



State of Utah
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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Doug Wheelwright, Technical Consultant

Date: March 30, 2016

Re: **Acknowledgment**

Docket No. 16-2508-T01, Ticaboo Utility Improvement District Tariff Filing

RECOMMENDATION- ACKNOWLEDGE REVISED TARIFF SHEETS

The Division has reviewed the changes to the Ticaboo Utility Improvement District (District) tariff sheets, along with the board meeting minutes and public notice requirements. The Utah Division of Public Utilities (Division) recommends that the Utah Public Service Commission (Commission) acknowledge the revised tariff sheets as submitted and make them available for public inspection.

ISSUE

On February 29, 2016, the District filed revisions to its tariff sheets and rate schedules. On March 1, 2016, the Commission issued an Action Request to the Division to investigate the tariff and schedule filing. This memo is the Division response to that Action Request.

DISCUSSION

The Ticaboo Utility Improvement District provides electric service, water, waste water and solid waste management to the residents of Ticaboo, Utah and is governed by the Improvement District Act §17B-2a-406.¹ The District is faced with the unique and challenging requirement to provide reliable services to a very small and isolated customer base. Due to the remote location of the district, electric service is generated primarily from diesel powered generators with some solar facilities for water pumps. The proposed Tariff changes were approved by the board on January 28, 2016 and a public meeting was held on February 18, 2016 to address the changes to the District's Tariff. The proposed changes have an effective date of April 1, 2016.

For a small improvement district, there have been several items that have come before the Commission for review and consideration in the last few years. The current tariff was filed with the Commission on March 20, 2015 and the settlement stipulation was approved on September 10, 2015. The current filing includes a number of changes to the language of the Tariff along with changes to the fee structure. As mentioned in previous memos, customers are required to pay minimum stand-by fees for all services in order to receive any service from the District. For example, a District customer that installs solar panels and generates 100% of their electric needs is still required to pay the minimum electric stand-by fee in order to receive water, sewer or garbage service.

Exhibit A of the filing include changes to the Electric Service Regulations for the District (pages ER-01-1 through ER-10-4). The District has included a 2 page summary which identify 36 changes to the language of this section of the Tariff since the last approval. The filing inadvertently excluded pages ER-02-5 and ER-02-6 which have subsequently been provided by the District and are included with this memo. Most of the changes reflect a change in the language to refer to the "utility" and not the "electric utility" since the District provides the additional services for water, sewer and garbage. Some the changes to the Tariff language are necessary do to the terms of the settlement stipulation agreement in Docket No. 15-2508-T01.

¹ Section 17B-2(a)-406(6)(b) exempts the Improvement district from the rate making process found in § 54-7-12 so long as each requirement is satisfied. The Division's review is therefore limited. The Division expresses no opinion on rate design or rates in the revised rate schedules.

Exhibit B of the filing include changes to the Electric Rate Schedules (page ES-1-1 through ES-10-2). The District has included a 2 page summary which identify 13 changes to the Tariff language referring to the applicable rates and fees. The most notable change is the elimination of electric impact fees and the combination of the connection and hook-up fees. The previous tariff included a hook-up fee of \$1,500 and a connection fee of \$500 for new service. In the proposed Tariff, these two fees have been combined and increased from \$2,000 for residential service to a single connection fee of \$2,865 for an increase of \$865. The fee increase is based on the District's estimate of the time and materials that would be required for a new connection. Additional detail from the District concerning costs included in the calculation of the connection fee has also been included with this memo.

Exhibit C of the filing include changes to the Regulation Charges of the District (page RC-2 through RC-6). The District included a summary which identify 9 changes to this section of the Tariff due to the elimination and combination of fees as outlined in Exhibit B. Pages RC-4 and RC-5 have been included due to the change in the fee structure but are applicable to water, waste water and solid waste charges.

As a side note, the Division was pleased to note that the minutes of the January board meeting included a brief summary of the District's financial condition through December 2015. Based on the notes from the meeting, it appears that the District has made significant improvements in its financial position and is current with all liabilities and sinking fund requirements. This is a significant improvement from previous reporting periods and is a credit to the board and to Mr. Shortreed. With the improved financial position of the District, projected lower fuel cost and improvements in the generation facilities, the Division is hopeful that the District may be able to reduce customer rates in future periods. The Division will continue to monitor the District and will review the official financial information as it becomes available.

CONCLUSION

The Division recommends the Public Service Commission of Utah (Commission) acknowledge the revised tariff sheets of the Ticaboo Utility Improvement District and make them available for public inspection.

CC Chip Shortreed, Ticaboo Utility Improvement District
Michelle Beck, Office of Consumer Services
Marialie Martinez, DPU Customer Service