BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Request)
For a Rate Increase of) Hidden Creek Water Company

Docket No. 09-2440-01

Administrative Law

Judge: Ruben Arredondo

TRANSCRIPT OF HEARING PROCEEDINGS

TAKEN AT: Public Service Commission

160 East 300 South Salt Lake City, Utah

July 6, 2010 DATE:

9:03 a.m. TIME:

Kelly L. Wilburn, CSR, RPR REPORTED BY:

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1
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12
                              WITNESSES
13
     MARK LONG
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14
     Direct by Ms. Schmid
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     Cross by Mr. Bryner
Redirect by Ms. Schmid
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     JASON TANNER
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     Direct by Mr. Bryner
     Rebuttal Direct by Mr. Bryner
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1	PUBLIC WITNESSES			
2	<u>Name</u>	<u>Page</u>		
3 4	Steve Thompson (Cross by Mr. Bryner)	40 42		
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9	<u>EXHIBITS</u>			
10	No. <u>Description</u>	<u>Page</u>		
11	DPU-1, June 14, 2010 Memorandum, with 1.1 and attached exhibits 1.2	18		
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13	(The previous exhibits and related testimony were prefiled and are part of the PSC record and filed at the Commission.)			
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16	EXHIBITS, CONTINUED			
17	No. <u>Description</u>	<u>Page</u>		
1819	DPU-1.3 Hidden Creek's Rate Structure Amended Exhibit	18		
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1		<u>ATTACHMENTS</u>
2	<u>No.</u>	<u>Description</u>
3	Barron No. 1	Hobble Creek Canyon Community Map
4	Barron No. 2	Hidden Creek - Annual Actual
5	Dailoi NO. Z	Customer Usage
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JULY 6, 2010 1 9:03 A.M. 2 PROCEEDINGS 3 THE COURT: We're here In the Matter of the 4 Request of Hidden Creek Water Company For Approval of 5 a Rate Increase. This is the second hearing held in 6 this matter. I'm Ruben Arredondo, the ALJ assigned by 7 the Commission to hear this matter. 8 And with that let's take appearances, first 9 beginning with the Company, please. 10 MR. BRYNER: Thank you. Bryan Bryner, 11 representing the Company. And with me I have Tracy 12 Tanner and Jason Tanner, representatives from the 13 Company. 14 THE COURT: Okay, thank you. And if everyone 15 that's gonna speak, look at your microphone, there 16 should be a bright green light on. That -- make 17 sure -- just make sure your microphone is on. 18 Thank you, Mr. Bryner. 19 Ms. Schmid? 20 MS. SCHMID: Good morning. Patricia E. 21 Schmid with the Attorney General's Office representing 22 the Division of Public Utilities. And with me is Mark 23 Long from the Division. THE COURT: All right, thank you. 24 25 Okay. With that, then, we'll begin with the

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1
    Company. Mr. Bryner, did you want to make any
 2
    comments, or did the Division want to present their
 3
     amended recommendation first?
              MR. BRYNER: I think it would be easier if we
 4
 5
    had the Division present first, and then we can just
    comment on that. I don't think we have too many
 6
 7
    comments to make on it --
 8
              THE COURT:
                          Okav.
 9
              MR. BRYNER: -- so I think it would be easier
10
     if they went first.
              THE COURT: All right then.
11
12
              (Mr. Long was sworn.)
13
              THE COURT: Thank you. Go ahead.
14
                           MARK LONG,
15
          called as a witness, having been duly sworn,
16
            was examined and testified as follows:
17
                       DIRECT EXAMINATION
    BY MS. SCHMID:
18
              Good morning. Mr. Long, just briefly to
19
        Q.
20
     refresh our memories could you please state by whom
21
    you are employed and whether or not you have assisted
22
    the Division in this matter?
              Yes. I'm employed by the Division of Public
23
    Utilities as a utility analyst, and I've been involved
24
25
     from the beginning in this matter.
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1 0. As such, did you prepare or assist in 2 preparing the memorandum filed June 14, 2010, 3 entitled: "Amended Recommendation in the Matter of 4 the Request of Hidden Creek Water Company For Approval 5 of a Rate Increase"? 6 Α. I did. 7 Q. Do you have any changes or additions to this 8 memo? 9 Α. I have a couple clarifications that I planned on going over as I gave a brief synopsis of the, of 10 11 the amended recommendation. 12 Q. Okay. Please proceed. 13 Okay. I would like to provide a brief Α. 14 summary of the Division's analysis based on the new 15 and updated information received subsequent to the 16 original recommendation of January 20, 2010. 17 The new information consists of updated water 18 users and total connections: Increase in the total 19 number of water users from 18 to 20, and the total 20 number of connections from 48 to 49. 21 Also, we received updated usage amounts to 22 the more current meter readings than were available at 23 the time of the original recommendation. There was also a reduction in income tax 24

expense that was used in the original recommendation.

And also we had backup operator's wages added to the expenses.

The inclusion of the income tax adjustment and backup operator's wages, the net effect reduced the revenue requirement by \$1,980. Updating the water users and the additional connection increased revenues by another \$1,800 through the appropriate system fees and minimum usage fees.

For additional details you could refer to Amended Exhibit 1.1 that was included with the amended recommendation.

To begin with, the Division is appreciative of the cooperation of the Water Company during this latest analysis. As well as several of the customers that had a lot of great input. Most notably, Mr. John Balian spent a great deal of his personal time analyzing and discussing, with the other customers, the various proposals.

Since the last time we met for the scheduling conference on May 26th the Division has held many meetings, sent and received many emails, and has spoken at length over the telephone -- through telephone conversations, both with groups of customers as well as individuals, discussing the amended recommendation in front of you now.

Most recently the discussions have centered on just a few customers' persistence in implementing a flat rate where each customer would pay the same amount, regardless of their usage, rather than the tiered rate structure the Division is recommending in it's amended recommendation.

The Division wishes to emphasize that according to Utah Code 54-4a-6, the Division of Public Utilities shall act in the public interest in order to provide the Public Service Commission with objective and comprehensive information, evidence, and recommendations consistent with just, reasonable, and adequate rates, charges, rules, and practices of public utilities.

"Just and reasonable" is further defined in Utah Code in part as: Maintaining the financial integrity of public utilities, protecting the long-range interests of consumers, providing for the fair apportionment of the total cost of service, and protecting against the wasteful use of public utilities.

With these responsibilities and duties in mind, the Division believes that its tiered rate structure meets the criteria as set forth in Utah Code. If you could please refer to, and I've labelled

1 it Amended Exhibit 1.3, which is a new exhibit that wasn't included in the original presentation. 2 3 0. At this point, Mr. Long, could you just briefly describe what Amended Exhibit 1.3 is? 4 5 Α. What I've done here, the first graph shows --6 first of all the black vertical lines represents the 7 customers' water consumption over the whole year. The 8 other lines, the blue represents the first tier, the

green the second tier --

9

10

11

12

13

14

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25

I'm sorry, the blue represents the minimum usage, the green the first tier, the purple the second tier, and the yellow going to orange represents any usage over into the third tier.

And as you can see over in the annual consumption, nobody even comes close to reaching the third tier. Everybody is, is at or below the second tier.

To go a little bit further, I've taken the summer months -- which includes June through September of 2009 -- and made a couple adjustments on a couple of connections to get what's gonna be the projected usage for this summer. And as you can see here, it looks like four customers are projected to use into the highest tier.

With this in mind, the Division believes that

the recommended rate structure covers the water company's costs through stable revenues, with an opportunity for the Water Company to earn up to a 12 percent rate of return on their investment, for a maximum profit of \$1,047.

This also provides for the continued quality and adequate levels of service at the lowest cost possible. Assigns water supply and development costs proportionately to the customers who place the highest burden on the supply system and the natural supply sources.

Encourages the efficient use by sending a strong conservation price signal. And rewards conserving customers with lower unit rates for water bills -- for water, and, therefore, giving them greater control over their bills.

The Water Company has already reported to the Division that the proposed rate structure has already had a positive infact -- impact, as one of Hidden Creek's customers has recently fixed a long-term leak to avoid having their water usage reach the more expensive upper tiers.

With the recommended tiered rate structure if a customer chooses to use exorbitant amounts of water they will be paying for part of it in the highest

tier.

Although this increasing block rate structure communicates the value of water and encourages its efficient use, it is still up to the individual customers to choose to use water responsibly and not in excess in order to lessen the environmental and social impact and ramifications of using excessive water.

The Division is testifying only on those recommendations that have been added or changed from the original recommendations and numbered to match the recommendations in the amended recommendations previously submitted.

Recommendation No. 1: The Division determined that the labor amount paid to the backup operator, Mr. White, are reasonable, and recommends that the \$1,020 annual labor costs be funded in the rates.

Incidentally, this amount is set to equal the annual amount of the system fees and minimum water usage amount for the year.

Number 2: Most of the charges have remained unchanged. And those can be found on -- starting on page 5 of the amended recommendation. The following rates, however, have been changed. And let me just

briefly go through those.

System expense: The current tariff had those at \$33 per month. The original -- our original recommendation put them at \$61 per month.

The amended recommendation puts them at \$53 per month, and those are broken down as follows: \$28.50 for capital reserves, and \$24.50 for the fixed expenses.

The current tariff for the first 12,000 gal -- 12,000 gallons was \$5 per month. Our original recommendation was \$49.50. The amended recommendation is now \$32.

The current tariff really had no tiers. It was the same amount, 78.3 cents per thousand gallons, regardless of what was used. The original Division recommendation had \$5 per 1,000 gallons over the 12,000.

We've since revised that to better show -- have a conservation rate and affordability. So that the first tier, from 12,001 to 50,000 gallons, is \$2.75 per 1,000. Monthly usage from 50,001 to 94,000 gallons is \$3.75 per 1,000 gallons. And the monthly usage in excess of 94,001 gallon is \$7 per 1,000 gallons.

Recommendation No. 3: The recommendation for

the capital reserve account remains the same as included in the amended recommendation starting on Page 7.

There are a couple of additions regarding the capital reserve account, and they are: The Division is adding to their recommendation that the Water Company shows the capital reserve account as a separate, a separate line item in their billing statements.

For example, a typical bill would have the following line itemizations: System fees of \$53 would be shown as fixed costs of \$24.50, capital reserve of \$28.50. Yet another line for the minimum usage amount. And then whatever amounts the customers used into the various tiers.

Also regarding the capital reserve account, the Division recommends that a summary of the reserve account be provided to the water customers on an annual basis by the Water Company showing, at a minimum, beginning balance, annual deposits, with -- annual withdrawals, and the ending balance.

To facilitate this, the Water Company and the Division has agreed that the Water Company will provide a summary, as mentioned above, of the capital reserve account with its annual report, which will be

submitted and shall remain public information.

Additionally, the Water Company will report to the Division only or Commission only -- submit their report with a separate detailed annual accounting of the capital reserve account that backs up the summary included with the annual report.

This detailed annual accounting shall be in the form of bank statements encompassing the entire calendar year, showing a series of deposits made within 30 days from the receipt of the rate payments for each billing cycle and withdrawals that meet the requirements as set forth in both the original and amended recommendations.

This separate detailed annual accounting only will -- shall be clearly identified as "Confidential." And so the Division will use that -- we'll review that, but it will not be public information.

Recommendation No. 7: The Division recommends reading the meters monthly from April 1st through October 1st annually, weather permitting.

Currently they're not reading -- currently they're not reading the meters that often, but a lot of it may be to inclement weather. But the more they can read them, the better it would be.

Winter months shall be billed at the minimum

usage amount. The winter usage and billings shall be adjusted based on the first meter reading in the spring.

As an assurance to the water customers that they will not be billed at Tier 3 rates as a result of a leak, during the time period that the meters are not read monthly the maximum monthly billing adjusted after the first reading cannot exceed that of the maximum usage allowed through Tier 2, unless it can be established that the customer actually used an excessive amount of water.

Recommendation No. 8: The Division recommends that the new rates go into effect on June 1, 2010. Billings for service charges and usage prior to June 1st shall be based on the current approved tariff prices.

The Division is aware that this amended recommendation is still a large increase, and will have a big impact on ratepayers' bills. If you would refer to exhibit -- Amended Exhibit 1.2? Which gives a breakdown of each customer's projected annual water bill.

Without a developer subsidizing the Water

Company as in the past and keeping prices artificially
low, the Water Company must now fund its expenses and

establish a minimum financial reserve through its revenues.

Using the updated usage amounts, the annual billings based on the amended recommend -- on the amended recommended rates are, on average, 25 percent lower than those of the original recommendation. The amended recommended rates generate annual billings that are from 174 percent to 375 percent higher than the tariff rates.

In conclusion, the Division asserts that the rates and charges as set forth in Amended Table 1 are just and reasonable and consistent with the public interest and, therefore, the Division recommends that the Commission approve these new rates and other recommendations contained herein.

MS. SCHMID: With that, the Division would move for the admission of the memorandum dated June 14, 2010. And if we could mark that as DPU Exhibit 1. It has attached to it DPU Exhibits 1.1, and 1.2, which we'd also like to move for the admission thereof.

In addition, the Division would like to move for the admission of Amended Exhibit 1.3, which was provided under separate cover today.

THE COURT: Okay. Any objections?

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1
              MR. BRYNER: No objection.
 2
              THE COURT: All right. Then we'll admit DPU
 3
     Exhibit 1. And we'll take notice also that that was
     filed with the Commission with the Amended
 4
 5
     Exhibits 1.1 and 1.2, and today Amended Exhibit 1.3
 6
    was filed.
 7
          (Exhibit Nos. DPU-1, 1.1, 1.2, and 1.3 were
 8
                           admitted.)
 9
              THE COURT: Thank you Mr. Long.
10
              Mr. Bryner, any questions for Mr. Long?
11
              MR. BRYNER: Just one matter before we
12
    proceed to that. I don't know if we took the -- made
13
     the appearances of the interveners. I know that there
14
    have been several interveners that have been --
15
              THE COURT: Are any of the interveners gonna
16
    make any cross examination or anything like that?
17
    Mr. Scharffs, Mr. -- I'm sorry, what was your name,
18
    sir, over here?
19
              MR. SCHARFFS: I'm Brett Scharffs,
20
     intervener. Our intention was to give public witness
21
     testimony at 10:00.
22
              THE COURT: Okay. And sir, what was your
23
    name again over here?
24
              MR. THOMPSON: Steve Thompson.
25
              THE COURT: Steve Thompson?
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1
              MR. THOMPSON:
                             Yeah.
 2
              THE COURT: Mr. Thompson, are you gonna make
 3
     any -- besides public witness, anything else?
              MR. THOMPSON: No. I'll be at 10:00, too.
 4
 5
              THE COURT: Okay, thank you.
 6
              MR. BRYNER: Okay, thank you.
 7
              MR. THOMPSON: There will be others coming,
 8
     sir, too.
 9
              MS. SCHMID: And I believe that Mr. Balian is
10
    on the phone.
              THE COURT: Okay.
11
12
              MR. BRYNER: Your Honor --
13
              THE COURT: Do you want to take a recess,
14
     five-minute recess?
15
              MS. TANNER: Yes, thank you.
16
              MR. BRYNER: Yeah, if we could.
17
              THE COURT: All right, we'll take a
18
    five-minute recess.
19
          (A recess was taken from 9:21 to 9:28 a.m.)
20
              THE COURT: Go ahead.
21
              MR. BRYNER: Okay. I just have a couple of
22
    follow-up questions for Mr. Long.
23
                        CROSS EXAMINATION
    BY MR. BRYNER:
24
25
              If you could turn to the DPU Exhibit No. 1,
        Q.
                                                          19
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1
     the amended recommendations, page 8. Eight of nine?
 2
    And Recommendation No. 5. We'd like to get some
 3
    clarification on how the separate accountings and
 4
     annual reports will be made.
 5
              I guess our concern is that Recommendation
 6
    No. 5 seems to be superfluous to what's required, if
 7
    you go back to page 7, to Recommendation No. 3,
 8
     subpart (d)? We'd just like to get, get a
 9
    clarification and ask you a couple questions regarding
10
     those.
11
              MS. SCHMID: May Mr. Long just have a moment
12
     to get the documents in front of him?
13
              THE COURT:
                          Uh-huh.
14
              MR. BRYNER: Yeah, that's fine.
15
              THE WITNESS: Do you want me to comment on
16
     that now, or ask me questions?
17
        0.
              (By Mr. Bryner) Yeah, let me ask you some
18
     specific questions.
19
        Α.
              Okay.
20
        Q.
              Under, let's see, page 7 subpart 3(d) says
21
    that Hidden Creek shall provide an annual accounting
22
    of the capital reserve account with its annual report.
23
    Who is that annual accounting provided to?
                                                  Is that
24
    provided to the customers or to the Division?
25
        Α.
              The item in (d) would be provided to the
```

1 Division only. And that would be marked as 2 confidential because it should include bank statements 3 as well as a lot of information that shouldn't be public information. 4 5 0. Okay. And then an annual -- the annual 6 report that's also provided to the Division, is that 7 public information? Yes, it is. 8 Α. 9 Q. And would that contain any information 10 regarding the capital reserve account funds? 11 Α. That would contain the Recommendation No. 5, 12 where they provide a summary of the capital reserve 13 account showing the beginning balance, the annual 14 deposits, annual withdrawals, and the ending balance. 15 With no other details necessary than that. 16 0. So the Recommendation No. 5 does not require 17 a provision of bank statements or other confidential 18 financial information --19 Α. No, certainly not. -- to the customers? 20 Q. 21 Α. No. 22 Q. Another -- let's see. 23 MR. TANNER: Well, no. My understanding is 24 this recommendation 3(d) is information be provided to 25 the Commission that includes --

```
1
              THE COURT: Let me, let me, let me have you
 2
     stop there real quick, Mr. Tanner.
 3
              Do you, do you want to have Mr. Tanner and
    Ms. Tanner testify? And then we can maybe get back to
 4
 5
    what their concern is with Mr. Long's recommendation?
 6
              MR. BRYNER: Yeah. Yeah, I'm going to ask
 7
     them questions. They're going to testify regarding
 8
    this as well. I wanted to get a clarification from
 9
    Mr. Long as to how this works to make sure that we're
10
     all on the same page.
11
              THE COURT: Okay. I just, I just want to
12
    make sure that we -- you're not testifying before
13
    you're sworn in. So if you need to speak to your
14
     attorney to clarify what your concern is, you can take
15
     that time right now.
16
              MR. TANNER: No, I was just asking a
17
    clarification of Mr. Long.
18
              THE COURT: Have your --
19
              MR. TANNER: I'm trying to understand how
20
    this process --
21
              THE COURT: Let's have your attorney ask it.
22
                            (Pause.)
              (By Mr. Bryner) Let me just ask a couple
23
        Q.
24
     follow-up questions. Recommendation 3(d), would that
25
     require -- the way we read it it looks like it
                                                         22
```

```
1
     requires 12 bank statements, for each month of the
 2
    year, showing deposits and withdrawals from the
 3
    capital reserve account. Is that correct?
        Α.
 4
              That would be correct. Or if you, say, get a
 5
    printout from your bank that includes all 12 months,
 6
     that would be fine as well.
 7
        0.
              So if there's just one financial statement
 8
    provided at the end of the year that shows each
 9
    month's deposits and withdrawals, that would suffice?
10
              Right. But I, I'd like to have the bank
11
     statements so that I can see that the funds actually
12
    went into the bank. And not just shown on a financial
13
     statement just as --
14
              And that information --
        0.
15
              -- part of the checks and balances.
16
        0.
              Excuse me. And that information would be
    confidential?
17
18
        Α.
              Certainly.
19
        Q.
              Those, those bank statements --
20
        Α.
              Yes.
21
             -- and the annual accounting?
        0.
22
        Α.
              Yes.
23
        Q.
              Okay.
24
              MS. SCHMID: Just as a clarification, I
25
    believe that the Company would want to mark those
```

```
1
    confidential --
              MR. BRYNER: Right.
 2
 3
              MS. SCHMID: -- when it submitted the annual
 4
     report.
 5
              MR. BRYNER: Yes. Yes, we would mark that.
              THE WITNESS: Okay.
 6
 7
        0.
              (By Mr. Bryner) And then the Recommendation
 8
    No. 5, that's only a summary provided at the end of
 9
     the year. That would not need to include bank
10
     statements or financial --
11
        Α.
              That's correct.
12
        0.
           -- documents?
              That's correct.
13
        Α.
14
        0.
              Okay. And then moving on to Recommendation
15
    No. 7. As -- it appears that an exemption is provided
16
    for customers that have a leak in their system from
17
    paying the amounts -- the expenses that are billed to
18
     the Company as a result of that leak.
19
              Is that, is that the intent of this
20
    recommendation?
21
        Α.
              Can you repeat that?
22
              Recommendation No. 7, I'll just quote the
        Q.
23
     second paragraph:
24
                "As an assurance to the water
25
           customers that they will not be billed
                                                          24
```

at Tier 3 rates as a result of a leak, during the time period that the meters are not read monthly, the maximum monthly billing adjusted after the first spring reading cannot exceed that of the maximum usage allowed through Tier 2, unless it can be established that the customer actually used an excessive amount of water."

I guess our question is, if there is a leak that the volume of that leak extends into Tier 3, how would that customer be billed?

A. According to this, they would not be billed into Tier 3 unless there was a notice made or the customer somehow notified that they're using -- that there is a leak and they failed to fix it.

But in order to protect the customer since they're not -- the meters aren't being read monthly, then that would add some assurance to the customers that they're not going to be billed hundreds or thousands of dollars extra for a leak that they're not aware of.

Q. So would the bill for those amounts exceeding -- or -- exceeding Tier 2, would those amounts still be billed at Tier 2 rates?

1 Α. Yes. 2 MR. BRYNER: I don't think I have any other 3 questions. Let me have just a minute to confer with my clients. 4 5 (Pause.) Q. (By Mr. Bryner) Okay. And so if they're --6 7 if a customer is billed -- if there is a leak and it 8 enters into the Tier 3, that -- the bill would reflect 9 that they are going to be billed at Tier 2. Would 10 that be a reasonable recommendation? You know, originally I hadn't thought of 11 12 that. But I -- that would be reasonable to bill them 13 for the amount, but not into the Tier 3 rates. 14 Q. Okay. 15 (Pause.) 16 Q. (By Mr. Bryner) And one last item on Recommendation No. 7. The Division recommends reading 17 18 the meters monthly from April 1st through October 1st 19 annually, weather permitting. 20 I don't know if you're aware, with the 21 location of the Water Company, the Water Company 22 doesn't typically read the meters until June 1st. 23 Would it be reasonable to, to clari -- because of the 24 snow and the elevation, would it be reasonable to 25 amend Recommendation No. 7 to begin the meter readings

1	June 1st?	
2	A. The reason that the Division recommended they	
3	start in April, and that was qualified with "weather	
4	permitting," the more monthly meter readings that are	
5	available out there the better conservation message it	
6	sends. It's going to notify people that they're	
7	that they have a leak, for example.	
8	And, you know, if there's if they can't do	
9	it, then they can't do it. But we would encourage	
10	them to read those more often. And if there's too	
11	much snow, then so be it. They won't be able to.	
12	MR. BRYNER: Okay. I don't think I	
13	think if there are any questions I have I'll ask my	
14	clients when we swear them in.	
15	THE COURT: All right, thank you. And do you	
16	need a recess?	
17	MR. BRYNER: Can I have just a moment to	
18	clarify?	
19	THE COURT: Okay. So quarter till.	
20	(A recess was taken from 9:38 to 9:44 a.m.)	
21	THE COURT: Go ahead Mr. Bryner.	
22	MR. BRYNER: Okay. Just one or two other	
23	questions for Mr. Long.	
24	Q. (By Mr. Bryner) In your experience as a	
25	utility analyst, do these proposed rates that the	

```
1
    Division is recommending -- how do those compare to
 2
     the water rates for other water companies in this
 3
     state?
        Α.
 4
              How do they compare in what way?
 5
        0.
              Are they, are they similar in the -- I'll
 6
     strike that question.
 7
              MR. BRYNER: I think we're done.
 8
              THE WITNESS: Okay.
 9
              THE COURT: All right.
10
              Any redirect, Ms. Schmid?
11
              MS. SCHMID: None.
12
              THE COURT: Okay. Are your -- are the
    Tanners gonna testify at all?
13
14
              MR. BRYNER: Yes, Mr. Jason Tanner will
15
     testify.
16
              (Mr. Tanner was sworn.)
17
              THE COURT: Thank you, go ahead.
18
                          JASON TANNER,
19
          called as a witness, having been duly sworn,
20
            was examined and testified as follows:
21
                       DIRECT EXAMINATION
22
    BY MR. BRYNER:
              Mr. Tanner, please state your name.
23
        Q.
24
        Α.
              Jason Tanner.
25
             And what is your position with the Hidden
        Q.
                                                          28
```

Creek Water Company?

- A. Secretary and -- excuse me, vice president and treasurer.
- Q. Okay. And how long have you had that position with the Water Company?
- A. I believe, I believe I was -- I've been the treasurer the entire time. I believe I've been the vice president for between five and six years.
- Q. Okay. And have you had a chance to review the Division's original recommendation and the amended recommendation?
 - A. I have.
- Q. And I'll ask you a question first about the rates and charges. Do you have any ques -- do you have any concerns or issues with the recommended rates and charges?
- A. I do. I have a couple of issues. Number one, I'd like to correct the record. On his -- on page 6 of 9 on the rate changes, the current tariff of \$5 a month is actually on the first 6,000 gallons.
 - Q. Okay.
- A. Not 12. So I'd just like to make sure that's corrected for the record.
 - Q. Okay.
 - A. Number two, something that's not in here that

I think needs to be addressed. We have had a number of incidents where payments have not been made and have not been able to have been collected, or there's been partial payments.

Now that we have both fixed and capital reserves we need to establish, if there's a partial payment or a catch-up payment that's not complete, which -- to which gets applied first. It's kind of a hierarchy thing. It's very common in contract law.

I believe that if a partial payment comes in, the fixed and variable requirements are to be met first. And then the capital reserve is to be met when all other payments have been -- expenses have been covered. But that's something that we ought to get some clarification on.

Q. Okay.

A. Number three, I think that the -- on the Recommendation No. 7, as to a leak? My concern is that if a customer knows that there's a leak there's absolutely no motivation whatsoever for them to fix this. And we lose the water conservation goals that the State shares with us.

So I think that there should be something in here that says if it can be established the customer either knew of the leak or was notified of the leak

and failed to fix or remedy the leak after such knowledge or notice, that they ought to be billed based on however much water is being used or lost -- and/or lost because of the leak.

Secondly, I think that the Company ought to have the right, weather, weather permitting, to do meter readings at any time during the year to make sure that, in fact, there are not excessive uses of water possibly because of leaks.

- Q. Now, the meters are currently read during which months?
- A. Weather permitting, generally June -occasionally May -- but generally it's June -starting June, July, August, September, and
 October 1st.
- Q. So you would like to have -- the Company would like the right to review -- read the meters during the winter months on occasion?
 - A. Yeah. If weather permits, yeah.
- Q. Okay. And again, what would be the purpose for doing that, for reading the meter during those times?
- A. Well, as Mark's chart here says, we've had one customer who's had a longstanding leak. And this way the sooner we find out about it, hopefully the

```
1
     less expense is involved, the less water lost.
    Sometimes leaks get worse. So it's just prudent to
 2
 3
     find out. The sooner the better.
        0.
 4
                   And do you have any other concerns or
             Okay.
 5
    proposed revisions to the DPU's recommendation, other
 6
     than what you've testified to?
 7
        Α.
             Well, again, my understanding as to the
 8
    capital reserve reporting requirement is that we will
 9
     report to the Commission the beginning balance of the
10
    capital reserve as evidenced by bank statements. All
11
    of the deposits. Any withdrawals. And ending balance
12
    as verified by bank statements. Marked conf --
13
    confidential.
14
              As to the information we're providing
15
    directly to the customers, it's just a summary of that
16
     information.
               (Ms. Tanner is talking privately.)
17
18
              THE WITNESS: Well, according to five we are.
19
               (Ms. Tanner is talking privately.)
20
              THE WITNESS: Has recommend five -- has
21
     recommendation five been stricken or not?
22
              MR. BRYNER: I guess we do have a question
23
    regarding Recommendation No. 5. Whether the summary
24
     is provided directly to the customers, or just the --
25
     in the annual report that is publicly available to the
```

```
1
    customers for review.
 2
              MR. LONG: It would be provided in the report
 3
     that's available to the customers.
 4
              MR. BRYNER: Okay. So -- okay. So we'll
    need, we'll need to clarify Recommendation No. 5 too.
 5
 6
              MR. TANNER: Okay.
 7
              THE COURT: Let me make sure I understand,
     too, because I'm not clear. So this Divi -- where it
 8
 9
     says:
10
                "The Division recommends that an
11
           accounting of the capital reserve
12
           account be provided to the water
13
           customers on an annual basis by the
14
           water company showing, at a minimum, the
15
           beginning balance, annual deposits,
16
           annual withdrawals, and the ending
17
           balance."
              So this accounting, not containing
18
19
    confidential information, is essentially gonna be a
20
     sheet I guess provided during the year to each
21
    customer saying, This is the beginning balance, this
22
     is the annual deposits, this is our annual
23
    withdrawals. But it's just a summary form; is that
    right, Mr. Long? Or is --
24
25
              MR. LONG: I guess we envision that as just
```

```
1
     being a summary form that will be turned in annually
 2
     with their annual report. And then the customers can
 3
     request that annual report, which will include the
 4
     summary.
 5
              And at the same time as the annual report the
 6
    Water Company will send in a detailed accounting of
 7
     that, which would include the bank statements. And
     that needs to be marked confidential because it will
 8
     have information that --
 9
              THE COURT: So if a customer wants it they
10
11
    have to get it from the Division, then?
12
              MR. LONG:
                         Yes.
13
              THE COURT: Okay.
14
              MR. BRYNER: That's our understanding as
15
    well.
16
              THE COURT: All right.
17
              MR. BRYNER: And so I think we'll need to
18
    clarify Recommendation No. 5, which states that the
19
     accounting is provided to the water customers.
20
     think that should be clarified to state that it's
21
     provided to the Division with the annual report.
22
              MR. LONG: You're right, that needs to be
23
     revised.
24
              MR. BRYNER: And I think that will address
25
    our concern with that. Okay, now moving to the
                                                          34
```

```
1
     testimony of Mr. Tanner.
 2
              (By Mr. Bryner) So other than these items
 3
     that you've identified as recommendations to cover the
    priority of payments, and meter readings during winter
 4
 5
    months, and also the rates to be charged for leaks,
 6
     are you -- is the water company in accordance with the
 7
    Division's recommendations?
        Α.
 8
              Yes.
 9
        Q.
              And have you been in contact with any of the
10
    customers of the water company regarding their
11
    concerns with the Division's recommendations?
12
        Α.
              Yes.
                    I've, I've received forwarded emails
13
     from Mr. Balian indicating that five, I believe five
14
    customers were willing to sign a stipulation that
15
     they're in agreement with the recommendations.
16
        Q.
              Okay.
17
        Α.
              Five interveners.
18
              MR. BRYNER: Okay. And I think that may be
19
     all.
           If I can just ask -- may I just have one moment?
20
                            (Pause.)
21
              MR. BRYNER: Okay, I think that's all we
22
    have.
              THE COURT: Okay. Ms. Schmid, any questions
23
    for Mr. Tanner?
24
25
              MS. SCHMID: None.
```

1	THE COURT: Okay. All right then, anything	
2	else from either party?	
3	No? Okay, then we'll go ahead and proceed	
4	with public witness testimony.	
5	MS. SCHMID: Oh, perhaps one, one a couple	
6	brief follow-up questions for Mr. Long.	
7	THE COURT: Okay.	
8	MARK LONG,	
9	called as a witness,	
10	having previously been duly sworn,	
11	was examined and testified as follows:	
12	REDIRECT EXAMINATION	
13	BY MS. SCHMID:	
14	Q. Do you agree that the correct gallon amount	
15	is 6,000 rather than 12,000?	
16	A. Yes.	
17	Q. Do you agree with the recommendation that	
18	partial payments be attributable first to the fixed	
19	and variable components of the rate, and then, after	
20	that has been satisfied, to the capital reserve?	
21	A. Yes, I do. And there just needs to be a	
22	brief explanation as to why the capital reserve	
23	account isn't including that amount. And that's	
24	that would be good.	
25	Q. Do you also agree with the Company's	
	36	

```
1
     recommendations regarding leaks and meter readings?
 2
     Particularly meter readings in the winter, if
 3
    possible?
 4
        Α.
              Oh, yeah. The more meter readings, the
 5
    better that would be.
 6
              MS. SCHMID:
                           Thank you.
 7
              THE COURT: And let me, let me make sure I
 8
    understand then with regards to leaks. If there is a
 9
     leak will the customer be charged at Tier 2 if they
10
     aren't aware about it -- or I guess what I want to
11
    know is, is there agreement between the Company and
12
    the Division that if there is a leak and the customer
13
     is not aware of it, they'll be charged at Tier 2
14
            If there is a leak and they are aware of it,
15
     then they may be charged at Tier 3 rates. Is that, is
16
     that your --
17
              MR. LONG: That's what I understand.
18
              MR. BRYNER: Yes. Or if the customer is
19
    notified after a meter reading that there is a leak.
20
              THE COURT:
                          Okay.
21
              MR. LONG: And maybe we need to establish
22
    what would be a reasonable amount of time to fix a
23
     leak if they're notified of it.
24
              THE COURT: Okay. Do you want to talk about
25
     it after the hearing and make a recommendation to the
```

```
1
    Commission?
              MR. BRYNER: Yes, we can do that.
 2
 3
              THE COURT:
                          Okay.
 4
              MR. BRYNER: And perhaps also what would
 5
    constitute reasonable notice given to the customer?
 6
              THE COURT: Okay. All right, anything else,
 7
    Ms. Schmid?
 8
              MS. SCHMID: Nothing else.
 9
              THE COURT: Okay. Then public witness. For
    those of you that haven't participated before, we're
10
11
    not as formal as a court so hopefully you'll be --
12
    you'll feel free to say whatever you'd like to say.
13
    And we'll have you just come up at this last chair, so
14
    you don't have to come up to the witness stand.
15
              There's two ways that you can testify.
16
    can testify under oath. So I'll have you raise your
17
     right hand and you'll be, you'll be placed under oath.
18
    And if you do testify under oath then the Commission
19
    can take what you say into consideration in rendering
20
    a decision.
21
              You'll also be subjected to cross
22
    examination. In other words, the attorneys can cross
    examine you, ask questions as they'd like and as
23
24
    permitted by the Commission.
25
              If you don't want to do that under oath, then
```

```
1
    you can just make general comments. However, they
 2
    can't be taken under consideration by the Commission
 3
     in rendering a decision. So with that, let me begin
    with -- Mr. Balian, are you on the phone?
 4
 5
              MR. BALIAN: Yes, I'm still here.
              THE COURT: Okay. Did you want to make any
 6
 7
    comment?
 8
              MR. BALIAN: Not really, no.
 9
              THE COURT: Okay. Anybody -- you four back
10
     there, anybody that would like to make comment?
11
     Let me have you, let me have -- right here, sir.
12
    Would you like to make any comment?
13
              SPEAKER FROM AUDIENCE:
                                      No.
14
              THE COURT: No? Ma'am, can I have your name?
15
              MS. BARRON: Dion Barron.
16
              THE COURT: Okay. And then Mr. Scharffs, you
17
    wanted to testify as well?
18
              MR. SCHARFFS: Yes.
19
              THE COURT: Mr. Thompson?
20
              MR. THOMPSON: Yes.
21
              THE COURT: Okay. We'll, we'll proceed from
    this side then. Ms. Barron, would you come up to this
22
23
     last chair here?
24
              MR. THOMPSON: Your Honor, I work at the
25
    museum as a docent.
```

```
1
              THE COURT: Okav.
 2
              MR. THOMPSON: And if you don't mind, I'd
 3
    like to go first.
             THE COURT: Sure, go ahead. Come up to this
 4
 5
    last chair here. And then do you see the light on on
 6
    that microphone? Is it on? If not, press the button
 7
    that says "Push."
              MR. THOMPSON:
 8
                             It's on.
 9
              THE COURT: Okay. And would you like to
10
    testify under oath?
11
              MR. THOMPSON: Yes.
12
              (Mr. Thompson was sworn.)
13
              THE COURT: Go ahead.
14
              MR. THOMPSON: First of all, Mr. Long had
15
    mentioned that there were about -- there were 20 users
16
    now in the, in the Hidden Creek Water Company
17
    boundaries, you might say. But there are now 24, at
18
    least. And there will be a 25th, they're hope --
19
    we're hoping by next month. In August.
20
              I spoke with Mr. Jan Anderson yesterday --
21
    and I wrote down on the paper that I'll submit to you
22
    for, for a -- evidence or whatever. I spoke with
23
    Mr. Jan Anderson today about our water concerns at
24
    Hidden Creek Water Company in Springville.
25
              Mr. Anderson is on the planning commission of
```

Utah County and is acquainted with the water policy of that -- of Utah County. He stated, and I quote.

Quote: Usually each home owner is allotted so much water based on size of lot, where the water comes from, et cetera. He mentioned one or two other parameters that I didn't record.

And that, that is a base rate. If an owner exceeds that base rate of quantity they are penalized about triple the normal rate per 1,000 gallons used over that base rate. This promotes conservation of water, unquote.

Since Hidden Creek Water Company was authorized .45 acre foot of water, plus the 1.0 for landscaping, plus the 1.5 for the irrigation purposes in the Cottages at Hobble Creek subdivision by the Utah County Planning Commission -- and I've attached the letter that this has come to our attention since our last meeting -- which equates to a little over 961,000 gallons of water per lot, per year, then that is the base rate each owner is entitled to.

Then and only then, when an owner exceeds that amount, then we should be assessed an amount of penalty over that amount by the Public Service Commission. And that's to be determined by you.

We propose an \$80 flat rate per homeowner,

1 which will satisfy the revenue requirements set forth by the PSC. And if the PSC deems necessary to reduce 2 3 the non-user lot's rate, then the capital reserve should be reduced to offset the loss of income. 4 5 For example, if the non-user rate is set at 6 \$60, then the capital reserve could be reduced from 7 approximately \$16,000 to approximately \$8,000. Since 8 this is a relatively new water system, this reduction 9 will not hurt the overall effect of income 10 accumulation needed for the system. 11 As seen by the previous consumption of the 12 owners, all were under our allocated amount due to our 13 own conservation procedures put into effect when we 14 built our homes. Thank you for your hearing some 15 input in this matter. It is our desire that this is 16 kept at a very simple accountable matter. 17 Thank you Mr. Thompson. THE COURT: 18 Ms. Schmid, any questions for Mr. Thompson? 19 MS. SCHMID: No questions. 20 THE COURT: Mr. Bryner? 21 MR. BRYNER: Yes. 22 CROSS EXAMINATION 23 BY MR. BRYNER: 24 Q. Mr. Thompson, we just have a question 25 regarding your statement that there are currently 24

1 users in the water company and there will be a 25th by 2 August. 3 Α. We hope, yeah. 4 0. Who are -- do you know the names of these 5 additional --6 Α. Four additional? 7 Q. Yes. 8 Α. Well, the previous accounting the Tanners --9 or Tan -- sis -- Tracy Tanner and the Whites were not on that original list of 20. We have the Hyde family, 10 11 H-y-d-e. 12 Is that how you spell it, Dion? 13 That just moved in this last week. And we 14 have the Dal Wilson family who built a home and they 15 are now in. There are -- they are Mountain Air number 16 whatever. They're a Mountain Air portion of the 17 Hidden Creek water. So -- sorry. You just said Mount Air. Which 18 0. 19 lot number, do you know? I'm not sure. Is that No. 10? I'm not sure 20 Α. 21 which one it is. But Tracy could certainly tell us, because it's, it's the new brick home that just 22 23 finished there. And they moved in. 24 MR. BRYNER: Okay. We'd like to call as a 25 witness later, Tracy Tanner, to address that --

```
1
              THE COURT: Okay, that's fine.
 2
              MR. BRYNER: -- situation.
                                          I don't know if
 3
    you want to do that now or after all the --
             THE COURT: We'll do that after the public
 4
 5
    witness.
 6
              MR. BRYNER: Okay.
 7
              THE COURT: All right. Anything else,
 8
    Mr. Thompson?
 9
              MR. THOMPSON: I don't, I don't think so,
10
    other than -- I think that's it, sir.
11
              THE COURT: Okay. If you'd like to file
12
     something you can file it with the Commission, just
13
    right in here.
14
              THE THOMPSON: Okay, I will.
15
              THE COURT: And then whoever is on the docket
16
    will get a copy of that electronically.
17
             THE THOMPSON:
                             Thank you.
18
              THE COURT: All right. Thank you,
19
    Mr. Thompson.
20
              MR. THOMPSON: I'll stay around for a while
21
    until I have to go, thank you.
22
              THE COURT: All right. Ms. Barron?
             Ms. Barron, would you like to testify under
23
24
    oath?
25
             MS. BARRON: Yes, I would.
                                                         44
```

1	(Ms. Barron was sworn.)
2	THE COURT: Thank you.
3	MS. BARRON: Thank you.
4	THE COURT: You can go ahead, Ms. Barron.
5	SPEAKER ASSISTING MS. BARRON: Judge, we have
6	a few papers. Do you want to can we give those to
7	you?
8	THE COURT: Sure, I can take them. And then
9	you just have to give copies to the Company and the
10	Division as well.
11	SPEAKER ASSISTING MS. BARRON: Yeah.
12	Oh, that's the original. Can I get one of
13	the copies?
14	THE COURT: Then do you want to give a copy
15	to the reporter as well? Thank you.
16	SPEAKER ASSISTING MS. BARRON: Yes, we have
17	one other.
18	MS. BARRON: And then also that one too, but
19	I'll begin.
20	The plat map that you were just given
21	outlines the area that we're talking about. And the
22	blue line is the creek that goes up the canyon that
23	many of the homes in Mountain Air are on the on
24	that side of the creek are able to use for irrigation
25	purposes.

So there's different, there's different water 1 2 available for the different developments. 3 MR. THOMPSON: Excuse me, Dion. Did you do 4 yours under oath or were you gonna do yours --5 MS. BARRON: I did. As a homeowner of the Cottages at Hobble 6 7 Creek for the last three years I appreciate the 8 opportunity of addressing the Judge and the Commission 9 regarding the increase and introduction of tariffs 10 regarding our water use in the development. 11 I hope that these concerns and objections are 12 met with an open mind and a decision has not yet been 13 made in regard to this proposed plan. 14 As soon as I was aware of any rate changes I 15 have been active in homeowner and neighborhood 16 meetings. The area affected by this rate change is 17 marked in black on the map that I gave you, and the 18 blue line represents Hobble Creek. 19 I have five areas of objections and concerns. 20 Number one, when considering the location of where we 21 wanted to build our home we looked at many 22 developments and compared their value. There were 23 many locations that were experiencing water shortages 24 and challenges, others with smaller lots and 25 convenient locations, and then this development at the

Cottages.

We were told by the developer that there was ample water with 400 -- with a 400-foot well, a water commitment required by the County, and it was a nonprofit water company. We purchased our property at a premium because it included water rights as described by Ordinance No. 1996-02.

The County used water engineer experts to arrive at this figure of the amount of water that is needed to maintain a mountain home landscaping, and fuel breaks, and irrigation needs. According to Brandon Larsen, land planner in Utah County, the County obtained the opinion of qualified professionals to establish the required water for this mountain development.

It was carefully analyzed, taking into consideration water, rainfall -- first rainfall, water for maintaining landscaping, and fuel breaks around the dwellings and occupied structure.

The amount of water required by the County to be provided by the water company was .45 acre feet per year, per dwelling, water for landscaping and fuel breaks for each dwelling, and water for irrigation in a perpetual supply of 1.5 acre foot per acre, per year, per parcel.

1 The amount of water required by the County 2 was approximately 960,000 gallons. All water 3 delivered to our property is metered and is not in any 4 way dis -- distinguished in any other way in these 5 categories. 6 If a separate irrigation system were 7 installed it would be from the same well, at -- and at 8 this time with exactly the same water, with no chemicals added to the water. 9 10 The graph that I provided shows the metered 11 water use of the home. And I drew the red line at the 12 In the document titled: Water Requirements For top. 13 the Cottages at Hobble Creek, Plat A Water Supply, 14 with the subheading (a) Water Rights, it states: 15 "The property within all plats shall 16 be provided by the developer with 17 perpetual water rights meeting the 18 following standards." 19 The red line is the amount established by the 20 County, and that is in the document that the 21 developers and the owners of Hidden Creek signed, that 22 was available for our lot and that was required by the 23 County. 24 The graph demonstrates the water usage for

the past year. We are very water conscious and

deserve a pat on the back, rather than a slap on the cheek.

I will use Lot No. 27 as an example, because according to the skewed small sampling of homes they appear to be a heavy user of water and under the current Commission's proposal will be penalized for their water usage in the highest tier.

Their water is on one acre, and has approximately a 5,500-square-foot home. Two thousand five hundred square-foot homes are -- on one floor is required before we can hand in our plans for approval to build a home there.

We have to have a home of that size. It's required by the developers and the owners of Hidden Creek Water Company, that size of a home.

They have a garden with a drip system, water efficiency sprinkler system, front-loading washing machines, low-water-volume toilets, and a hot water pump for immediate delivery of hot water.

Every water efficiency product was installed. They are the only lot in the Cottages with a completed landscape, garden, and family with children. By comparing averages with uncompleted landscaping and empty-nester families they appear to be a heavy user of water and are penalized by this short-sighted

proposal.

Their annual usage is 501,000 gallons -- 501,110 gallons of water. It's almost half of what the County recommended being available using a professional analysis.

We are doing water conservancy in the very most mindful manner. Three others home in the Cottages that were used in the comparison usage were unoccupied or incomplete.

On your map -- on your graph there the ones that were unoccupied or incomplete were starred in red. And the majority of homes have -- or the -- there is a -- the ones marked in green have another, other source of water to be able to water outside their home.

They're -- for the most part they're the ones on the blue -- on the side where Hobble Creek is. Where the blue line is. So they have the right to use that water, where we -- it's not possible for us.

The dev -- number three, the developers are also the owners of Hidden Creek Water Company, a for-profit water company. They currently have nine lots in the Cottages. What once was a lot selling for \$60,000 is now being marketed for over \$300,000 by the developers.

I am proposing that when a lot is sold by the developers that they put \$100,000 into the fund to support the water company. In the Declaration of Covenants, Conditions, and Restrictions of the Cottages at Hobble Creek, Article 12.1, it states, under Project Phasing:

"It is anticipated that the project will be developed in a series of phases. Accordingly, declarant hereby reserves the option to expand the project upon the terms and provisions set forth in this article without the prior consent of the owners of the Association."

The developer is using the owners of the lots to develop and secure the future funding of their personally-owned water company. It is proposed that the current owners of the lots being serviced by the water company pay \$80 flat fee per month, with no penalties for allocated water.

If they should go over the annual water allotments that the County gave us and was, was agreed to and given to by the developers, then a penalty of \$7 per 1,000 gallons be assessed.

It is further proposed that the amount of money going to reserve from the lot owners be placed

1 in escrow till the developers pay in their allotment 2 for remaining lots or additional lots to fulfill the 3 capital reserve fund, at which time the money be returned to the lots who contributed to the, to the 4 5 fund required by the State -- or by the Commission. 6 The current rate -- number four, the current 7 rate for the Hidden Creek water company is under 8 a .075 -- or it's under 80 cents. The water company 9 committed to provide a perpetual supply of water to 10 each dwelling, to each dwelling unit and parcel within 11 the Cottages at Hobble Creek, Plat A Development, in a 12 perpetual culinary supply of .05 acre foot per 13 dwelling. 14 Water for landscaping, fuel breaks for each 15 dwelling unit and parcel -- fuel breaks and a parcel 16 and irrigation in a perpetual supply of, of per-acre 17 feet per parcel. It's certified that the system can 18 continue to meet all water commitments for its 19 preexisting conditions. 20 The delivery of water -- this is quote: 21 "The delivery of water shall be 22 subject to the payment of all hookup 23 fees and all usual monthly water 24 delivery charges."

The

The proposed tariff is not usual.

support for a for-profit water company that intends to continue to sell lots and develop plats place an undue burden on people who've already paid a premium for the lots where they live.

Number five, the projected tier usage is punitive and unjust to the only individuals who have

punitive and unjust to the only individuals who have their total water usage in a meter, while those who have access to Hobble Creek have no added tier.

There's no water conservation going on there.

And we're the ones that have to use all of this water. It's going through a meter. And we're far under what was proposed that is needed by the professional analysis at the County.

So in summary, number one, we purchased lots at a premium price, and paid for development of water as guaranteed by the developers and required by the County.

Two, current owners are already conserving water to the best of their ability. And using much less than the County-allocated water.

Number three, developers and owners of Hidden Creek Water Company continue to make a huge profit by the sale of their remaining lots and future development.

Number four, the developers made a commitment

```
1
     to the County and the owners to continue to meet all
 2
    water commitments for the preexisting conditions and
 3
    all usual monthly water charges. The tariff is not
    usual.
 4
 5
              Five, conservancy measures in the projected
 6
     tier structure targets only the homes in the Cottages.
 7
              Six, we propose a flat fee of $80 per month
 8
    on all homes and lots in Hidden Creek water system,
 9
    with return of money from developer's profitable lot
10
     sales and future developments.
11
              And this is the first time I've addressed the
12
    Commission, and I appreciate your time. And I have
13
    other papers here that will be the letters from the
14
    County that was the requirement. Their commitment
15
     letter that committed that I quoted throughout this.
16
    And if you want them, I'll make them available.
17
              THE COURT: Okay. What you can do,
18
    Ms. Barron, is just if you'd like to file a copy of
19
    your statement that you read --
20
              MS. BARRON: Okay.
21
              THE COURT: -- along with those documents
22
     that you just pointed out with the Commission.
                                                     Just
23
    go into our office and do that.
24
              MS. BARRON: All right.
25
              THE COURT: And they'll take it from you.
                                                         54
```

```
1
    And everybody that's on the record as a party will get
 2
     a copy of that. Okay?
 3
              MS. BARRON: Thank you.
              THE COURT: All right, thank you.
 4
 5
              Ms. Schmid, any questions for Ms. Barron?
 6
              MS. SCHMID: None.
 7
              THE COURT: Mr. Bryner, any questions for
    Ms. Barron?
 8
 9
              MR. BRYNER: None at this time.
10
              THE COURT: All right, thank you.
11
              Mr. Scharffs, please.
12
              MR. SCHARFFS: Judge, there's an additional
13
    customer intervener who's arrived who may want to
14
    present testimony as well.
15
              THE COURT: Okay, who's that? Okay.
                                                     Sir,
    could I get your name?
16
17
              MR. CROSBY: Ray Crosby.
18
              THE COURT: Okay. All right, thank you
19
    Mr. Crosby.
20
              Mr. Scharffs, do you want to proceed under
21
    oath?
22
              MR. SCHARFFS: Yes.
23
              (Mr. Scharffs was sworn.)
24
              THE COURT: Go ahead, thank you.
25
              MR. SCHARFFS: My name is Brett Scharffs, and
                                                          55
```

I'm a lot owner in the Mountain Air Estates and an intervener in this matter.

I would like to thank the Commission for the opportunity to be heard regarding this proposed rate increase which, based upon the Division's calculations, will result in our water bill increasing from \$581 per year to \$1,470 per year. An increase of 153 percent, or two and-a-half times our current rate.

I would like to acknowledge that this is an improvement over the previous Division recommendation which would have resulted, by their calculations, in charges to our family of approximately \$2,100.

At the outset I'd like to say I hope the Commission is genuinely open to customer input. And that this meeting is not just a pro forma opportunity for customers to have their say about a proposal that the Commission has already decided to adopt.

I have a number of concerns about the current proposal, but I will limit myself to speaking about only one. The one that I think is most fundamental, that of utilizing a tiered rate structure.

When we bought our lots they came with water rights. Some owners utilized those rights directly, drawing water from Hobble Creek for their landscape needs. Other owners -- like me, and the other owners

on the west side of Hobble Creek Canyon Road, and the Cottages owners -- use that water indirectly through the Hidden Creek Water Company.

But all of us bought water when we bought our lots. This was a condition placed upon the developers. For example, in a letter to the Utah County Planning Commission the water company stated that it:

"Hereby commits to provide a perpetual supply of water to each dwelling unit and parcel within the Cottages at Hobble Creek, Plat A Development, in a perpetual culinary supply of 0.45 acre feet per year, per dwelling unit and parcel, at a flow rate of not less than 0.015 cubic feet per second, per dwelling unit and parcel.

"Water for landscaping and fuel breaks for each dwelling unit and parcel in a perpetual supply of 1.00 acre foot per year, per dwelling unit and parcel. And water for irrigation in a perpetual supply of 1.5 acre feet per acre, per year, per parcel, excluding 10,000 square feet.

1 "And certifies that the system can 2 continue to meet all water commitments 3 for its preexisting connections." 4 Thus, as a condition for having the 5 development approved, the Company committed to provide 6 a perpetual supply of water at the stated levels. 7 There is a provision relating to charges the Company 8 may impose in connection with meeting these 9 commitments. The certification states, and I quote: 10 "The delivery of water shall be 11 subject to the payment of all hookup 12 fees and all usual monthly water 13 delivery charges." 14 There are two type of payment -- two types of 15 payment contemplated. The first is for water hookups. 16 The Company has and continues to charge for this 17 service. The second is for "all usual monthly water 18 delivery charges." 19 There is nothing in the certification 20 defining what constitutes delivery charges, but it 21 seems very unlikely that this provision contemplated a tiered rate structure that would dramatically increase 22 23 the cost of water that came with the lot. 24 The Division's recommended rate structure 25 strikes me as unduly punitive, punishing some

customers for using the amount of water that came with their lot, while not punishing others, based upon whether customers have access to the creek.

The Division cites conservation as a reason in favor of the tiered structure. But as a conservation plan, this rate structure is poor. The largest users of water in our neighborhood will continue to utilize large amounts of water because they draw their landscaping water from the creek. While the smaller users of water will be penalized for using levels of water that they purchased when they bought their lots.

As others have suggested, a flat rate structure could easily be implemented that would be fair to everyone in that they would share equally in the annual costs associated with running the Company, and would share equally in the money paid into the capital improvements account.

For example, under the Division's proposal the Company will have revenue of approximately \$48,000 per year. If this number is divided by the number of customers, 50 or 49, and the number of months in the year, 12, this results in a per-customer charge of \$80 per month. This would result in a full funding of the \$48,000 budget.

```
1
              Under this proposal it is true that some
 2
    customers who do not use water at this time will be
 3
    paying the same amount as customers who are using
 4
    water at this time. But everyone would be paying the
 5
     same amount for the same right: The right to use the
 6
     amount of water that they purchased when they bought
 7
     their lot, subject to hookup fees and delivery
 8
    charges.
 9
              In the long run this structure favors all
10
    owners, since when others build they will not be
11
     subject to the punitive rate structure.
12
     fundamentally, this system does not penalize lot
13
    owners for using water that came with their lots.
14
    Thank you.
15
              THE COURT:
                         Thank you, Mr. Scharffs.
16
              Ms. Schmid, any questions for Mr. Scharffs?
17
              MS. SCHMID: No questions.
18
              THE COURT: Mr. Bryner?
19
              MR. BRYNER: No questions.
20
              THE COURT: Okay. Thank you Mr. Scharffs.
21
              Mr. Crosby, please. Would you like to
22
    testify under oath, Mr. Crosby?
23
              MR. CROSBY: Yes, I would.
24
              (Mr. Crosby was sworn.)
25
              THE COURT: Thank you. Go ahead.
                                                         60
```

1 MR. CROSBY: Judge, I don't really have a 2 prepared statement. I'd like to just go on record 3 saying that from the research and involvement I've had I think our reserve -- the reserve account is 4 5 excessive. And I think it needs to be reconsidered. 6 I think it needs to be reduced. 7 I -- there's a number of questions that I 8 have yet to have resolved about amounts of how the 9 reserve account is determined. What kind of account 10 it goes into. Whose money is it? Is it interest 11 bearing? Who authorizes withdrawals? After a 12 reasonable level does this reserve amount -- can it be reduced? 13 14 There's a lot of questions on this reserve 15 account. And I've done a little research on a 16 comparable-size water company, Alpine Cove Water. 17 It's in Utah County. They have 58 users. And their 18 rates are at \$22 for the first 1,000 gallons per 19 month, then it goes up to 60 cents per 1,000 gallons 20 for the next 40,000. 21 And so -- and then above that, at 75,000 it 22 goes to \$1.25 -- or excuse me. At 50,000 it goes to 23 \$1.25. And then it -- at \$75,000 increases to \$2.75. 24 They have a ready-to-serve fee of \$20, which is a 25 standby, per month. And they have a hookup fee of

```
1
     $100 per month.
 2
              Now, this is a Utah County water provider.
 3
    And I think if we compare their proposed plan of the
    Hidden Creek to the Alpine Cove I think one clearly
 4
 5
     sees that it is excessive. On the Alpine Cove Water
 6
    Company they have no reserve amount.
 7
              I talked with their bookkeeper, I've talked
 8
    with their water master, I've talked to members of the
 9
    board, and they have no reserve amount. And yet we're
    proposed with a -- I think an excessive reserve
10
11
     amount.
12
              With the number of users that we have paying
13
     in, in ten years, from the numbers that I've run,
14
     there will be a quarter million dollars in that
15
              I think that's excessive, and I think it
16
    needs to be reconsidered.
17
              THE COURT: Thank you Mr. Crosby. Anything
18
    else you'd like to add?
              MR. CROSBY: No, that's all. Thank you.
19
20
              THE COURT: Thank you.
21
              Ms. Schmid, any questions for Mr. Crosby?
22
              MS. SCHMID: None.
23
              THE COURT: Mr. Bryner?
24
              MR. BRYNER: None.
25
              THE COURT: All right, thank you.
                                                         62
```

```
1
              Then we'll, we'll proceed with the Division,
     if you'd like to respond to any public witness.
 2
 3
    we'll conclude with the Company, since they have the
    burden.
 4
 5
              MS. SCHMID: Could we please have a
 6
     five-minute recess?
              THE COURT: Sure. Let's take a -- actually,
 7
 8
     let's take a ten-minute recess till 10:35, and we'll
    come back on.
 9
              MS. SCHMID: Thank you.
10
11
          (A recess was taken from 10:26 to 10:35 a.m.)
12
              THE COURT: We'll go ahead with the Division.
13
              MS. SCHMID:
                           Thank you.
14
                           MARK LONG,
15
                  called as a rebuttal witness,
16
               having previously been duly sworn,
17
            was examined and testified as follows:
18
                        DIRECT EXAMINATION
    BY MS. SCHMID:
19
20
        Q.
              Mr. Long, I have a few questions pertaining
21
     to the comments that were made during the public
22
    witness portion of this hearing. First I'd like you
23
    to address the comment that there are 24 current
24
    connections. Could you please address that?
25
        Α.
                    And the water company might be able to
              Yes.
                                                          63
```

1 better address this. But I believe the four customers 2 that they specifically mentioned -- either 3 Mr. Thompson or Mrs. Barron -- referred to that -four of the customers that are included in our 4 5 analysis already. 6 They weren't included in the original 7 recommendation, but they were included in the amended 8 recommendation. 9 0. So you believe that the correct number of lots is 20? 10 11 Α. Correct. 12 Q. With regard to the fact there might be 13 another lot coming on, do you have any comments with 14 regard to that? 15 This is the first I've heard of that. And Α. 16 you know, we can keep batting lots forever. 17 some point in time we have to, to take an actual usage 18 and project that forward. 19 If there, if there is another lot or other 20 lots coming on, then that would be ideally addressed 21 in two or three years if there -- when there's another 22 rate case. 23 Q. Do you have any comments regarding the 24 proposal for a flat fee which includes, as I

64

understand it, a lot not receiving water now paying

1 the same fee as an occupied house with landscaping?

A. You know, I, I can't understand the basis for, for doing that at all. A flat rate is going to make all the smaller users subsidize all the use for the other company -- the other customers. It has no conservation incentive at all.

But to charge the people that aren't using any water a standby fee the same amount, flat rate, as the other customers just -- I don't know what basis they're getting that from.

- Q. Mr. Long, do you believe that the recommendations and rates set forth in your memorandums, and as further clarified today, are based upon empirical facts?
- A. Yes. And there's been a lot of feedback between the water company and several of the customers that are also in agreement with these -- the tier structure that we've recommended now.
- Q. Do you have any general comments on the nature of ratemaking, and how setting rates combines theory, art, and empirical knowledge?
- A. You know, setting rates isn't an exact science. It is more of an art than a science. And we can -- what we do is take the best information and try to present those in a rate structure that will promote

```
1
    conservation, has equity for the customers that are
 2
    using more to pay more, and to help conserve water.
 3
        0.
              Having heard the comments from the public --
 4
     and we do appreciate those -- do you still believe
 5
     that the recommendations set forth in DPU Exhibit 1.0,
 6
    with its attendant Exhibits 1.1, 1.2, and now 1.3,
 7
    results in rates and recommendations that are just,
 8
     reasonable, and in the public interest?
 9
        Α.
              I do.
                     But once again, the Division is aware
10
     that this is a big increase. There's only so many
    users to pay set fees. And, you know, this is the
11
12
    best, I believe, that we can set up for a rate
13
     structure.
14
              MS. SCHMID: Thank you. Those are all my
15
    questions regarding the public witness statements to
16
    Mr. Long.
17
             THE COURT: All right. Thank you, Mr. Long.
18
              Mr. Bryner?
19
              MR. BRYNER: I have no questions for
20
    Mr. Long.
21
              THE COURT: Okay. Would you like to have
22
    your rebuttal?
23
              MR. BRYNER: Yes. We'd like to ask a few
24
    questions to Mr. Jason Tanner.
25
              Oh, excuse me. We'll start with Tracy
```

```
1
     Tanner.
 2
              THE COURT: Okay. Ms. Tanner, if you could
 3
     raise your right hand for me, please?
 4
              (Ms. Tanner was sworn.)
 5
              THE COURT: Thank you.
              Go ahead, Mr. Bryner.
 6
 7
                          TRACY TANNER,
 8
                  called as a rebuttal witness,
 9
                     having been duly sworn,
10
             was examined and testified as follows:
11
                        DIRECT EXAMINATION
12
    BY MR. BRYNER:
13
        Q.
              Ms. Tanner, you --
14
        Α.
              Do you want to ask me questions?
15
              Yeah, I'll ask you questions.
        0.
16
        Α.
              Okay.
17
              Okay. You, you heard the public witness
        Q.
18
     testimony, correct?
19
        Α.
              Correct.
20
              Do you have any comments regarding the, the
        Q.
21
     testimony provided by the customers?
22
        Α.
              I do.
              THE REPORTER: You need to speak up, ma'am.
23
24
     I cannot hear you.
25
              THE WITNESS: I do, sorry.
                                                           67
```

```
1
              MR. TANNER: Turn on the mike.
 2
              THE WITNESS: Oh, sorry, my mike isn't even
 3
         That will help. I do.
    on.
              (By Mr. Bryner) Let me ask you a quick
 4
        0.
 5
    question about the connections --
 6
              MR. BRYNER: Oh, yeah. We have an exhibit we
 7
    would like to submit. Do you have any other copies?
 8
                            (Pause.)
 9
              MR. BRYNER: We don't have any other copies.
10
    We can go -- we could make some after the hearing.
              THE COURT: Let me -- I'll give my copy to
11
12
    the court reporter after.
13
              MR. BRYNER: Okay. Can we -- we'd like to
14
     identify this exhibit as the Water Company's Exhibit
15
    No. 1. I don't know our name designation for
16
    exhibits.
              THE COURT: What is this?
17
18
              MR. BRYNER: Ms. Tanner, if you could
19
    testify --
20
              THE WITNESS: These are just photographs of
21
     some of the homes within our water company system.
              THE COURT: Okay.
22
23
              THE WITNESS: Just to provide more
    information to the Commission as to our area type of
24
25
    context.
```

```
1
              THE COURT: Who, who took the photos?
 2
              THE WITNESS:
                            I did.
 3
              THE COURT: Okay. Any objections,
    Ms. Schmid?
 4
 5
              MS. SCHMID: No objection.
              THE COURT: All right. We'll admit Company
 6
 7
     Exhibit 1.
 8
              (Company Exhibit No. 1 was admitted.)
 9
              THE WITNESS: I'd like to first start off
10
    with noting to the Commission that five of the
11
     interveners had agreed prior to this hearing, via
12
    email, to the Division's most recent recommendation.
13
    And those were Barron, Householder, Clingo, Balian,
14
     and Thompson. Of those, Mr. Thompson and Mrs. Barron
15
    testified today.
16
              I'd like to also address the exhibit entered
17
    by Mrs. Barron, the graph. For some reason she, she
18
    has marked in "X" other -- some of the connected users
    with a green "X" that indicates other source of water.
19
20
    These would be the Mountain Air Estate lots that
21
    reside down on the Hobble Creek stream bottom?
22
              For some reason she did not mark Mountain
23
    Air 5 and Mountain Air 4 with green, which also reside
24
     in that same area on the stream bottom. I just want
25
     to make note of that.
```

I'm gonna let Jason address all the issues regarding water right allocation. Which we feel is somewhat irrelevant to the rate case, but nevertheless he will make comments on that.

Mrs. Barron also stated that the developer had sold some lots at \$60,000. That statement is incorrect. In fact, Mrs. Barron was able to purchase lots in the Cottages at a considerable discount from current market values at that time.

We have a lot sale as high as 280,000. And I know that at least one of them she purchased at 114,000. So those statements were not correct.

She spoke somewhat about usage on the lot next to her, Lot 27, which is her daughter. We feel that those -- the comments of what any particular customer is using is, again, irrelevant to the rate case overall.

It is correct that the developer made commitments to Utah County as per Utah County requirements. And via that the water company has continued, from the beginning of that point, to meet Utah County requirements as to supply and flow to all of its customers.

Q. (By Mr. Bryner) If I could ask you a question.

A. Yeah.

- Q. You heard the testimony that there are currently 24 connections on the system? Is, is that correct, or what's your understanding of the number of connections?
- A. That's not correct. The current number of connections is 20. The, the graph that Mrs. Barron submitted lists those connected lots. Now, some of those started off during this process last year as standby customers.

There was a home built during this process.

And -- well, let's see. There was two homes built,

I'm sorry. The second one, the Mountain Air Lot 4, is
the Hydes'. No, I'm -- excuse me, that's incorrect.

Let's see.

I guess Hyde is on the Mountain Air Lot 4.

No, I'm sorry. That's Wilson on Mountain Air Lot -I'm sorry. Mr. Hyde that she referred to is, is the
person that purchased Lot 24 from Zions Bank. That
one has been connected from the beginning of this rate
case.

So I think there's been some confusion as far as description of, of what's a connected customer versus non-connected. I think some of that confusion has come from them thinking that, Well, a home sitting

1 there is unoccupied, and they might -- may have --2 this is an assumption on my part -- may have thought, 3 Well, that's not really a connected customer, when in 4 fact it is. 5 Once a meter is installed and that hookup is 6 paid, it's a connected customer. Whether a home is 7 occupied or not. So that may be where some of that 8 confusion is. But we do, in fact, have at this time 9 20 connected customers. 10 And are you aware of any other connections 0. 11 coming onto the system in the future? 12 Α. Not that I'm aware of right now. 13 Q. Okay. And, now you work as the Company's 14 water operator; is that correct? 15 Α. Yes. 16 0. How does the water company get water? What's 17 the source of its water? 18 Α. The source of the water system is a deep 19 well. 20 Q. And so what are the costs associated with 21 providing water from the well? 22 Well, I don't have all those numbers right Α. 23 here. 24 Or --0. 25 That's kind of a complicated calculation. Α.

- Q. But it's based on -- isn't it correct that it's based on the electricity costs for pumping the water -- so I guess my question for you is, is the amount of water used, does it -- what -- does the amount of water that's used change the cost to the Company to pay -- to provide that water?
 - A. Yes. There, there are variable costs. And Mr. Long has detailed that in a -- almost a year-long analysis of our system and its users.
 - Q. So would it be just and reasonable to require customers that use excess -- that use great amounts of water to pay the same fee as customers that don't use -- that currently aren't using water or that use smaller amounts of water?
 - A. I wouldn't think so. My understanding is that a tiered rate system is quite typical, and would be considered usual in the State of Utah. And at this time, since we're on this topic, I'd like to address a letter from Utah County Planning which Mrs. Barron submitted.

Even in that letter from Utah County the Planning staff individual, Mr. Larsen, indicates that previous requirements for the County were actually much lower than they are today as far as, as far as a system providing a perpetual quantity of water to the

customers.

I think it's important for the Commission to understand that Utah County has the ability to increase or decrease that allocated amount of use as they see fit. And sometimes those numbers do change as the Division of Water Rights determines, based upon duty factors, what would be appropriate to a given area within the State of Utah.

So from that standpoint the Company manages its water rights in an aggregate basis, because that is a -- can be a fluid quantification. So I'll leave the rest of that discussion on water rights to Mr. Tanner when he -- Jason when he gives his testimony.

I want to address a couple other things in Ms. -- Dion's testimony. She indicated -- quoted some sections out of the Covenants, Conditions, and Restrictions of the Cottages at Hobble Creek. Quoting a statement about future development. The developer has the option of doing future development.

That, that phrase or that part of that document is a very standard part of a CC&R document. As a matter of fact, the attorney that prepared that for us indicated this is very typical of what you would see in a CC&R.

1 I want to also outline -- or point out to the 2 Commission that the developer met all of the Utah 3 County requirements -- and that's why we were able to 4 get those projects approved -- as to all components 5 and aspects of the Utah County Zoning Ordinance. 6 Including the requirements, at that time, for 7 perpetual supply of water to the lots. 8 MR. BRYNER: We're done with questions for 9 Ms. Tanner. THE COURT: All right. Thank you, 10 11 Ms. Tanner. 12 Mr. Tanner? 13 MR. TANNER: Yeah. I want to get back to 14 Mrs. Barron's graph here. I just want to make sure 15 that the significance of her omission to put the green 16 "X's" on those last two lots is understood. 17 Both Mrs. Barron and Mr. Scharffs indicated 18 that somehow the lots on Hobble Creek are, are being 19 treated advantageous to the other lots. And in fact 20 we find out that the highest-metered two users in the 21 entire project are, in fact, two lots on Hobble Creek. 22 Next I want to make note of Mrs. Barron's 23 request that the developers contribute monies into the 24 system. In fact the developers have contributed in 25 excess of \$725,000 into the system infrastructure.

1 Five hundred and fifty thousand are on the annual Since our first annual report we've spent an 2 reports. 3 additional \$175,000 plus. Which we have not recouped 4 or repaid ourselves. 5 And per this process those monies are 6 formally not to ever be recouped. So it's formally 7 treated as a contribution. 8 JASON TANNER, 9 called as a rebuttal witness, having previously been duly sworn, 10 11 was examined and testified as follows: 12 DIRECT EXAMINATION BY MR. BRYNER: 13 14 0. Let me just ask you some questions on that. 15 You heard the public testimony of Mr. Crosby 16 concerning the capital reserve account being excessive 17 and should be reduced. What, what is your 18 understanding that the capital reserve funds are used 19 for? 20 Α. The capital reserve funds are to be used to 21 replace infrastructure as it either wears out or goes 22 bad. Such as pumps, distribution lines. Any other components of the water delivery infrastructure 23 24 system. 25 So would \$250,000 be sufficient to cover the Q.

1 infrastructure costs and replacement needs of the 2 water company? 3 Α. Well, no, not in total. Not even -- not --4 probably not even a fourth. But obviously you're not 5 gonna be replacing everything at one time. Some 6 things will go out sooner than other things. 7 It's hard to project how much money is gonna 8 be needed and when. But I don't think over the next 9 ten years collecting \$250,000 is excessive -- is 10 excessive at all. 11 0. Okay. 12 Α. We may find out that it's, it's not adequate. Only time will tell. 13 14 0. Okay. 15 Now, in relation to the capital reserve 16 information that Mr. Crosby brought up -- and he 17 mentioned another system and their rates -- I find it 18 interesting that their rates are really not that far 19 off our rates, at least in the first 50,000 gallons 20 used. Particularly since they don't have the burden 21 of collecting the capital reserve. 22

- Q. Are you referring to Alpine Cove?
- 23 Α. Yes.
- Q. 24 Okay.
- 25 Their first 12,000 gallons of use is at Α.

28.60, ours is at 32. You know, if they had -- if they were burdened about collecting money for a capital reserve, those rates would be substantially higher. And certainly more consistent with where we're gonna be.

I also wanted to reiterate what Tracy Tanner said, that the water rights issue is irrelevant to the rate case issues. Mr. Scharffs is incorrect if, in fact, his assumption is that he bought water rights when he bought these lots. That was made very, very clear.

The water rights are owned by the water company. The water company is obligated, per Utah County and per the State of Utah, to deliver water based on the minimum requirements that are in place at any particular time by the County and the State. And as Ms. -- Mrs. Tanner indicated, those may change.

Therefore, the water company is obligated to manage those water rights such that we can deliver the water, as we're obligated to per those requirements, at any given time to our customers. Which we have done since our inception, both as to quality and as to quantity.

And then I also want to reiterate that based on our research, based on all of our conversations

```
1
    with the Commission, it is, in fact, unusual for a
 2
    water system not to have a tiered rate system. And
 3
     it's, it's ironic that Mr. Crosby used as an example a
     small system that, in fact, has a tiered rate system.
 4
 5
     That's the norm.
 6
              So is the Company in, in agreement with the
        0.
 7
     Division's proposed recommendation in rates and
 8
     charges?
 9
        Α.
              With note to the various clarifications and a
10
     few changes that were made, yes, we are.
11
        Q.
              Okay.
12
              MR. BRYNER: I don't think, I don't think we
13
    have any other questions.
14
              THE COURT: All right, thank you.
15
              Ms. Schmid, any questions for either Mr. or
16
    Ms. Tanner?
17
              MS. SCHMID: No questions.
18
              THE COURT: All right, thank you.
19
              Then with that, we'll go ahead and conclude
20
     this hearing. Are there any public witnesses that
21
     didn't comment that wanted to comment?
22
              Ms. Barron?
23
              MS. BARRON: I, I just wanted to clarify that
24
     this Hidden Creek annual water usage was a graph that
25
     was provided by Mark Long. And I, I will mark
```

```
1
    Mountain Air 4 and 5 with the green. It was just to
 2
     show the analysis that there are alternative uses of
 3
    water that are not being -- that are not subject to
 4
     any kind of rate increase.
 5
              THE COURT: Okay.
 6
              MS. BARRON: And so I will mark those with
 7
     the papers that I leave with the Court.
 8
              THE COURT: All right, thank you.
 9
              MR. BRYNER: I think we do have one last
10
    clarification.
11
              THE COURT: Okay, go ahead.
12
              MS. TANNER: Just a last clarification on
13
     this graph. I just want to make sure the Commission
14
    understands, just because someone is residing or
15
    builds by the stream does not give them a papered
16
    water right to use water out of the stream.
17
              You have to, you have to own a water right
18
     that says you can take it out of the stream for use of
19
     irrigation or whatever use. And that is an issue with
20
     the Division of Water Rights. So some of these may or
21
    may not have some additional rights out of the creek.
22
    Some do not.
              So that, again, I think is irrelevant to the
23
24
    rate case.
25
             THE COURT: Okay, thank you. We'll go ahead
```

(July 6, 2010 - Hidden Creek - 09-2440-01)

```
1
     and conclude, and I'll make a recommend --
 2
     recommendation to the Commission regarding this
 3
     matter.
              Thank you.
            (The hearing was concluded at 10:56 a.m.)
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1	CERTIFICATE
2 3 4	STATE OF UTAH)) ss. COUNTY OF SALT LAKE)
5 6 7 8 9	This is to certify that the foregoing proceedings were taken before me, KELLY L. WILBURN, a Certified Shorthand Reporter and Registered Professional Reporter in and for the State of Utah. That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting. And that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages,
10 11 12 13	numbered 1 through 81, inclusive. I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof. SIGNED ON THIS 14th DAY OF July, 2010.
15 16 17	Kelly L. Wilburn, CSR, RPR Utah CSR No. 109582-7801
18 19 20	
21 22 23	
24 25	87

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