commercial operations being undertaken within the Benchmark Building. Mill Creek also proposed a rate for irrigation usage within the Cascade Village Service Area. Staff raised a concern as to the ability to establish a factual basis for such rates in the absence of relevant historic consumption data.

Resolution. For purposes of settlement, the Parties agree that the monthly charge for water service to the Benchmark Building shall be \$893.88, with such amount be derived by assuming that the Benchmark Building is the equivalent of nine (9) separate billing units for purposes of establishing the \$99.32/month fixed rate discussed in Paragraph No. II. A. above. The Parties likewise agree that the monthly charge for irrigation usage shall be \$99.32, which is derived by assuming that such irrigation usage is the equivalent of one billing unit.

G. Acknowledgment Regarding Sewer Service

Background. Since 2003, operating divisions of Mill Creek have been providing both water service and sewer service to residential and commercial customers in the Cascade Village Service Area. In Docket No. 03F-470W, the Commission determined that it does not have jurisdiction over Mill Creek's sewer operations. As a result, Mill Creek's Application in this docket relates solely to the rates and terms and conditions for the provision of water utility service only on a stand-alone basis. Staff and the Cascade Village Intervenors each point out the issue of the lack of Commission jurisdiction over sewer service and Staff commented upon the possibility that legislation may be passed in the future whereby the Commission's jurisdiction may be extended to include sewer operations conducted by a combined water and sewer company.

Resolution. For purposes of settlement, and in recognition of Staff's and the Cascade Village Intervenors' concerns regarding the lack of Commission jurisdiction over Mill Creek's sewer operations, Mill Creek is willing to affirmatively acknowledge that it is aware that such draft legislation is presently being considered by the Colorado Legislature. Should such legislation be passed, the Parties reserve their respective rights to take such position(s) as they may deem necessary and appropriate regarding the effect of such legislation on Mill Creek.

H. No Settled Practice

The Parties agree that this Stipulation and the settlement rates, terms and conditions of service and the cost allocation, rate design and other methods contained in the S&A Attachments have been agreed to by the Parties solely for purposes of settlement and do not

constitute a settled practice or otherwise have precedent-setting value in any future proceedings. Neither Mill Creek, Staff nor Cascade Village Intervenors shall be deemed to have approved, accepted, agreed to or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Settlement. Notwithstanding the resolution of the issues set forth in this Stipulation, none of the methods or ratemaking principles herein contained shall be deemed by the Parties to constitute a settled practice or precedent in any future proceeding. Nothing in this Stipulation shall preclude the Company from seeking prospective changes in its water service rates by an appropriate filing with the Commission. Nothing in this Stipulation shall preclude any other Party from filing a complaint to obtain prospective changes in the Company's water service rates and/or provisions in the Company's tariff.

III. TERM OF THIS STIPULATION AND AGREEMENT

This Stipulation shall take effect upon its approval by the Commission. Nothing in this Stipulation shall be construed as precluding the Company from filing a general rate case to change the rates for its water services at any time. Nothing in this Stipulation shall be construed to limit the Company from applying to the Commission for adjustment clauses or for any other change to the Company's water rates. Nothing in this Stipulation shall be construed to prevent the Staff of the Commission or any other party from seeking review by the Commission of the justness and reasonableness of the Company's water service rates.

The provisions of this Stipulation shall terminate and have no continuing effect upon the effective date of the revised rates for water services resulting from Mill Creek's next rate case. Where reference is made in the Stipulation to provisions that apply for a period of time,

all such time period provisions of this Stipulation may be modified by a subsequent filing with the Commission or subsequent stipulation approved by the Commission.

IV. EFFECTIVE DATE OF SETTLEMENT RATES AND TERMS AND CONDITIONS OF SERVICE

Subject to implementation of the Stipulation in accordance with Article III hereof, the rates and terms and conditions of service set forth herein shall go into effect upon the date as directed by order of the Commission.

V. IMPLEMENTATION

This Stipulation shall not become effective until the issuance of a final Commission Order approving the Stipulation that does not modify the Stipulation in a manner that is unacceptable to any of the Parties. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party, that Party shall have the right to withdraw from this Stipulation and proceed to hearing on the issues that may be appropriately raised by that Party in this docket. The withdrawing Party shall notify the Commission and the Parties to this Stipulation by e-mail within three business days of the Commission modification that the Party is withdrawing from the Stipulation and that the Party is ready to proceed to hearing; the e-mail notice shall designate the precise issue or issues on which the Party desires to proceed to hearing (the "Hearing Notice").

The withdrawal of a Party shall not automatically terminate this Stipulation as to the withdrawing Party or any other Party. However, within three business days of the date of the Hearing Notice from the first withdrawing Party, all Parties shall confer to arrive at a comprehensive list of issues that shall proceed to hearing and a list of issues that remain

settled as a result of the first Party's withdrawal from this Stipulation. Within five business days of the date of the Hearing Notice, the Parties shall file with the Commission a formal notice containing the list of issues that shall proceed to hearing and those issues that remain settled. The Parties who proceed to hearing shall have and be entitled to exercise all rights with respect to the issues that are heard that they would have had in the absence of this Stipulation.

Hearing shall be scheduled on all of the issues designated in the formal notice filed with the Commission as soon as practicable. In the event that this Stipulation is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Stipulation shall not be admissible into evidence in this or any other proceeding, except as may be necessary in any proceeding to enforce this Stipulation.

The Parties agree that, upon final Commission approval of this Stipulation, the Company will file an Advice Letter with the Commission, on not less than five business day's notice prior to effective date ordered by the Commission, that will include a citation to the order approving the Stipulation, and the settlement rates, terms and conditions and tariff sheets set forth herein in S&A Attachment B. The Parties agree that the Commission's order should direct Mill Creek to place into effect tariff sheets reflecting the tariff changes that are in all respects identical to the *pro forma* tariff sheets contained in S&A Attachment B hereto, with the exception that the issue date, Commission decision number and the effective date of the tariff shall be inserted in the tariff sheets where such references are indicated. The settlement rates, terms and conditions shall then become final rates, terms and conditions to

be effective as provided in Article III hereof and shall not be subject to refund, nor shall they be subject to modification except in accordance with the Public Utilities Law and the Commission's Rules and Regulations promulgated thereunder.

VI. GENERAL TERMS AND CONDITIONS

The Parties hereby agree that all pre-filed testimony and exhibits shall be admitted into evidence in this docket without cross-examination. This Stipulation reflects compromise and settlement of all issues raised or that could have been raised in this docket. This Stipulation shall be filed as soon as possible with the Commission for Commission approval.

Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable and reasonable resolution of issues that were or could have been contested among the parties in this proceeding. The Parties state that reaching agreement as set forth herein by means of a negotiated settlement rather than through a formal adversarial process is in the public interest and that the results of the compromises and settlements reflected in this Stipulation are in the public interest.

This Stipulation may be executed in counterparts, each of which when taken together shall constitute the entire Stipulation with respect to the issues addressed by this Stipulation.

The Parties agree to a waiver of compliance with any requirements of the Commission's Rules and Regulations to the extent necessary to permit all provisions of this Stipulation to be carried out and effectuated.

For those Parties whose attorney has signed this Stipulation on their behalf, such Parties represent and warrant the they agree to be bound by the terms of this Stipulation and that their counsel has the authority to execute this Stipulation on their behalf.

DATED this 7th day of March, 2008

Respectfully submitted,

**MILL CREEK WATER SALES
AND DISTRIBUTION, LLC**

Approved as to form:

By: Karla Hanlon by TRO
Karla Hanlon
Chief Financial Officer,
222 South Kenosha
Tulsa, OK 74120
Telephone: 918.743-4460

Thomas R. O'Donnell
Thomas R. O'Donnell, #15185
Holland & Hart, LLP
555 17th Street, Suite 3200
Denver, CO 80202
Telephone: 303.295.8291

Attorney for Mill Creek Water
Sales and Distribution, LLC

**STAFF OF THE COLORADO
PUBLIC UTILITIES COMMISSION**

Approved as to form:

By: Randy Garrouette
Randy Garrouette
Rate/Financial Analyst
Colorado Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Telephone: 303-894-2864

David M. Nocera
David M. Nocera, #28776
Assistant Attorney General
Business and Licensing Section
1525 Sherman Street, 5th Floor
Denver, CO 80203
Telephone: 303.866.5295

Attorney for Staff of the
Colorado Public Utilities Commission

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of March, 2008, a true and correct copy of the foregoing **STIPULATION AND AGREEMENT IN RESOLUTION OF PROCEEDING** was deposited in the mail postage prepaid to the following:

Jeffrey G. Pearson, Esq.
Jeffrey G. Pearson, LLC
1570 Emerson Street
Denver, CO 80218

Robert Oppenheimer, President
Cascade Village Condominium Association-20041
50827 Highway 550N
Durango, CO 81301

John Trogonoski
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202

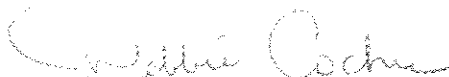
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Denver, CO 80202



Mill Creek Water Sales & Distribution, LLC

Cascade Village Water System Rate Development -- Settlement Annual Expenses

S & A Attachment A

	Amount as Originally Filed	Amount Recommended by Staff	Settlement Amount
OFFICE SUPPLIES	\$11,500.00	\$ 6,000.00	\$ 7,400.00
RENT	\$24,000.00	\$ 9,000.00	\$ 14,400.00
SNOW REMOVAL	\$7,000.00	\$ 7,000.00	\$ 7,000.00
ACCOUNTING	\$24,000.00	\$ 19,200.00	\$ 19,200.00
MANAGEMENT	\$30,000.00	\$ 20,000.00	\$ 20,000.00
PAYROLL TAX	\$2,000.00	\$ 1,450.40	\$ 1,450.40
WORKERS COMP	\$250.00	\$ 200.00	\$ 196.00
AUTO EXPENSE	\$2,400.00	\$ 1,920.00	\$ 1,920.00
HEALTH INSURANCE	\$1,500.00	\$ 1,200.00	\$ 1,176.00
BANK SERVICE CHARGES	\$50.00	\$ 50.00	\$ 50.00
DUES & SUBSCRIPTIONS	\$250.00	\$ 250.00	\$ 250.00
LEGAL	\$20,000.00	\$ 6,000.00	\$ 10,000.00
UTILITIES	\$9,250.00	\$ 9,250.00	\$ 9,250.00
WATER TESTING - CASCADE	\$6,000.00	\$ 3,500.00	\$ 3,500.00
MAINTENANCE - CASCADE	\$19,000.00	\$ 19,000.00	\$ 19,000.00
PROPERTY INSURANCE	\$4,500.00	\$ 2,700.00	\$ 2,700.00
THREE YEAR AMORTIZATION OF RATE CASE EXPENSES	\$ 12,000.00	\$ 12,000.00	\$ 23,236.79
LAND LEASE EXPENSE	\$ 24,000.00	\$ 10,100.00	\$ 10,100.00
SUBTOTAL	\$ 197,700.00	\$ 128,820.00	\$ 150,829.00
13% return of normalized expenditures	\$ 25,701.00	\$ 17,800.00	\$ 19,608.00
Provision for income taxes	\$	\$ 3,100.00	\$ 3,333.00
Equipment reserve	\$	\$ 5,000.00	\$ 5,000.00
NORMALIZED ANNUAL EXPENSES	\$ 223,401.00	\$ 154,720.00	\$ 178,770.00
MONTHLY CHARGES	\$207,384.00	\$ 154,720.00	\$ 178,770.00
OTHER INCOME	\$16,000.00	\$	\$
TOTAL ANNUAL INCOME	\$ 223,384.00	\$ 154,720.00	\$ 178,770.00

Note: These calculations assume a twelve month period of operations.

Billing units	
134	Condo's
6	Twilight
9	Benchmark
1	Irrigation
150	
\$ 99.32	Monthly charge per billing unit
\$ 893.88	Monthly charge for Benchmark

S&A ATTACHMENT B

CO PUC No. 1

MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

Original Sheet No. 1
Cancels _____ Sheet No. _____

<p>SCHEDULE OF RATES FOR WATER SERVICE AVAILABLE IN THE ENTIRE TERRITORY SERVED BY MILL CREEK WATER SALES & DISTRIBUTION, LLC</p>	

Advice Letter
Number 1 Issue Date _____

Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

Decision Number _____ Effective Date _____

MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. 2
Cancels _____ Sheet No. _____

NOTICE

This Tariff is the initial tariff for
Mill Creek Water Sales & Distribution, LLC

Advice Letter
Number 1 Issue Date _____

Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

Decision Number _____ Effective Date _____

MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

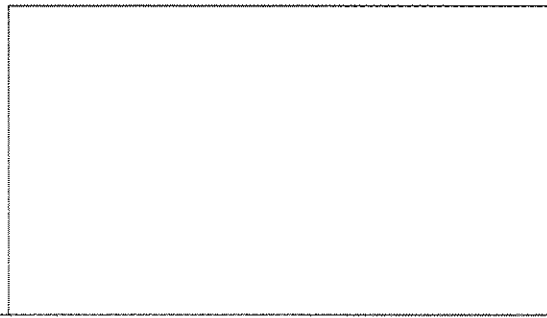
Original Sheet No. 3
Cancels _____ Sheet No. _____

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Key to Symbols of Revised Tariff Sheets

- I - Indicates an increase
- R - Indicates a reduction
- T - Indicates a change in text but no change in rate
- N - Indicates new rate or regulation
- C - Indicates changed regulation
- S - Indicates reissued matter (from another sheet)
- D - Indicates discontinued rate or regulation
- A - Indicates adjustment for roll-in of portions of the GCA
- Sub - Indicates substitute



Advice Letter
Number 1 Issue Date _____

Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

Decision Number _____ Effective Date _____

MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. 4
Cancels _____ Sheet No. _____

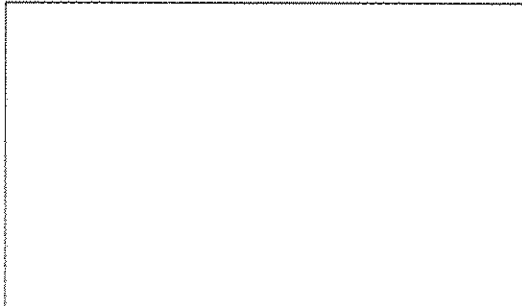
TERRITORY SERVED

Water Service is supplied in the following territory:

A tract of land located in Sections 12 and 13, T 39 N, R 9 W, N.M.P.M., in San Juan County, Colorado and being more particularly described as follows:

The Southeast quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$) of said Section 12, one East One-Half of the Northwest quarter (E $\frac{1}{2}$ NW $\frac{1}{4}$) of said Section 13 and the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) of said Section 13, less and except that portion of land contained within the right-of-way of U.U. Highway 550 and Tract D, as shown on the plat of Cascade Village. Vacation and Abandonment Plat, filed in the San Juan county, Colorado, Clerk and Recorder's Office under Reception Number 124690 in Book 222 at Page 728.

Contains 141 acres, more or less.



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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. 5
Cancels Sheet No. _____

WATER RATES
RATE SCHEDULE SUMMATION SHEET

<u>Rate Schedule</u>	<u>Sheet No.</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rate</u>
CV	7	Service and Facility	-- See Sheet No. 7	

Advice Letter
Number 1 Issue Date _____

Karla M. Hanlon Chief Financial Officer
222 South Kenosha Trenton Tulsa, Oklahoma 74120

Decision Number _____ Effective Date _____

MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. 6
Cancels Sheet No. _____

SCHEDULE OF CHARGES FOR RENDERING SERVICE

To initiate or restore service.....\$50.00

To transfer service at a specific location from one customer to another customer where such service is continuous.....\$25.00

To perform non-gratuitous labor for service work in addition to charges for material:

Trip Charge.....\$40.00
(Assessed for trips where no actual labor is performed other than a general diagnosis of the customer's problem)

For service work during normal working hours, per man-hour....\$40.00

Minimum Charge, one hour.....\$40.00

For service work before 8:00 AM or after 5:00 PM Monday through Friday, or at any time on Saturday, per man-hour.....\$60.00

Minimum Charge, one hour.....\$60.00

For service work on Sundays and holidays, per man-hour.....\$80.00

Minimum Charge, two hours.....\$160.00

To process a check from a customer which is returned to the Company by the bank as non-payable.....\$25.00

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. 7
Cancels Sheet No. _____

WATER RATES

SCHEDULE CV (Cascade Village)

APPLICABILITY

Applicable to Water Service within the territory served by Mill Creek Water Sales & Distribution, LLC, as described on Sheet No. 4. This schedule applies to single family residential class customers taking water at permanent locations.

MONTHLY RATE

Residential Service and Facility Charge, per billing unit.....\$99.32
(each residential customer location is considered to be a single billing unit.)

Benchmark Building Service and Facility Charge.....\$893.88
(The Benchmark Building is considered to be the equivalent of 9 residential billing units.)

Irrigation Service and Facility Charge.....\$99.32
(Irrigation service is considered to be the equivalent of a single billing unit.)

SYSTEM DEVELOPMENT CHARGE.....\$16,000

The System Development Charge shall be assessed for each new connection to the Cascade Village system and is intended to assign new customers the capital cost responsibility of system capacity that is or will be available for such customers. Unless otherwise authorized by the Commission, amounts received by the Company from System Development Charges shall be restricted for used by the Company in meeting the cost of substantive capital improvement projects or for the acquisition of additional water resources.

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. 8
Cancels Sheet No. _____

WATER RATES

WATER SERVICE

Schedule CV

PAYMENT

Bills for water service are due and payable within fifteen days from date of bill.

SERVICE PERIOD

Initial service under this schedule shall be for a minimum period of thirty days and thereafter until terminated, where service is no longer required, on three days' notice.

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. 9
Cancels _____ Sheet No. _____

WATER RATES

WATER SERVICE

SCHEDULE CV

RULES AND REGULATIONS

Service supplied under Schedule CV is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with the Public Utilities Commission of the State of Colorado.

CONSTRUCTION DEPOSIT

Customers receiving service under Schedule CV will be required to pay a construction deposit prior to connection to the Company's system, consistent with the provisions of the Service Lateral and Distribution Main Extension policy.

Advice Letter

Number 1 Issue Date _____

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. R1
Cancels _____ Sheet No. _____

RULES AND REGULATIONS APPLICABLE TO ALL WATER SERVICE INDEX	
	<u>Sheet no.</u>
INDEX	R1-R2
GENERAL STATEMENT	R3
GENERAL - Applicable to All Water Service:	
Definition of Terms	R4
Benefit of Service	R5
Charges for Rendering Service	R6
Monthly Bills	R7
Bill Credits	R8
Possession of Water.....	R8
Customer's Installations	R8-R9
Protection of Subsurface Facilities	R10
Liability	R10-R11
Indemnity to Company	R11
Priority of Service	R11
Diversion of Water.....	R12-R13
Easements	R14
Access for Company's Employees	R14
Resale of Water.....	R15
Complaints	R15
STANDARDS - Applicable to All Water Service:	
System Operation and Maintenance	S1
Measurement of Service	S1-S2
Water Billing.....	S2
Water Quality Specifications.....	S2

Advice Letter
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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
 222 South Kenosha
 Tulsa, Oklahoma 74120

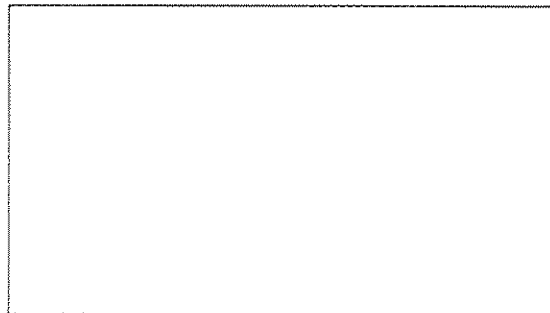
CO PUC No. 1

Original _____ Sheet No. R2
 Cancels _____ Sheet No. _____

RULES AND REGULATIONS
 APPLICABLE TO ALL WATER SERVICES
 INDEX Cont'd

Sheet no.

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY	
General Provisions	SL1
Definition of Terms	SL2-SL3
Water Metering and Piping Installations	SL4
WATER SALES RULES AND REGULATIONS	
Definition	SA1
Deposits and Refunds	SA1-SA3
Discontinuance of Service by Company	SA3
Restoration of Service	SA4
Budget Billing Plan	SA5



Advice Letter
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Karla M. Hanlon Chief Financial Officer
 222 South Kenosha Tulsa, Oklahoma 74120

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Effective Date _____

MILL CREEK WATER SALES & DISTRIBUTION, LLC

CO PUC No. 1

222 South Kenosha
Tulsa, Oklahoma 74120

Original _____ Sheet No. R3
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL STATEMENT

The following terms and conditions, filed with the Public Utilities Commission of the State of Colorado as part of the water tariff of the Company, set forth the provisions under which water service is supplied and govern all classes of service in all territory served by the Company. They are subject to termination, change, or modification, in whole or in part, at any time as provided by the rules of said Commission.

Service furnished by the Company is also subject to the Rules and Regulations of the Public Utilities Commission of the State of Colorado. Copies of the Company's rules are available for inspection at the offices of the Company.

Any waiver at any time of the Company's rights or privileges under these Rules and Regulations will not be deemed a waiver as to any breach or other matter subsequently occurring.

Advice Letter

Number 1

Issue Date _____

Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. R4
Cancels Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

DEFINITION OF TERMS

Billing Unit - A single location where the end-use consumption of water occurs.

Commission - "Commission" shall mean the Public Utilities Commission of Colorado.

Company - "Company" shall mean Mill Creek Water Sales & Distribution, LLC.

Customer - "Customer" shall mean any person, applicant or entity that uses sales or transportation services provided by Company for direct use.

Delivery Point(s) - The point(s) where Company delivers water to the Receiving Party.

Normal Service Pressure - The pressure at which water is delivered to the customer's service, expressed in pounds per square inch, gauge (psig).

Point of Delivery - That point at which the Company delivers water to a customer.

System - The pipelines, meters, wells, water treatment and storage facilities and other related facilities owned by Company and utilized in providing water service.

Year - A period of 365 consecutive days or 366 consecutive days if such period includes February 29, unless otherwise specified.

Advice Letter

Number 1

Issue Date

Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

Decision Number

Effective Date

MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. R5
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

BENEFIT OF SERVICE

An application for water service may be made at any office of the Company. The Company may require any applicant to sign an Application Contract before service is supplied. However, the use of water service constitutes an agreement under which the user receives water service and agrees to pay the Company therefor in accordance with the applicable rate schedules, rules and regulations. Each person of full legal age who resides at the premises to which service is delivered shall be deemed to receive benefit of service supplied and shall be liable to the Company for payment, subject to conditions hereinafter stated, whether or not service is listed in his/her name. The primary obligor for payment is the applicant or user in whose name service with the Company is listed (the customer of record). The Company is obligated to pursue reasonable and timely efforts to effect payment by or collections from the customer of record. In the event such efforts are unavailing, and it is necessary for the Company to effect payment by or collection from a user who is not the customer of record by transfer of an account or otherwise, the Company shall give prior written notice to said user that he/she may factually dispute the applicability of the benefit of service rule stated in this paragraph to his/her specific situation by making written complaint to the Public Utilities Commission. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

During a period of vacancy in a rental property, the landlord or property owner may contact the Company in writing to request that water service be transferred to his/her name. Upon such application by the landlord or property owner, the landlord or property owner becomes the customer of record and service will be provided in the name of the landlord or property owner.

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. R6
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

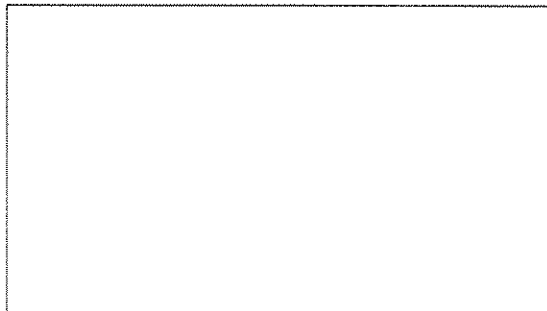
CHARGES FOR RENDERING SERVICE

Appropriate charges to customers will be made at the time service is initiated or restored, or in the event that service at a specific location is transferred from one customer to another. Charges will also be made to customers for all service work performed for customers on customer's premises except for gratuitous services provided by Company. Service work performed at other than regular working hours shall be subject to overtime rates. Charges are set forth on the tariff sheet entitled Schedule of Charges for Rendering Service. These charges are to offset Company's costs for such service work and transactions and are in addition to all other customer charges for utility service, for customer deposits and for required charges under Company's filed extension policy.

Gratuitous services to customers by the Company will not be charged to the customer. Such gratuitous services are limited to the following:

1. All emergency calls where permanent materials and facility replacement is not performed.
2. Bill investigations.
3. Customer service complaint investigations.
4. Maintenance of Company facilities.

To compensate Company for the cost of processing bad checks, the Company will make a charge to any customer whose check for payment to the Company is returned by the bank as not payable. The amount of the charge is stated on Sheet No.6.



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Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. R7
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

MONTHLY BILLS

Bills for service will be rendered monthly. The term "month" for billing purposes means a calendar month.

If an initial or final bill is for a period less than the "monthly" billing period described above, billing may be prorated using a ratio of the number of days of service rendered during the to the number of service days in the month.

All bills for service, including any excise tax imposed by governmental authority, are due and payable at an office of the Company, or to an authorized agent of the Company. If the customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the customer from payment for service rendered.

When Company for any reason submits a bill to a customer for utility service which contains a no charge, Company will include on such bill a notice informing customer that the bill does contain a no charge. In all bills for additional charges resulting from a period of estimated or skipped billings, Company will include a written notice of customer's right to pay such additional charges in installments, where such estimated or skipped charges were not the fault of the customer.

If a customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons therefore, the Company will investigate the complaint. However, such notice disputing the correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Company, at its sole option, will refund any overpayment or credit the amount of overpayment to the next bill rendered.

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. R8
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

POSSESSION OF WATER

Company shall be in control and possession of the water deliverable to Customer and responsible for any damage or injury caused thereby, until the same shall have been delivered to Customer at the delivery point or points, after which delivery Customer shall be deemed to be in exclusive control and possession thereof and responsible for any such injury or damage.

CUSTOMER'S INSTALLATION

Concurrently with or prior to requesting water service the customer shall submit to Company on forms supplied by Company, written data detailing the service requested, to enable Company to determine if the type of service, quantity, capacity, and pressure desired by customer is available; to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the point of delivery, i.e., point where Company's water facilities will connect to those of customer. Before any additions to or alterations of existing installations are made by customer which will materially affect the amount of service required, or which may require a change in the type of service or the point of delivery, the Company must be notified reasonably in advance thereof as to the proposed additions or alterations in order that the Company may first determine if the service desired is available and, if so, that the necessary changes in the Company's facilities may be arranged for and completed. The Company will also review the requested service for compliance with the applicable county regulations and covenants regarding water use and required water rights.

The Company accepts no liability for injury or damage caused by defects in customer's piping or equipment. The customer must provide adequate, testable anti-syphon valves installed at a point upstream of any sprinkler system.

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
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CO PUC No. 1

Cancels _____ Original _____ Sheet No. R9
Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

CUSTOMER'S INSTALLATION - cont'd

When the Company is required by order of properly constituted authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service lead and the point of delivery, the Company will designate a new point of delivery and bear the expense of relocation of Company facilities to that point, and customer, at customer's expense, will bring all necessary customer piping to that new point of delivery.

Service will be delivered to the customer for each premise at one point of delivery designated by the Company. For the mutual protection of the customer and the Company, only authorized employees, agents or contractors of the Company are permitted to make connections between the Company's water service and the customer's piping.

The Company reserves the right to require the customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their location made at the request of the customer. Meters and other equipment of the Company will be removed or relocated only by employees or agents of the Company.

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original Sheet No. R10
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

PROTECTION OF SUBSURFACE FACILITIES

Customer shall consult Company regarding necessity of changing location of water service before building any improvement, addition or structure over the water service pipe or in the vicinity of Company's facilities. Customer shall notify Company before undertaking any type of excavation or change in surface grade of customer's property, or operating or permitting the operation of any power excavating or ditching equipment in the proximity of Company's underground water service on customer's premises.

LIABILITY

All mains, services, apparatus, instruments, meters, and materials supplied by Company at its expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by customer or other unauthorized persons.

The customer shall be responsible for any damage to or loss of Company's property located on customer's premises, caused by or arising out of the negligence of customer or customer's agents, employees, licensees, or invitees, or the misuse or unauthorized use of Company's property by customer or customer's agents, employees, licensees, or invitees. The cost of making good such loss and/or repairing such damage shall be paid by the customer. Customer shall be held responsible for injury to Company's employees if caused by customer's negligence.

Advice Letter
Number 1

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. R11
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RULES AND REGULATIONS

WATER SERVICE

GENERAL

LIABILITY - Cont'd

The customer shall be responsible for any injury to persons or damage to property occasioned or caused by the negligence of the customer or any of customer's agents, employees, licensees or invitees in installing, maintaining, operating or using any of the customer's piping, equipment, machinery or apparatus, and for injury and damage caused by defects in the same.

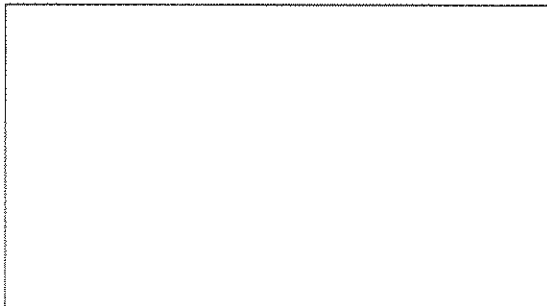
Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

INDEMNITY TO COMPANY

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from or is occasioned by the facilities located on customer's side of the point of delivery unless caused by the negligence or wrongful acts of Company's agents or employees. "Customer" and "Company" as used herein shall include without limitation the agents, employees, licensees or contractors of each of said parties, or persons acting with permission or authorization from the respective parties.

PRIORITY OF SERVICE

In case of a shortage of supply, Company shall have the right to curtail service subject to approval by the Commission.



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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
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CO PUC No. 1

Original Sheet No. R12
Cancels Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

DIVERSION OF WATER

Any tampering or interfering with pipes, devices, or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals) which will permit or make possible the use of water without its proper registration on Company's meter shall constitute prima facie evidence of diversion of water by the customer in whose name service is being rendered, or by the person benefiting from the use of such diverted water.

In such instances, Company will, in any reasonable manner, compute the amount of diverted water. Where Company is unable to make such count, the computation will be based upon any other available information, or estimated. Such computation or estimate shall be made for the period beginning with the date on which customer began using water at the location where the diversion occurred, unless evidence proves the diversion commenced at a later date, and ending with the date on which such diversion ceased. Bills for water diverted, based upon the aforesaid computation or, where necessary, upon estimation, under the applicable rate in effect during the period of diversion, plus the cost of investigating and confirming such diversion, disconnecting service, equipment damages and other related items shall be due and payable in accordance with the Company's tariffs.

If service has been discontinued for failure to comply with any of the Company's rules and regulations and a diversion of water has been confirmed subsequent to discontinuance, (1) the Company will not render service to customer, or to any other person for customer's use, until the Customer has paid or made appropriate arrangements (when applicable) with the Company for the payment of all charges relating to the diversion of water and for all past due bills for service rendered at the same location; and (2) the Company will confirm that the cause for the discontinuance of water, if other than for non-payment, has been cured. Payment arrangements shall not be available in any case where the customer has defaulted on an installment payment arrangement.

Advice Letter

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222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
222 South Kenosha
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CO PUC No. 1

Original Sheet No. R13
Cancels Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

DIVERSION OF WATER - Cont'd

If service has been discontinued for diversion of water, the Company will not render service to the Customer or to any other person for the Customer's use, at the same location until the Customer has arranged with the Company for the installation of, or has installed at the Customer's expense, such entrance and service equipment as is necessary to prevent further diversion of water.

The foregoing rules pertaining to diversion of water in no way affect or modify any action or prosecution under the laws of the State of Colorado.

Customers who wish to dispute any action of the Company may lodge a formal complaint with the Colorado Public Utilities Commission, External Affairs Division, in writing at 1560 Broadway, Suite 250, Denver, CO, 80202, or by telephone at (303) 894-2070 or (800) 456-0858.

Advice Letter
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MILL CREEK WATER SALES & DISTRIBUTION, LLC
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CO PUC No. 1

Original Sheet No. R14
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

GENERAL

EASEMENTS

A contract for water service, or receipt of service by customer, will be construed as an agreement granting to Company an easement for water mains, services, meters and other equipment of Company necessary to render service to customer. If requested by Company, customer, before service is connected, will execute Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by customer, and will furnish space and shelter satisfactory to Company for all apparatus of Company located on customer's premises. In the event that customer shall divide premises by sale in such manner that one part shall be isolated from streets where Company's water mains are accessible, customer shall grant or reserve an easement for water service over part having access to water mains for the benefit of the isolated part.

ACCESS FOR COMPANY'S EMPLOYEES

The customer will provide access to his premises at all reasonable times for authorized employees of the Company for any proper purpose incidental to the supplying of water service.

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MILL CREEK WATER SALES & DISTRIBUTION, LLC

222 South Kenosha
Tulsa, Oklahoma 74120

CO PUC No. 1

Original _____ Sheet No. R15
Cancels _____ Sheet No. _____

RULES AND REGULATIONS

WATER SERVICE

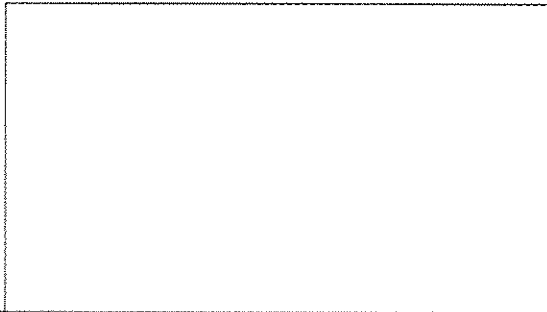
GENERAL

RESALE OF WATER

Water service supplied by the Company is for the exclusive use of the customer. Consequently, the customer will not be permitted by submetering or otherwise, to determine a quantity of water and resell the same as such to any other person or persons on the customer's premises or for use on any other premises. A master-metered customer may, however, check-meter tenants, lessees, or other persons to whom ultimately the water is distributed for the purpose of reimbursing the master-metered customer by an appropriate allocation procedure. The Company reserves the right to refuse to furnish water service to any customer where the purchase of such service is for the purpose of resale by customer to others. In the event water is resold in conflict herewith, Company shall have the right to discontinue service to customer.

COMPLAINTS

Customers who wish to dispute any action of the Company may lodge a formal complaint with the Colorado Public Utilities Commission, External Affairs Division, in writing at 1560 Broadway, Suite 250, Denver, CO, 80202, or by telephone at (303) 894-2070 or (800) 456-0858. The Company will investigate promptly all complaints made by its customers and will keep a record of all written complaints which record will include: the name and address of the complainant, the date, the nature of the complaint, and the adjustment or disposition made thereof. This record will be kept at least two years after the date of the complaint.



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222 South Kenosha
Tulsa, Oklahoma 74120

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RULES AND REGULATIONS

WATER SERVICE

STANDARDS

SYSTEM OPERATION AND MAINTENANCE

The Company will construct, operate and maintain its water systems in such manner as to furnish good, safe, adequate and continuous water service in accordance with the Rules and Regulations of the Public Utilities Commission of the State of Colorado.

a. The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of water and to avoid any shortage of same and, excepting interruptible service, interruption of same. However, Company will not be liable for interruption, shortage, or insufficiency in the supply of water, or for any injury, loss, or damage occasioned thereby, including, but not limited to, that occasioned by accidents, breakdown of equipment, acts of God, authority and orders of government, flood, storms, fires, strikes, riots, or war.

b. The Company, whenever it shall find it necessary for the purpose of making repairs or improvements to its systems, will have the right to temporarily suspend the delivery of water.

c. Interruptions of service, however, will not relieve customer from any charges for service actually supplied, nor will accidents to customer's equipment or machinery, or failure of customer's installation, not due to fault of Company, relieve customer of payment of minimum charges under the rate schedule or contract applicable.

MEASUREMENT OF SERVICE

Metered Service

The Company reserves the right to require, at the customer's sole cost, the installation of an appropriate metering device on all newly constructed residential and commercial service locations connected to the Company's system from and after May 1, 2008 as more particularly described in the Stipulation and Agreement in Resolution of Proceeding approved by the Commission in Docket No. 07A-317W.

Advice Letter

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Karla M. Hanlon Chief Financial Officer
222 South Kenosha Tulsa, Oklahoma 74120

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MILL CREEK WATER SALES & DISTRIBUTION, LLC
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RULES AND REGULATIONS

WATER SERVICE

STANDARDS

Meter Accuracy

All meters required to be installed will be tested for accuracy of adjustment and registration before installation and if inaccuracy is found, such meters shall be adjusted to register within standards set forth in the Commission's rules. Otherwise, the Company shall not be required to test the accuracy of such meters until such time as such meters are used to determine rates on the Company's system.

BILLING ERRORS

The Company will exercise all reasonable means to assure accurate computation of all bills for water service. Customer agrees to accept the Company's accounting for water measurement and billing. In the event errors in billing occur, Company shall refund to customer the amount of any overcharge having resulted therefrom and, likewise, shall have the right to collect from customer the amount of any undercharge. The time period for billing and collection for billing errors shall be limited to six months; the period for refunding any overcharges shall be up to 2 years. The provisions of this tariff sheet shall not apply in the case of bypass, water diversion or in cases of subterfuge.

WATER QUALITY SPECIFICATIONS

The Company will maintain water quality within the specifications required by the Colorado Department of Public Health, as applicable to service provided by the Company.

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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

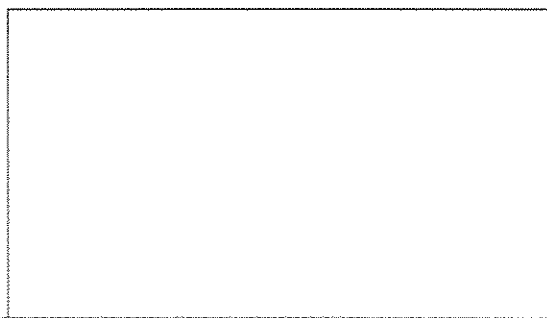
These Rules and Regulations set forth the Service Lateral Connection and Distribution Main Extension Policy of the Company available in all territory served by the Company.

GENERAL PROVISIONS

The provisions of this policy are subject to the applicable Rules and Regulations and Orders of the Public Utilities Commission of the State of Colorado and to the Company's Rules and Regulations on file with said Public Utilities Commission.

When one or more Applicants request water service at premises not connected to the Company's distribution system or request an increase in service to premises already connected, and where such increase necessitates additional investment, Company, after consideration of Applicant's water requirements, will design and estimate the cost of the extension, expansion, or other changes necessary to provide the requested service. The determination of facility type and routing will be made by Company to be consistent with the characteristics of the territory in which service is to be rendered and the nature of Company's existing facilities in the area.

In all cases, the facilities provided will be constructed by the Company or its designated agent in accordance with the Company's specifications, standards and procedures, and shall be, at all times, the property of the Company to the point of delivery. Distribution extension costs and deposits will be based upon the Company's estimate of the cost of constructing and installing the facilities necessary to adequately supply the service requested by Applicant. Such cost will include, but not be limited to, the cost of all materials, labor, rights-of-way, etc., together with all incidental and overhead expenses connected therewith. Where special items, not incorporated in said specifications, are required to meet local construction conditions, the cost thereof will also be included.



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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

DEFINITION OF TERMS

Distribution Extension

Distribution or supply main, including all appurtenant facilities necessary to supply service to an additional customer, or to increase the level of service to an existing customer.

Distribution Reinforcement

Increase in size or number of existing facilities necessitated by Applicant's estimated water requirements.

Extension Completion Date

The date on which the construction of a Distribution Extension or Distribution Reinforcement is completed as shown by the Company's records.

Construction Costs of Distribution Facilities

The combined total costs of all facilities necessary to the Distribution Extension or Distribution Reinforcement, including satisfactory rights-of-way.

Construction Payment

Amount advanced by Applicant to pay all Construction Costs.

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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

DEFINITION OF TERMS - Cont'd

Refund of Construction Payment

Amount of Construction Payment returned to customers or assignees by the Company.

Service Laterals

The supply pipe extending from the distribution main to and including the first valve on the main side of the meter (where applicable) or the point where the Company's water facilities are first connected to the water facilities of the customer.

Meter Piping

Pipe and fittings necessary to extend from the end of the service lateral to the meter (where applicable) or the point where the Company's water facilities are first connected to the water facilities of the customer.

Point of Delivery

Point where the Company's water facilities are first connected to the water facilities of the customer. The location of the point of delivery will be determined by Company in accordance with standard practice or as individual circumstances may dictate. In most cases this point will be the service shut-off valve located approximately at the property line of the service address.

Meter Location

The physical location of the water meter measuring the amount of water supplied to customer. Meter locations in all instances will be determined by Company and will be located so as to be accessible to Company's meter readers at all times.

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RULES AND REGULATIONS

WATER SERVICE

SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY

WATER METER AND PIPING INSTALLATIONS

Service to all newly constructed service locations shall require the installation of an appropriate metering device, along with appropriate meter piping, as determined by the Company in order to supply Applicant's requirements. Applicant will provide all facilities necessary for proper meter installation in conformance with Company requirements for such installation. Separate charges will be made for meter piping to additional meter locations in the same building except in the case of a meter header.

Title to meter, meter piping and the service lateral upstream of the point of delivery shall at all times be vested in Company.

The cost of installing the service lateral to the point of delivery, and the cost of the meter and meter piping shall be charged to the customer at the time of installation. Following the Customer's application for service as described on Sheet R8, the Company shall provide the prospective new customer with a written estimate of these costs.

If additional work beyond the installation of the service lateral and meter are required in order to provide service to a new customer, a deposit for this additional construction may be required. This deposit will be calculated by determining the entire cost to provide service to the customer. Upon completion of the work to connect the new customer, the Company will review the construction cost and determine if any refund of any portion of the deposit is due the customer. For new developments, the fee will be the entire cost to provide service to that new development.

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GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

These General Terms and Conditions apply to Water Sales Service in all territory served by the Company.

DEFINITION

Water Sales Service is the furnishing of water for the exclusive use of the individual customer through a single meter (where applicable) or to the point where the Company's water facilities are first connected to the water facilities of the customer.

DEPOSITS AND REFUNDS

Existing customers shall not be required to place a deposit with the Company, if the customer has a satisfactory credit record with the Company in accordance with (1) below. For this purpose an existing customer shall include customers who change location if service is initiated at a new location within two weeks of discontinuance of service at the old location and customer advises the Company prior to discontinuance at the old location of intent to take service at the new location.

Applicants for service who are divorced or widowed and whose former spouse met the above requirements shall not be required to place a deposit with the Company. Applicants who are divorced or widowed and whose former spouse had a satisfactory credit record with the Company in accordance with (1) below shall be deemed to have a satisfactory credit record with the Company themselves and shall not be required to make a deposit.

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GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

DEPOSITS AND REFUNDS - Cont'd

All new applicants for water service, including former customers who have had a discontinuity in service shall be subject to the following deposit considerations;

(1) Applicants who have previously received service from the Company for at least nine (9) consecutive months within the last three (3) years and who maintained a satisfactory credit record during the most recent nine (9) consecutive months of previous service, will be classified as an "old customer" and will not be required to make a deposit. A satisfactory credit record is defined as no discontinuance of service during the most recent nine (9) consecutive months of previous service and if service was not discontinued, less than three (3) notices of discontinuance were issued during that time.

(2) If applicant for service does not meet the above requirement, Company will classify applicant as a "conditional customer," and will require the deposit of a sum equal to an estimated thirty days bill, based on actual previous winter usage wherever possible. Such deposit is not an advance payment or partial payment of any bill for service, but is security for payment of bills for service, to be applied against unpaid bills only in the event service is discontinued.

(3) Deposits shall be refunded after a twelve month period if no delinquency resulting in the issuance of a written notification of discontinuance of service to the customer has occurred. Thereafter, review will be made annually or upon customer request to determine if customer is eligible for refund. Refunds will otherwise be made only at such time as service is discontinued and all outstanding bills have been paid.

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GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

DEPOSITS AND REFUNDS - Cont'd

(4) Interest at the rate of 4.76 percent per annum shall be paid on customer deposits, either in cash or by a credit to the customer's account. Such rate shall remain in effect until such time as the Commission established a revised interest rate percentage to be charged by the Company. Interest will be paid upon refund of the deposit or annually upon request of a customer. The interest rate is subject to change January 1 each year in accordance with the rules of The Public Utilities Commission of the State of Colorado. Whenever the interest rate is changed, deposits held by the Company shall earn interest at the new rate for the portion of time the deposit is held beyond the effective date of the interest rate change.

DISCONTINUANCE OF SERVICE BY COMPANY

The Company adopts Rule (4 CCR) 723-5-5400 through 5410 from the Commission's Rules and Regulations in the matter of Billing and Service and Discontinuance of Service. In the event the Company is unable to physically discontinue service to a customer due to the absence of a metering device serving the customer's end use location, the Company shall nevertheless be authorized to pursue collection of any amounts owed by such customer in accordance with law. If it obtains judgment, the Company may also seek the establishment and foreclosure upon a real property lien upon the customer's property in accordance with law.

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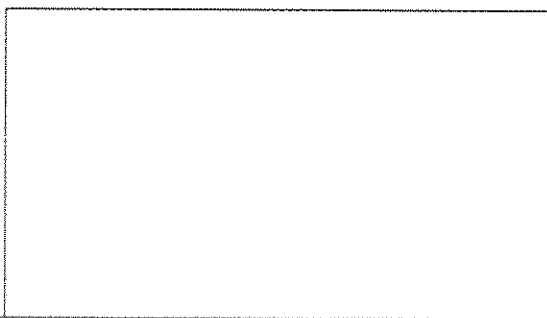
GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

RESTORATION OF SERVICE

Service which has been terminated due to failure to pay or make arrangements for payment of bills for service rendered will be restored if customer pays all applicable collection or reconnection charges, enters into installment plan arrangements or modified budget billing arrangements and makes the first installment payment. This provision will not apply in cases where termination has occurred due to breached arrangements. If service is terminated after breach of arrangements, service will be reinstated only after customer has made payment in full of all amounts owed, including any collection or reconnection charges and after posting any deposit required for service.

Service also will be restored upon receipt of a valid medical certificate and will not be discontinued again until said medical certificate, or any valid extension thereof, has expired. Where service has been discontinued as set forth in these rules, Company shall restore such service within 12 hours after elimination by customer of the cause for discontinuance, unless extenuating circumstances prevent restoration. Extenuating circumstances includes, but is not limited to, the requirement that the customer or someone designated by the customer be at the premises at the time of restoration.



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GENERAL TERMS AND CONDITIONS

WATER SALES SERVICE

BUDGET BILLING PLAN

The Company shall offer such budget billing arrangements as may be required by the rules and regulations of the Public Utilities Commission of the State of Colorado.

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