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### **Sunshine Springs Water**

**June 2001 – Water Notes**

As of June 2001, Sunshine Springs Water is in business. We have come a long way since the beginning. During the past four years of development, Sunshine Springs Water has accomplished an infrastructure and has obtained from Delta County and the State of Colorado, documents, permits, licenses and water rights necessary to the establishment of a functioning water company.

Our vision for the future is a simple one: to supply domestic water to the North Fork of the Gunnison Valley located between the towns of Paonia and Hotchkiss. This area has high demand and need for domestic water taps. A review of Sunshine Springs Adjudicated Water Rights and associated Augmentation Plan will reveal our current total volume of domestic water to be 115 gallons per minute. This volume combined with an adequate delivery system can service 463 homes. Storage could be added to the facility and a 300% increase in capacity could be achieved. To actualize this potential and understandable and predictable amount of facility expansion and state regulation compliance will be necessary. Today however, Sunshine Springs is a small water company with a bright future. We have infrastructure and can now deliver quality domestic water to homes here at Sunshine Springs Minor Subdivision. We are capable delivering domestic water to others in this described service area.

Sunshine Spring #1 is fully developed. One tap is allotted to each lot of Sunshine Springs Minor Subdivision. Taps may be sold to people under the agreements laid out in the Sunshine Domestic Water Service contract, along with the following terms:

Sunshine Springs will deliver water to the tap owners at the boundary of Sunshine Springs Minor Subdivision property. Tap owners are required to provide Sunshine Springs with a 4-inch diameter delivery pipe properly installed along with easements. At the point in time of hook-up to Sunshine Springs existing system, this new pipeline and easements become the property of Sunshine Springs. The company will then be responsible for its maintenance and repairs.

One Sunshine Springs water tap will deliver 10,000 gallons per month under the standard service contract. More water can be delivered at an additional cost to the holder.

These water rights can service 463 taps. With adequate storage capacity, a 300% increase in taps can be accrued (1389 potential taps). Presently in the area between Paonia and Hotchkiss, there are no extra domestic water taps available.

The few domestic providers who are there are operating at full capacity of their systems or rights. Fifteen domestic water providers in this valley area, show that monthly service charges have a spread of \$26 to \$68 per tap.

The lack of domestic water providers in this area is the main reason why Sunshine Springs will be able to market taps directly into this area. The sale of water taps is the main resource for the company to raise money. Monthly service fees begin once a water tap sells. The future will see a rise in these charges.

Using these two sources of revenue, a model for business potential can be developed. Extra domestic water taps are not available in this area; and if they were, \$6,000 to \$19,000 per tap would be the sale price.

These water rights, plus facilities including easements and the Augmentation Plan and bank deposit is what comprises Sunshine springs (see Operating Agreements, Paragraph 4).

The Sunshine Springs water is a domestic water company up and running. It is ready to sell domestic water taps. To actualize the stated potentials, the sale of water taps is essential. We are not operating as a public utility, and as such, we need not sell taps to everyone who wants them. To be sure, water development and increase in population are inseparably connected.