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State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: March 25, 2009

Re: Issuance of a Certificate of Public Convenience and Necessity (CPCN) to Willow Creek Water Company, Inc., Case No. 09-2506-01

RECOMMENDATION:

The Division of Public Utilities recommends that the Utah Public Service Commission should issue a Certificate of Public Convenience and Necessity to Willow Creek Water Company, Inc. for a maximum of 83 residential connections.

EXPLANATION:

The Division of Public Utilities received an application from J. Alton Veibell, President of Willow Creek Water Company, Inc. that indicates the Company qualifies for a Certificate of Public Convenience and Necessity (CPCN).

The Company was incorporated in March 02, 1998, has an "Active" status, and is in "Good Standing" with the Division of Corporations. The Company also has an "Approved" rating from the Division of Drinking Water for the High Country Estates and Spring Ridge Estates Subdivisions, Box Elder County, Utah. The applicant appears to have sufficient water rights for their needs, 83 residential connections, and has built a 250,000-gallon concrete tank that complies with rules set forth by the Division of Drinking Water.

Willow Creek Water Company, Inc. has submitted a pro forma budget (see attached) explaining why the \$38.00 monthly rate is needed to continue to supply water to their customers and maintain a small cash reserve for any foreseeable repairs. In addition, the company has provided a proposed tariff (see attached) with rates that are just and reasonable and are comparable to other small water companies across the state.

The applicant acknowledges that rates charged will not recover the capital cost of the water system. Water rates are intended only to cover operational expense. Instead, capital costs will be recovered through the sale of lots in the subdivision. The applicant indicates that the cost has been completely paid for and there is no debt associated with the construction of the water system.

The Division therefore recommends that the Commission approve the application of Willow Creek Water Company, Inc. for Certificate of Public Convenience and Necessity for a maximum of 83 residential connections.