

PINE VALLEY IRRIGATION COMPANY

435 EAST MAIN STREET



PINE VALLEY, UTAH



84781-2165

September 1, 2009

Public Service Commission
Attn: Shauna Benvegna-Springer
P.O. Box 46751
Salt Lake City, UT 84144-6751

Re: Request for Rate Increase

To Whom It May Concern:

The Pine Valley Irrigation Company has recently undertaken a series of improvement projects on their system to meet state requirements and improve service. With the costs incurred by these projects, the company is in need of adjusting water rates to pay for the new loan payments. As water rates have not been adjusted for 12 years, the cost of inflation alone would have increased the rates by 36.2% over the past 12 years according to the CPI index and we are proposing to increase the rates by 46 percent. We have conducted a water rate analysis and have included a summary with this letter. Our current and proposed water rates are as follows:

Current

Base Fee (includes 3,000 gallons) per Month:	\$20
3,000 to 6,000 gallons:	\$0.50 per 1,000 gallons
6,000 to 9,000 gallons:	\$0.75 per 1,000 gallons
9,000 gallons or more:	\$1.00 per 1,000 gallons

Proposed

Base Fee (includes 3,000 gallons) per Month:	\$29
3,000 to 6,000 gallons:	\$0.80 per 1,000 gallons
6,000 to 9,000 gallons:	\$1.05 per 1,000 gallons
9,000 gallons or more:	\$1.30 per 1,000 gallons

The following table summarizes current water rates for several communities in the area.

Table 1: Comparative Cost of Water for a Residential Connection by Usage

Entity	Usage in Gallons							
	5,000	10,000	15,000	20,000	25,000	30,000	35,000	40,000
Ivins City	\$27.83	\$33.82	\$40.57	\$50.02	\$59.47	\$68.92	\$82.42	\$95.92
Washington	\$22.00	\$27.00	\$32.50	\$38.50	\$45.00	\$52.00	\$59.75	\$68.25

Entity	Usage in Gallons							
	5,000	10,000	15,000	20,000	25,000	30,000	35,000	40,000
City								
Santa Clara City	\$20.25	\$21.07	\$25.17	\$30.07	\$35.87	\$42.72	\$49.57	\$56.42
LaVerkin City	\$28.15	\$34.05	\$39.95	\$45.85	\$53.20	\$60.55	\$67.90	\$76.70
City of St. George	\$15.87	\$19.77	\$24.27	\$29.27	\$34.82	\$40.92	\$47.57	\$54.77
Hurricane City	\$17.50	\$21.75	\$26.25	\$30.75	\$36.00	\$41.25	\$47.25	\$55.25
Pine Valley (Current)	\$21.00	\$24.75	\$29.75	\$34.75	\$39.75	\$44.75	\$49.75	\$54.75
Pine Valley (Proposed)	\$30.60	\$35.85	\$42.35	\$48.85	\$55.35	\$61.85	\$68.35	\$74.85

We have included a spreadsheet showing system operation costs versus revenue for your review. In addition we have attached a spreadsheet showing current customers and billing for the past 12 months. Please let us know if you have any questions or need additional information.

Sincerely



C. Judd Burgess

President

PINE VALLEY IRRIGATION COMPANY

Encl: Cost vs. Revenue Spreadsheet
 12 Month Billing

**WATER RATE ANALYSIS
PINE VALLEY CULINARY WATER SYSTEM**

OPERATION AND MAINTENANCE EXPENSES	Amount for preceding Year	Amount for Current Year	Budget Amount
Salaries and Wages Employees (601)	\$33,843.00	\$33,088.00	\$33,800
Salaries and Wages - Directors, Officers, and Majority Stockholders (603)			
Employee Pensions and Benefits (604)	\$593.00	\$2,775.00	\$2,800
Purchased Water (610) Pine Valley Irrigation System	\$26,683.00	\$27,294.00	\$28,000
Purchased Power (615)			
Fuel for power production (616)			
Chemical (618)			
Materials and Supplies (620)	\$5,603.00	\$616.00	\$3,000
Contractual Services - Billing (630)	\$12,775.00	\$11,338.00	\$12,000
Contractual Services - Professional (531)	\$2,641.00	\$5,485.00	\$6,000
Contractual Services - testing (635)	\$176.00	\$353.00	\$500
Contractual Services - Other (636) Assessments	\$1,689.00	\$1,677.00	\$2,000
Rents (640)			
Building Rent	\$3,000.00	\$3,000.00	\$1,500
Transportation Expenses (650)	\$4,262.00	\$4,775.00	\$5,000
Insurance Expenses (655)	\$3,929.00	\$4,413.00	\$4,600
Regulatory Commission Expense (665)			
Bad Debt Expense (670)	\$2,380.00	\$1,273.00	\$2,000
Miscellaneous Expense (675)			
other supplies	\$186.00	\$189.00	\$200
postage			
utilities	\$4,500.00	\$4,060.00	\$4,500
repairs and maintenance	\$15,228.00	\$4,115.00	\$10,000
dues and subscriptions	\$878.00	\$1,028.00	\$1,200
telephone	\$863.00	\$930.00	\$1,000
payroll taxes	\$2,712.00	\$2,809.00	\$2,900
bank charges	\$177.00	\$61.00	\$200
Repair and Replacement Fund (Proposed 2% of system value of \$1.7M)			\$34,000
Total Water, Operation, and Maintenance Expenses	\$122,118.00	\$109,279.00	\$155,200

DEBT SERVICE			
Existing Debt Service - Board of Water Resource Loan #1	\$68,300	\$68,300	\$68,300
New Debt Service - Board of Water Resource Loan #2			\$32,000
Total Annual Revenue Required	\$190,418	\$177,579	\$255,500

INCOME			
Annual Monthly Minimum Revenue ¹	\$136,800	\$137,400	\$202,710
Annual Overage Revenue ²	\$35,980	\$32,967	\$52,747
Total Income	\$172,780	\$170,367	\$255,457

¹ Current \$20/Month & \$10/Month. Budget \$29/Month & \$14.50/Month

² Current \$0.50, \$0.75, & \$1.00. Budget \$0.80, \$1.05, and \$1.30