

IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

FILED  
FEB 02 2004  
STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER...70484.....  
FILED BY...Lifestyle Homes TND, LLC.....  
ON...November 20....., 2003..., TO APPROPRIATE THE  
WATERS OF ...Underground.....



PROTEST

Comes now...Utilities, Inc. of Nevada.....

Printed or typed name of protestant

whose post office address is...3670 Grant Drive, Suite 104, Reno, Nevada 89509.....

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is ...Water Purveyor..... and protests the granting

of Application Number ..70484....., filed on ...November 20....., 2003.....

by Lifestyle Homes TND, LLC..... to appropriate the

waters of ...Underground..... situated in ...Washoe County.....

Underground or name of stream, lake, spring or other source

County, State of Nevada, for the following reasons and on the following grounds, to wit:

..... See Attachment A.....  
.....  
.....  
.....  
.....  
.....  
.....

THEREFORE the Protestant requests that the application be ...Denied.....

Denied, issued subject to prior rights, etc., as the case may be

and that an order be entered for such relief as the State Engineer deems just and proper.

Signed William J. McKean.....  
Agent or protestant

..... William J. McKean.....  
Printed or typed name, if agent

..... Lionel Sawyer & Collins  
Address...1100 Bank of America Plaza, 50 W. Liberty Street.....  
Street No. or P.O. Box No.

..... Reno, Nevada 89501.....  
City, State and Zip Code No.

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Subscribed and sworn to before me this ...2nd.....day of...February....., 2004.....

..... Jane Harrell.....  
Notary Public

State of...Nevada.....

County of...Washoe.....



+ \$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

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IN THE MATTER OF APPLICATION NO. 70484  
EXHIBIT A

Protest of Utilities, Inc. of Nevada  
Prepared by William J. McKean, Esq.

INTRODUCTION

The Protestant, Utilities, Inc. of Nevada ("UIN"), is an investor-owned public utility providing water service within a portion of Washoe County, Nevada, subject to the jurisdiction of the Public Utilities Commission of Nevada ("PUCN"). UIN currently provides water services to approximately 2,500 residential and business customers within its certificated service territory located in the Cold Springs Basin (Basins 100 & 100A).

UIN is required by Nevada law to provide reliable and reasonably adequate water service to its *existing* customers. UIN must also fulfill its commitments, as set forth in "will serve" letters, to serve *future* customers within its service territory.

POTENTIAL ADVERSE EFFECTS

UIN is the beneficiary of existing permits and pending senior priority applications pending in Cold Springs Basin (Basins 100 & 100A). UIN is currently pumping against those water rights to serve current demand. UIN anticipates that by the year 2005, it will need to be pumping against an additional 812 acre-feet (AF) of those water rights annually in order to accommodate the growth that is currently projected within its service territory.

The Sweger Well, located in the northern part of its service territory (see attached map), is an important source of water for customers in that portion of UIN's service territory. The Sweger Well receives recharge from water flowing from the north – the same area of the project contemplated by Application No. 70484.

If the project contemplated by Application No. 70484 is approved and developed, the recharge of the Sweger Well could be impaired, thereby unreasonably interfering with and adversely affecting UIN's existing water rights, and negatively affecting UIN's ability to fulfill its service obligations. In addition, UIN anticipates that in order to accommodate projected growth, it will need to drill an additional well or wells in the same area as the project contemplated by Application No. 70484. The project contemplated by Application No. 70484 would therefore unreasonably inhibit UIN's ability to accommodate projected growth and expansion. Moreover, in light of the over-appropriated status of the basins generally, the proposed appropriations could detrimentally impact UIN's ability to utilize this resource to serve its customers.

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CONCLUSION

UIN requests that Application No. 70484 be denied for the following reasons:

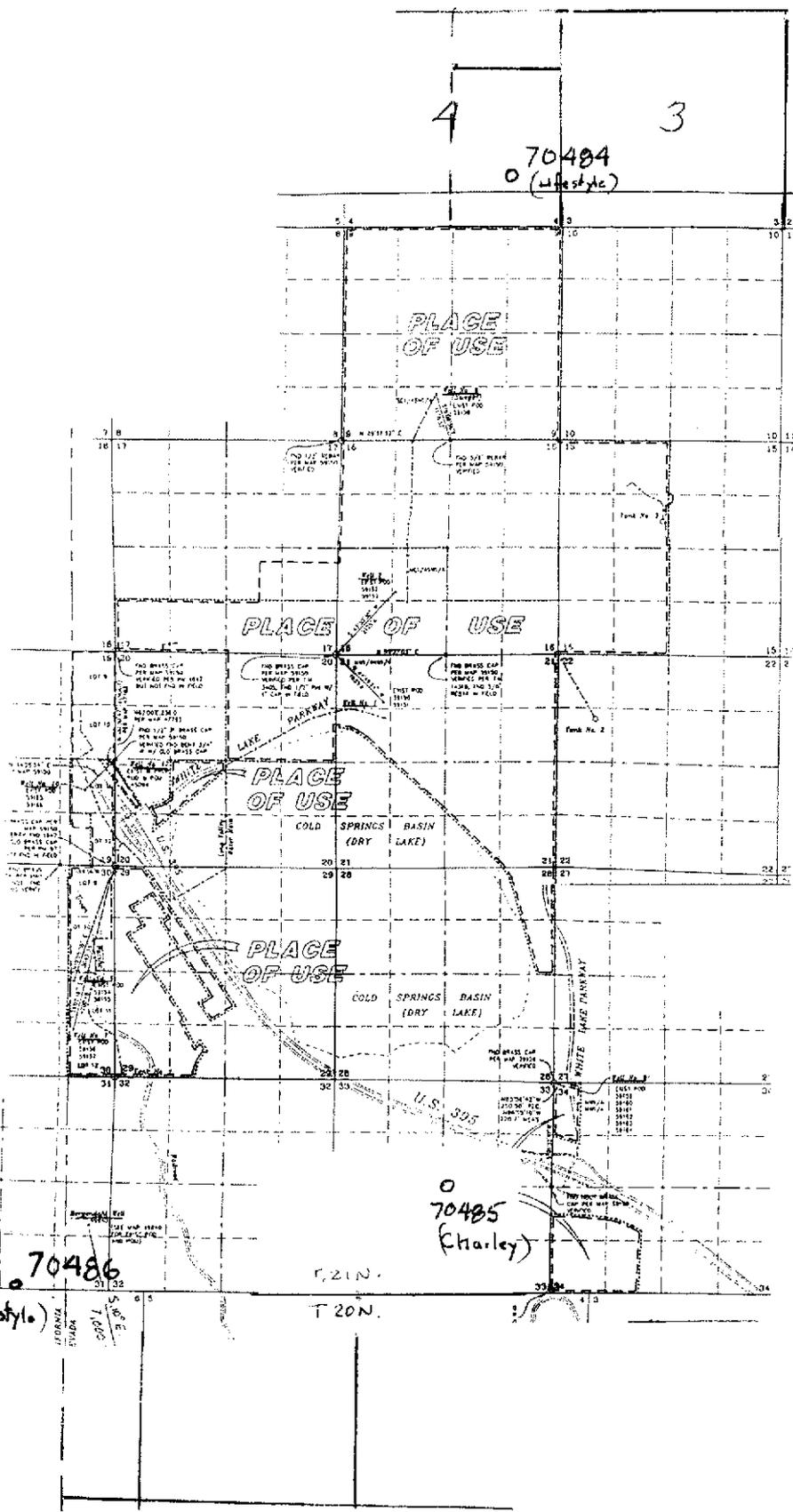
1. The approval and development of the appropriation proposed by this application will impair the use of water rights UIN currently uses to serve its existing customers.
2. The public interest would be not served by granting this application because it will unreasonably inhibit UIN's ability to accommodate projected growth and expansion.

UIN reserves the right to amend and supplement its exhibit and protest of Application No. 70484 as more relevant information becomes available.

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 (Lifestyle) 70486

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