

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF: )  
 )Judge Ruben Arredondo  
THE APPLICATION OF WILLOW )  
CREEK WATER COMPANY, INC., )Docket No. 09-2506-01  
FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO)H E A R I N G  
OPERATE AS A PUBLIC UTILITY )  
RENDERING CULINARY WATER )  
SERVICE OR EXPANSION OF )  
SERVICE AREA, )  
 )  
 )  
 )

April 13, 2009  
9:31 a.m.

LOCATION:  
Public Service Commission  
160 East 300 South, Room 451  
Salt Lake City, Utah 84111

\* \* \*

Karen Christensen  
- Registered Professional Reporter -  
- Certified Shorthand Reporter -

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A P P E A R A N C E S

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FOR WILLOW CREEK WATER COMPANY, INC.: Alton Veibell

I N D E X

WITNESS	PAGE
RON SLUSHER	
Examination by Ms. Schmid	4
Further Examination by Ms. Schmid	15
ALTON VEIBELL	
General Comments	8
Examination by Ms. Schmid	17

E X H I B I T S

NO.	DESCRIPTION	PAGE
DPU1	Memorandum dated March 25th, 2009 entitled Issuance of a Certificate of Public Convenience and Necessity (CPCN) to Willow Creek Water Company, Inc., Case No. 09-2506-01.....	5
DPU2	Memorandum dated March 25th, 2009 entitled Tariff Submitted by Willow Creek Water Company, Inc. for Approval, Docket No. 09-2506-01.....	6

1 April 13, 2009

9:31 a.m.

2

P R O C E E D I N G S

3

THE COURT: We are on the record. We're here  
4 in the matter of the issuance of a Certificate of Public  
5 Convenience and Necessity to Willow Creek Water Company,  
6 docket No. 09-2506-01. I'm Ruben Arredondo, the  
7 Administrative Law Judge assigned by the Commission to  
8 hear this matter. Let's take appearances, beginning with  
9 Ms. Schmid.

10

MS. SCHMID: Good morning. Patricia E.  
11 Schmid with the Attorney's General Office on behalf of  
12 the Division of Public Utilities. And with me is Mr. Ron  
13 Slusher.

14

THE COURT: Thank you. Then on this side for  
15 the company?

16

MR. VEIBELL: I'm the president of Willow  
17 Creek Water Company, Alton Veibell.

18

THE COURT: Thank you, Mr. Veibell.

19

Is anybody on the phone?

20

(No audible response.)

21

THE COURT: No. Okay. Then let's begin with  
22 the Division.

23

MS. SCHMID: Thank you. There have been two  
24 letters or e-mails submitted, and I'd like to just  
25 address those at the end, after the Division's statement,

1 please.

2 THE COURT: That would be great.

3 MS. SCHMID: The Division would like to call  
4 Mr. Ron Slusher as its witness. Could Mr. Slusher please  
5 be sworn?

6 RON SLUSHER,  
7 having been first duly sworn, was  
8 examined and testified as follows:

9 EXAMINATION

10 BY MS. SCHMID:

11 Q. Mr. Slusher, could you please state by whom  
12 you are employed and the address at which you work?

13 A. I'm employed by the State of Utah, Division  
14 of Public Utilities, address 160 East 300 South.

15 Q. And what is your title with the Division?

16 A. Utility technical consultant.

17 Q. Have you participated on behalf of the  
18 division in this docket addressing Willow Creek Water?

19 A. Yes, I have.

20 Q. Could you please briefly describe your  
21 activities which led to the memorandum?

22 A. Mr. Veibell dropped by an application, spent  
23 several days going over the information, reviewing and  
24 verifying the information was correct, and then submitted  
25 the memo.

1 Q. Thank you. That's the Memorandum dated  
2 March 25th, 2009 entitled Issuance of a Certificate of  
3 Public Convenience and Necessity (CPCN) to Willow Creek  
4 Water Company, Inc., Case No. 09-2506-01?

5 A. That is correct.

6 Q. Could you please briefly describe this -- or  
7 summarize this memorandum?

8 A. Basically, Willow Creek Water has been in  
9 existence, I believe, since 1998. It has been operating  
10 without a CPCN. Found out they had to have one to be a  
11 utility and supply water to the public. They're set up  
12 to serve 83 residential connections. They currently  
13 have, I think it is, seven connections. And that's about  
14 it.

15 Q. Was there a monthly rate proposed?

16 A. Yes. Monthly rate was proposed of \$38, and  
17 that falls in line with our other small water companies  
18 within the state.

19 MS. SCHMID: With that background, the  
20 Division would like to move for the admission of the  
21 aforementioned March 25th, 2009 memorandum, which we'd  
22 also like to mark -- and, sorry, have not premarked -- as  
23 DPU Exhibit 1.

24 THE COURT: And the Commission will accept  
25 and admit DPU Exhibit 1.

1 MS. SCHMID: Thank you.

2 Q. (BY MS. SCHMID) Mr. Slusher, do you have any  
3 further additions or clarifications that you would like  
4 to make to that memo at this time?

5 A. On this memo, I do not have any  
6 clarifications, no.

7 Q. Do you have any additional comments you would  
8 like to make?

9 A. I do not, no.

10 Q. Tariff?

11 A. The tariff is on a different memo.

12 Q. Pardon me. Did you also prepare --  
13 Mr. Slusher, did you also prepare a second memorandum  
14 dated March 25th, 2009 entitled Tariff Submitted By  
15 Willow Creek Water Company, Inc. for approval, Docket  
16 No. 09-2506-01?

17 A. I did.

18 Q. And could you please summarize this  
19 memorandum?

20 A. This memorandum is in conjunction with the  
21 application for CPCN. They had submitted a tariff with  
22 that application, and we broke it out for a new  
23 memorandum. It proposes the company's rates and we feel  
24 that it is in line.

25 MS. SCHMID: Thank you. With that

1 background, the Division would like to move for admission  
2 of DPU Exhibit 2, which unfortunately was also not  
3 premarked. Sorry.

4 THE COURT: That's fine. We'll admit DPU  
5 Exhibit No. 2.

6 Q. (BY MS. SCHMID) Mr. Slusher, do you have any  
7 comments or clarifications you'd like to make concerning  
8 the tariff memorandum?

9 A. I have two clarifications I would like to  
10 make or questions I would like to ask. I don't know if  
11 it actually works that way. But in my process of  
12 reviewing this, I had overlooked two items on the tariff.  
13 One was the standby service charge. I had noticed that  
14 it has been left blank.

15 In talking to Mr. Veibell on the phone, he  
16 had decided to not charge a standby fee, and I think that  
17 we probably should have that zeroed out, as opposed to  
18 being left blank.

19 And then on the meter reads, he is going to  
20 read them on a yearly basis. I believe it's stated -- or  
21 we had talked about every October for his read, and we  
22 have had a customer call in with a concern or a question  
23 as to how they were going to bill on the overages. And I  
24 would just like Mr. Veibell to explain how he plans to do  
25 that.

1 MR. VEIBELL: On that --

2 THE COURT: Mr. Veibell, can you make sure  
3 your microphone is on?

4 MR. VEIBELL: The green light is on.

5 MS. SCHMID: Yes, it is.

6 THE COURT: And if you could just raise your  
7 right hand for me, please?

8 ALTON VEIBELL,  
9 having been first duly sworn, was examined  
10 and testified as follows:

11 THE COURT: Thank you. Go ahead.

12 MR. VEIBELL: We were giving him the \$38 a  
13 month, 13,000 gallons per month. And anything over that  
14 would be \$1 per thousand. And then we were going to just  
15 read the meter just once a year and then anything over  
16 the total of those 12 months, it would be \$1 per every  
17 thousand gallons.

18 THE COURT: Okay. Does that answer your  
19 question, Mr. Slusher, or do you want a clarification as  
20 to how he's going to --

21 MR. SLUSHER: Just a clarification that  
22 you're going to bill the overages on a yearly?

23 MR. VEIBELL: Yes, uh-huh.

24 MR. SLUSHER: That's great.

25 MR. VEIBELL: Yearly, rather than monthly.



1 THE COURT: When you said you'll measure,  
2 you'll take those measurements in October; is that  
3 correct?

4 MR. VEIBELL: That's when we set it up.

5 THE COURT: Okay. Did you have more  
6 questions?

7 MS. SCHMID: Could we have just one moment,  
8 please?

9 THE COURT: Sure.

10 (A discussion was held off the record.)

11 MS. SCHMID: And so I believe that there  
12 would need to be a clarification to the tariff. So the  
13 tariff would read, instead of on page T3, so it would  
14 read first 13,000 gallons times 12 months would be \$38  
15 per month. And then anything over whatever that 13,000  
16 times 12 would be -- and I'm not going to try and  
17 calculate that now, because I would further embarrass  
18 myself. So anything over that sum per thousand dollars  
19 would be -- per thousand gallons would be an additional  
20 dollar per thousand gallons. So that tariff change would  
21 need to be made to reflect that.

22 THE COURT: And did you understand that,  
23 Mr. Veibell, you'll have to make that change in your  
24 tariff before it's approved? And the Division, I think,  
25 can explain it to you afterwards.

1                   MS. SCHMID: And it is consistent with what  
2 you intended.

3                   MR. VEIBELL: Okay.

4                   MS. SCHMID: With that, the Division has no  
5 more questions or comments for Mr. -- pardon me -- with  
6 that, the Division has no more questions of Mr. Slusher,  
7 and he would be available for cross-examination. And  
8 then after that point, if Your Honor wishes, we can  
9 address the letters that were sent.

10                  THE COURT: Yes. Do you have any questions,  
11 Mr. Veibell, for Mr. Slusher?

12                  MR. VEIBELL: I don't believe so. Other than  
13 I want to talk to him a little bit more later on this  
14 overage fee, just how I should, you know, set that up.

15                  THE COURT: You can do that after.

16                  MS. SCHMID: Sounds good.

17                  On April 8th, the Public Service Commission  
18 of Utah was sent a letter from a Ms. Debra Carlson that  
19 contains some questions. Ms. Carlson spoke with a  
20 Division employee, but was unable to be present or call  
21 in at the hearing this morning.

22                  She was instructed to -- Ms. Carlson was  
23 instructed to ask the Commission how the Commission would  
24 like to handle her comments. I don't know if she had an  
25 opportunity to do that.

1                   THE COURT:  What I'd like to do is -- we can  
2 go back to this.  But what I'd like to do is basically --  
3 either you can go point by point and answer the questions  
4 as you've asked them of Mr. Veibell, or we can ask them  
5 here or you can do that, Mr. Veibell.  So I think the  
6 Commission would like some clarification on some of these  
7 questions.

8                   MS. SCHMID:  Similarly, there was an e-mail  
9 received on April 9th from a Mr. D. Scott Moake that had  
10 similar concerns.  And so would it be appropriate to  
11 handle that the same way?  And I've distributed copies of  
12 those to people in the courtroom.

13                   THE COURT:  I think -- well, I think some of  
14 the second paragraph of Mr. Moake's e-mail is kind of  
15 related to some of the concerns that Ms. Carlson had, so  
16 maybe we can take care of those together.  And I don't  
17 know, I think maybe that first paragraph might be kind of  
18 outside the scope of the proceedings of this hearing.

19                   MS. SCHMID:  Perhaps, except to the extent  
20 that there would be a used and useful question, but I  
21 believe Mr. Slusher can answer that sufficiently --

22                   THE COURT:  Okay.

23                   MS. SCHMID:  -- based on his examination of  
24 the records.

25                   So I just handed you a copy -- Mr. Veibell, I

1 just handed you a copy of the letter from Ms. Carlson.

2 Have you seen this before.

3 MR. VEIBELL: No, I haven't.

4 MS. SCHMID: Perhaps we could take a slight  
5 recess --

6 THE COURT: That's fine.

7 MS. SCHMID: -- while we discuss that and  
8 then reconvene and answer the questions.

9 THE COURT: That's fine. We'll take -- is  
10 ten minutes enough?

11 MS. SCHMID: Probably 15.

12 THE COURT: Let's do 15 minutes. We'll take  
13 a recess for 15 minutes.

14 MS. SCHMID: Thank you.

15 (A recess was taken from 9:44 a.m. to 9:52 a.m.)

16 THE COURT: We're back on the record.

17 And did you have a chance to talk with  
18 Mr. Veibell?

19 MS. SCHMID: I did. So I think if we just  
20 start with the letter from Ms. Carlson and go through it,  
21 I think that her questions can be answered and her  
22 concerns alleviated.

23 THE COURT: Okay.

24 MS. SCHMID: Then I'd like to address the  
25 e-mail from Mr. Moake the same way.

1 THE COURT: Thank you.

2 MS. SCHMID: So, Mr. Veibell, what is noted  
3 as 1 addressing the shares of water in Ms. Carlson's  
4 letter, in essence, she's asking if current landowners  
5 have the two shares. Is it correct that the current  
6 landowners do have the two shares, being one A share and  
7 one B share?

8 MR. VEIBELL: That's right.

9 MS. SCHMID: Her next issue addresses the  
10 handwritten change to the typewritten word "monthly" and  
11 then "yearly" written above it in handwriting. This is a  
12 legal concept with which I'm sure you, Judge, are  
13 familiar and I'm familiar, and that is that in a typed  
14 document the -- a change can be made and the handwriting  
15 will take precedence. So we need to establish that it  
16 was Mr. Veibell's handwriting that established -- that  
17 wrote the word "yearly." Is that your handwriting?

18 MR. VEIBELL: That's right.

19 MS. SCHMID: So I believe that should take  
20 care of that.

21 THE COURT: It says, "Second, a yearly  
22 reading is in contradiction to the monthly reading  
23 implied on page titled, Water Service Rate Schedule."  
24 What does she mean by that?

25 MS. SCHMID: When I read the Water Service

1 Rate Schedule, I did not see anything that was a direct  
2 conflict. I know that the water company will issue a  
3 bill each month for the base \$38 a month and then will  
4 read once a year, and that is -- it is that reading that  
5 will generate the bill for the overages.

6 THE COURT: All right. Is that correct?

7 MR. VEIBELL: That's correct.

8 THE COURT: Okay.

9 MS. SCHMID: And we'll make sure that the  
10 tariff clearly reflects the billing that we discussed  
11 today.

12 MR. VEIBELL: Okay.

13 THE COURT: All right.

14 MS. SCHMID: Let's see. Her question No. 4  
15 is moot because they will -- water customers will have  
16 156,000 gallons per year to use before the overages  
17 start. So her question doesn't -- I think will be  
18 answered by the dollar per thousand gallons after the  
19 October 31st meter reading which would show the overages.

20 And then on her -- the next paragraph she  
21 raises the issue --

22 THE COURT: Let me ask you a question on 3,  
23 then. The date would be October 31st?

24 MS. SCHMID: That is correct. And then she  
25 also raises using a calculated mean, and I believe that

1 those concerns are alleviated by doing the 12 months  
2 times the 13,000 gallons, for 156,000 gallons a year and  
3 then the overage would start.

4                   Then her last issue is a new agreement  
5 between the water company and the current property  
6 owners. These things will be memorialized in a tariff,  
7 and I hope that that would resolve issues. If not, we  
8 certainly can come back and work with the water company  
9 and with the customers to make sure any concerns are  
10 alleviated.

11                   THE COURT: Anything you'd like to add,  
12 Mr. Veibell?

13                   MR. VEIBELL: I don't think so. I think she  
14 pretty well got it covered.

15                   THE COURT: All right, then.

16                   MS. SCHMID: Turning to the e-mail from  
17 Mr. Moake, he asks a question about the large cistern.  
18 And if I could ask Mr. Slusher, the Division's witness,  
19 just a question, I think that would help clarify this  
20 issue.

21                   THE COURT: Go ahead, Mr. Slusher.

22                   FURTHER EXAMINATION

23 BY MS. SCHMID:

24                   Q. Mr. Slusher, is it your belief, based on your  
25 examination, that although there was a large expenditure

1 for the tank, only what is used and useful is included in  
2 rates?

3 A. That is correct.

4 Q. So I believe that that answers his question.  
5 And I believe that building a tank -- a large tank, even  
6 if you only have a few connections, is a prudent thing to  
7 do because of the efficiency gained in just constructing  
8 a tank once and doing it right. And then the ratepayers  
9 are protected by just including in their rate the portion  
10 of the tank that is being used now.

11 MR. VEIBELL: That's right.

12 MS. SCHMID: And then -- so I don't see -- I  
13 don't see a breach of fiduciary responsibility, although  
14 Mr. Moake and the Commissioner are welcome to explore  
15 things as they choose.

16 The bylaws -- the written bylaws issue would  
17 be a private contractual matter, but that he would need  
18 to raise in a different forum, I believe, or he could  
19 participate at a hearing or raise an issue in the future.  
20 So I think that should take care of those issues.

21 And then just a note -- I'd like to perhaps  
22 have it on the record that running a water company  
23 involves a great deal of time and effort outside what one  
24 would consider normal business hours, and one frequently  
25 does not receive compensation for that. So I'd just like



1 to ask Mr. Veibell a couple of questions.

2 MR. VEIBELL: Okay.

3 EXAMINATION

4 BY MS. SCHMID:

5 Q. Could you tell me about -- during the break  
6 we discussed a time when you lost all the water from the  
7 tank. Could you tell the Court a little bit about that  
8 and what you did to ensure that the customers had water  
9 as soon as possible?

10 A. Well, it was just the beginning of the  
11 wintertime. It was the first storm we had. It was on a  
12 Sunday morning. We had a break on the main line and lost  
13 the whole 250,000 gallons. When I got up, I noticed we  
14 didn't have any water. I went down to bishopric meeting  
15 and at 7:30 I come back and got on my backhoe and went up  
16 and dug it out.

17 And then I had -- well, I worked until about  
18 ten minutes until 12:00, just dipping the water with a  
19 backhoe. And it had gone into the ground so much it was  
20 just like a spring. It was running into the hole all the  
21 way around it. So a quarter to 12:00 I quit and went  
22 down and got me some lunch and went back up at 2:00 and  
23 then it had quit. So I dipped all that out. And I dug  
24 down four foot below the main line. Then I hauled some  
25 gravel in to fill it up to the main line so that we could

1 work on it without being in the mud.

2                   Then I called around in Logan City at all of  
3 the plumbing places and I got ahold of one employee. He  
4 says he could go down to the store at 4:00 and see if  
5 they've got all the parts. Well, he called me back at  
6 4:30 and said he had everything. So I headed in and  
7 picked them up and got back, and it was 8:30 that night  
8 before we got it going.

9                   I had called all of them on the system and  
10 told them that it would probably be Monday before -- or  
11 late Monday before we got it fixed, because everything  
12 was closed, but I had it on by 8:30 that night. And it  
13 was in a blizzard, the wind was blowing, snowing and --

14                Q. It always seems that things break during bad  
15 weather.

16                A. I did all that on my own, I didn't charge the  
17 water company.

18                MS. SCHMID: So the water company was not  
19 charged for that.

20                THE COURT: Thank you for that information  
21 Mr. Veibell. Anything else you'd like to add,  
22 Mr. Veibell?

23                MR. VEIBELL: I don't think so. I think  
24 everything is pretty well covered.

25                THE COURT: Thank you. Anything else from

1 the Division?

2 MS. SCHMID: Nothing from the Division.

3 THE COURT: All right, then. Just let me  
4 understand. You will submit an updated tariff with all  
5 the information we discussed today. And then once we get  
6 that, the Commission will issue an order and certificate.

7 MR. VEIBELL: Okay.

8 THE COURT: Okay. All right. Thank you very  
9 much.

10 MR. VEIBELL: Thank you.

11 MS. SCHMID: Thank you.

12 (The hearing was concluded at 10:02 a.m.)

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C E R T I F I C A T E

STATE OF UTAH                    )  
  ) ss.  
COUNTY OF SALT LAKE         )

          This is to certify that the foregoing proceedings were taken before me, KAREN CHRISTENSEN, a Registered Professional Reporter and Notary Public 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.

          That a full, true and correct transcription of said proceedings so taken and transcribed to the best of my ability is set forth in the foregoing pages, numbered 3 through 19, 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.

          Witness my hand and official seal at West Jordan, Utah, this 23rd day of April 2009.

\_\_\_\_\_  
Karen Christensen, CSR, RPR  
My Commission Expires:  
December 30, 2011