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M E M O R A N D U M

TO: Public Service Commission of Utah

FROM: Division of Public Utilities
Artie Powell, Interim Director
Bill Duncan, Manager, Telecom and Water Section
Paul Hicken, Utility Analyst

RE: Dammeron Valley Water Works – Request for a conservation rate to be added to their tariff; **Docket No. 07-2025-T01**

The Division of Public Utilities (DPU) has reviewed the proposed conservation tariff and notes clarifying irrigation rights as submitted by Dammeron Valley Water Works (DVWW). The proposal contains three parts which are outlined as follows:

- 1) The conservation tariff will be applied to new subdivisions platted after the tariff is approved by the Public Service Commission. Existing customers may apply to convert to the conservation tariff but once converted, will not be allowed to convert back to their original tariff rate.
- 2) All customers owning irrigation shares may be required to discontinue irrigating during times of extreme drought or emergency, if required to do so by Dammeron Valley Water Works.
- 3) Dammeron Valley Water Works may offer to customers from time to time, the right to use water over and above their tariff allocation, at the irrigation rate. It will be offered to all customers equally regardless of the tariff rate they fall under.

First, the proposal for a conservation tariff appears to be a valid and prudent idea, but we need to do more analysis. This is actually a new rate that would be added to an existing tariff where other rates are still in effect. Because it is a new rate applicable mainly to a new sector of the development, we need to review other factors such as costs and revenues associated with the newly platted properties, in order to determine if the new rate is just and reasonable. This could take several more weeks to gather the information and conclude the analysis.

The second part of the request pertains to the use of irrigation water, which is not necessarily regulated by the Public Service Commission. The DPU believes the issue of temporarily halting or reducing irrigation use is a company policy. It makes sense that the company should have the right to impose restrictions on irrigation use during times of extreme drought or emergencies. The DPU would support such a policy, so long as it is defined and clearly stated within the tariff.

The third part of the request regards the use of surplus company water at the irrigation rate in order to green up the landscape during times of fire hazard. DPU believes this is also a policy decision for the company. This policy to provide discounted water for a few months during the summer, would not adversely affect customers, but it would reduce company revenues slightly, and the company is prepared for the revenue reduction. The company would have the discretion to implement this policy to all customers when and if it is needed. The DPU would also support this policy as long as it is specified with details in the tariff.