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State of Utah
Department of Commerce
Division of Public Utilities

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--==-- MEMORANDUM ==--

TO: PUBLIC SERVICE COMMISSION OF UTAH

FROM: DIVISION OF PUBLIC UTILITIES
Philip J. Powlick, Division Director
Bill Duncan, Manager, Telecom & Water Section
Shauna Benvegna-Springer, Utility Analyst

DATE: July 16, 2009

SUBJECT: In the Matter of the Request of Highland Water Co., Inc. for Approval of a Rate Increase

RE: Docket No. 09-010-01

RECOMMENDATION:

The Division of Public Utilities (DPU or the “Division”) completed an analysis to the requested tariff amendments filed by Highland Water Co. (HWC or the “Company”) on May 20, 2009.

The Division recommends approval of the following:

- 1) late payment service charge and corresponding tariff language,
- 2) NSF or returned check fee, and
- 3) supplementary water fee and supplementary water rate.

INTRODUCTION:

The Company filed for a rate increase on October 17, 2008 which the Division reviewed, analyzed and investigated under Docket No. 08-010-01 & 08-010-T01. On May 11, 2009 the Division recommended a modified rate increase to the Commission, which the Commission approved on June 4, 2009. While the Division was working with the Company on the tariff document, various issues were identified by the Division and the Company which should have been included in the initial or modified rate increase and tariff change.

ANALYSIS:

Late Payment Fee:

The Company's current tariff did not contain a late payment policy and fee to provide an incentive for customers to pay promptly. The Division finds the proposed late payment fee of \$10.00 or interest service fee of 1 ½ percent per month, whichever is greater, to be in compliance with the Commission's Rule 746-200-4(D) (1).

NSF or Returned Check Fee:

The Company's current tariff did not contain a non-sufficient funds (NSF) or returned check policy and fee to provide a disincentive for insufficient payment activity. The Division finds the proposed NSF fee of \$20.00 per incident to be reasonable and comparable to other NSF fee charges used by other private water systems.

Supplementary Water Deposit, Fee and Rate:

From time to time the Company is asked to provide a service of supplementary water. Supplementary water is defined as metered water from a fire hydrant or other temporary meter. In order to provide this service, a fire hydrant assembly costing \$1,000 is required. In addition providing a supplementary connection can have quite an extensive impact on the system should the service be provided for an extended amount of time. There is a requirement to set up the temporary meter, make adjustments to the water flow and monitor the water system during this type of service. The Company requested \$100.00 supplementary water set up and take down fee, a refundable \$1,000 security deposit to prevent theft or misuse of the meter, and a supplementary water rate for the supplementary water used of \$5.00 per thousand gallons. The Division recommends approval of the supplementary water fee, deposit and rate.

cc: Rodger Smith, Highland Water Company