

FACTS PERTINENT TO THE QUESTIONS and ANSWERS

1. ORIGINAL WELL AGREEMENT was entered into February 25, 2003.

Parties to that Agreement were (name) the Developer of ICR, and (Harvard) the Developer of Talking Rock Ranch. ICR had residents at that time, but there were no homes in Talking Rock. WC and the Preserve did not yet exist.

ICR residents were noticed as to the Agreements and the intention to add TRR to the service area.

The present Board had nothing to do with those Agreements.

2. ICRWUA HAS TWO SEPARATE WATER SYSTEMS.

One system services ICR, WC and the Preserve. That water comes from a well in the Mint Creek Wash.

The other system services TRR ONLY, and the wells and water rights are located on land owned by the TRR developers. TR developers have never charged ICRWUA for water that ICRWUA sells to TRR residents.

THE TWO SYSTEMS ARE NOT CONNECTED.

3. TALKING ROCK RANCH DEVELOPER PAID FOR ALL OF THE INFRASTRUCTURE IN TRR.

In exchange, TRGC was allowed to use that infrastructure to get the water they owned from the wells they owned to the Golf Course they owned.

Under the Main Extension Agreement, Talking Rock will get back a small fraction of the cost of their investment.

4. THE CURRENT BOARD MEMBERS AND PRIOR BOARD MEMBERS BELIEVED IN GOOD FAITH THAT THE AGREEMENT HAD BEEN APPROVED. The ACC Staff signed the MXA and the accompanying Well Agreement as approved. For many years, the various Boards operated the water company pursuant to those agreements.

5. THE BOARD BELIEVES THE LOU WILL RESOLVE ALL THE ISSUES IN THE RATE CASE, AND IS THE BEST SOLUTION FOR THE COMPANY. The implementation of the LOU will resolve questions regarding Decision #63460, and provide a number of other benefits to the Company and its members.