

DOCKET: 08-2199-01

White Hills Water Co. Inc.
P.O. Box 1377
West Jordan, Utah 84084

June 12, 2008

Utah Public Service Commission
Heber M Wells Bldg. 4th Floor
160 East 300 South
Salt Lake City, Utah 84114-6751

Re: Rate increase request.

Dear Commission,

.After losses in 2005, 2006 and 2007 in excess of \$1 10,000 dollars. it is prudent of our company to ask for a rate increase. Our current rate structure does not allow us to pay all of our incurred operating expenses nor reduce incurred debt. Therefore we would like to propose the following rate increases for your consideration.

Our company serves the community of White Hills Subdivision, which is located on the western slope of cedar valley, Utah County. It currently serves 124 water connections. We are a class C water operation.

Water connection fees:

Current Rate

- a) \$1100.00 per ³/₄" connection.
- b) \$ 1 800.00 per 1" connection.

Proposed Rate

- a) \$3800.00 per ³/₄" connection.
- b) \$4500.00 per 1" connection.
- c) \$6500.00 Above 1" connection.

Rate increase purpose:

The water connection fee rate increase is needed to provide future pressure regulators, meters and water automation. ultimately allowing use to better serve new residents, businesses and commercial water users, along with increased water pressure for our current water users.

Turn On Fee:

Current Rate: \$20.00

Proposed Rate: \$35.00

Rate increase purpose:

This increase will help defray the regular operational costs of the day to day water operations.

Water Use Rate Increase

Current Rate

Minimum billing: \$15.00 per month or \$30.00 Bi-Monthly billing. This minimum hi-monthly billing includes up to 10,000 gallons of water per two month billing cycle. All water usage after the first 10,000 gallons is billed at .0015 per gallon.

Proposed Rate

Minimum billing: \$38.00 per month or \$76.00 Bi-Monthly billing. This minimum billing would include up to 5,000 gallons per month or 10,000 gallons of water per bi-monthly billing cycle. After the first 10,000 gallons used, water usage would be billed on the following tiered basis.

Per month basis — billed bi-monthly

Tier 0 — 5,000 gallons \$38.00 per month.
Tier 5,001 — 10,000 at the rate of .0045
Tier 10,001 — 15,000 at the rate of .005
Tier above 15,001 at the rate of .0065

Rate increase purpose:

Our current rate structure does not cover our current expenses. Our regular operation income for the year of 2007 was \$56,602 dollars. Expenses for this same period were, \$1 18,483.00 dollars.

Our current condition:

The company experienced a flooding of a residence during this past winter. We have some insurance but it will not cover all of the cost incurred from the flooding of the customers basement. The break occurred at the line connection, where the individual meter was connected to the water lateral, There may have been a faulty collar connection but will be hard to prove any liability on anyone's part because the failure did not occur for over ten years after the installation of the service. White Hills Water Co. Inc. believes that this liability will end up somewhere in the neighborhood of \$25,000 to \$75,000 dollars, depending upon a completed structural engineering report, provided by the customer.

Because of this experience the company is working hard to reassess its short and long term plans. The company believes the following list should also be considered and addressed as part of our rate increase.

- 1) Pump & tank automation
- 2) Pressure regulator
- 3) Replacement of 16,000 lineal feet of 10" steel pipe
- 4) Replacement of 1,100 lineal feet of 6" steel pipe
- 5) Radio read meters
- 6) No-fault insurance reserve

Resolution of these issues will help to keep the company in good sound financial and physical condition.

I appreciate your time and help with these matters. I will personally make myself available at anytime in order to help resolve any questions or issues that may arise.

Respect

W. Kerry Jackson (Operations Manager)

Cell Phone Contact
801-601-8895 Kerry

Copy to Todd MacFarland