

John S. Flitton (7200)  
Christie Babalis (7134)  
FLITTON BABALIS PLLC  
1840 Sun Peak Drive, #B102  
Park City, Utah 84098  
Telephone: (435) 940-0842  
Fax: (435) 940-0852

Attorneys for Intevenor Rodney Dansie

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

<p>IN THE MATTER OF THE APPLICATION OF HI-COUNTRY ESTATES HOMEOWNERS ASSOCIATION FOR APPROVAL OF ITS PROPOSED WATERT RATE SCHEDULES AND WATER SERVICE REGULATIONS</p>	<p><b>REQUEST FOR REHEARING AND RECONSIDERATION</b></p> <p>DOCKET NO. 13-2195-02</p>
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**REQUEST FOR REHEARING AND RECONSIDERATION**

Pursuant to Utah Code Ann. §§ 54-7-15 and 63G-4-301, Intervenor, Rodney Dansie (“Dansie”) hereby requests reconsideration and rehearing of the Utah Public Service Commission’s (“Commission”) Report and Order dated May 5, 2014.

**BACKGROUND**

The matter before the Public Service Commission (“Commission”) is the rate case for Hi-Country Estates Homeowners Association (“Company”), which was initiated by the Company, based on an application for approval of its proposed water rate schedule and water service

regulations. The request for Commission regulation and ratemaking follows years of litigation and prior Commission regulation involving numerous parties, including Intervenor Rodney Dansie. That litigation concerned among other things, a quiet title action to determine ownership of the water system and the validity of the 1997 Well Lease Agreement entered into between Jessie Dansie and Gerald Bagley. The litigation also addressed issues relating to the 1985 Amendment to the Well Lease Agreement.

Over the decades of litigation, the Company contested the validity of the Well Lease Agreement and Amendment to the Well Lease Agreement (collectively referred to as the “Agreement”). The Utah Court of Appeals finally decided the issue of validity of the Agreement in two decisions. *Hi-Country Estates Homeowners Assoc. v. Bagley & Co.*, 2008 UT App 105; *Hi-Country Estates Homeowners Assoc. v. Bagley & Co.*, 2011 UT App. 252 (*amended Memorandum Decision*). In those decisions, the Court of Appeals held that the Agreement is valid and enforceable, not unconscionable nor contrary to the public interest. The finding of validity of the Agreement was based on the court’s interpretation of the Agreement consistent with Utah law governing the interpretation of contracts. *Id.* Importantly, both decisions by the Court of Appeals took great pains to ensure that the decisions were not viewed as advisory opinions. Specifically, the 2011 Amended Memorandum Decision states:

The [2008] opinion made no attempt to resolve future issues that might arise between the parties, including future claims of damages against the Association for future breaches of the Well Lease. The opinion did establish that so long as the PSC does not exercise jurisdiction over the water system, the rights of the parties are as set forth by the plain language of the Well Lease . . . . Thus our opinion wisely hazarded no guess as to whether the PSC could or would exert jurisdiction in the future and thus made no effort to adjudicate the rights of the parties or the enforceability of the Well Lease going forward. *Hi-Country Estates Homeowners Assoc. v. Bagley & Co.*, 2011 UT App. 252.

Following that decision, the Company filed its request for PSC regulation. Given the facts and circumstances surrounding that filing, it is evident that one of the motivations for seeking regulation was to escape the import of the court's decisions upholding the validity of the Agreement and to escape its obligations thereunder. The factual background section of the Commission's Report and Order in this matter specifically references the request by the Company to address the Agreement. *In the Matter of Application of Hi-Country Estates Homeowners Association for Approval of Its Proposed Water Rate Schedules and Water Service Regulations* (Docket No. 13-2195-02), Report and Order, issued May 5, 2014 ("Hi-Country Order"). The Report and Order states: "The Company urges the Commission to settle the dispute between itself and Mr. Dansie under the Well Lease Agreement, giving finality to this long-standing matter." *Id.* at 12.

To that end, the Company proposed a \$3.85 per 1,000 gallon tariff for water under the Agreement. That proposed tariff grossly inflates the cost of water under Agreement to a degree that is wholly disproportionate to the \$0.54 per 1,000 base rate recommended by the Utah Division of Public Utilities ("Division"). *Id.* at 9. Moreover, the Division opposed the \$3.85 per 1,000 gallon well lease fee arguing that "it does not have information as to where the water will be transported or delivered, the cost to transport the water, the necessary infrastructure or where the water rights would be obtained. *Id.* at 11. The Division also argued that the rate was just and estimate and "should be rejected because it is incomplete and unverifiable." *Id.* at 8. The lack of evidence presented by the Company regarding the basis for the requested tariff all but ensured that the Commission would reject the tariff. *See Utah Department of Business Regulation v. Public Service Commission*, 614 P.2d 1242 (Utah 1980) (holding that a heavy burden rests on the utility to demonstrate its proposed rates are just and reasonable and support

the application by way of substantial evidence. Unlike other portions of the proposed rate, the Company did not substantiate or justify its proposed well lease tariff. In so doing, the Company furthered its desire to have the Agreement excluded from the rate case and thereby obviated.

The validity and enforceability of the Agreement became a central subject of the proceedings as reflected in the Commission's Report and Order, which attempts to overturn the decisions of the Court of Appeals by finding the Agreement "void and unenforceable as against the public interest." *Id.* at 17. The Commission did not modify or alter the contract. It simply voided the Agreement *ab initio*. As discussed above, the Commission excluded any tariff for the recovery of costs associated with the Agreement: "Thus, the Company has no obligation to provide water to Mr. Dansie and, therefore, the Company's proposed fee of \$3.85 per 1,000 gallons to deliver water to Mr. Dansie is moot and disallowed from the tariff." *Id.* Moreover, the Commission excluded properties owned by Mr. Dansie, and subject to the water delivery requirements under the Agreement, to be excluded from the approved service area despite Mr. Dansie's request that they be within the service area.

## **ARGUMENT**

### **I. THE COMMISSION'S DECISION DECLARING THE AGREEMENT VOID AND UNENFORCEABLE EXCEEDS THE JURISDICTION OF THE COMMISSION.**

The Commission's most recent ruling relies heavily upon the testimony of the Division as well as its own findings and conclusions contained in the Order and Report issued *In the Matter of the Application of Foothills Water Co., Inc. for a Certificate of Convenience and Necessity to Operate as a Public Utility*, (Docket No. 85-2010-01), Report and Order, issued March 17, 1986 ("Foothills Order"). In the Foothills Order, which preceded final decision in the Utah court

cases relating to the Agreement, the Commission addressed the validity of the Agreement and its jurisdiction and authority to decide the issue of enforceability. The Hi-Country Order states:

In 1986, the Commission found that the Well Lease Agreement at issue between the Company and Mr. Dansis “is grossly unreasonable . . . [and] . . . shower[s] virtually limitless benefits on [the] . . . Dansie . . . family.” [internal citation omitted]. We also found the Commission would be abrogating its statutory duty were it to impose such a burden on [the Company’s] present and future customers.” [internal citation omitted]. Further, we found “it would be unjust and unreasonable to expect [the Company’s] . . . customers to support the entire burden of the Well Lease Agreement [internal citations omitted]. For these reasons and others, we ‘conclude[d] that the Well Lease Agreement was not proposed in good faith for the economic benefit of [the Company] . . . . Hi-Country Order, at 15 (citing Foothills Order, at 11.

The Commission’s conclusion in deciding the issue of validity of the Agreement provides a clear statement on the bases for its decision to invalidate the Agreement and exclude the tariff: “Therefore, based on the Commission’s [Foothills Order] the lack of contrary evidence, and the Division’s evidence and recommendation in the docket, we decline to deviate from our prior precedent.” Hi-Country Order, at 17.

A. Jurisdictional Analysis Under the Foothills Order.

The Hi-Country Order affirms the Commission’s decision in the Foothills Order and relies upon and incorporates the Commission’s claim of jurisdiction from that earlier order. *Id.* The Hi-Country Order contains no discussion of its present jurisdictional authority for deciding that the Agreement is unenforceable and void. Instead, the Hi-Country Order reaffirms its earlier decision despite the change in factual circumstance from 1986 to 2014 and intervening decisions of the Utah courts on the very issue of validity of the Agreement.

The legal analysis of the Foothills Order bases the Commission’s jurisdiction on two statutory sections as the basis for its authority to cancel the Agreement and deny Mr. Dansie of the benefits bargained for under that Agreement. The Commission cites authority under Utah

Code Ann. § 54-4-26 and the general powers contained in Utah Code Ann. § 54-4-1. *See* Foothills Order, at 31-33 ¶ (3)(a) and 33-34 ¶ (3)(c).<sup>1</sup>

1. Utah Code Ann. § 54-4-26

One of the bases for the Commission’s claim to jurisdictional authority is derived under Utah Code Ann. § 54-4-26. That section provides:

Every public utility when ordered by the commission shall, before entering into any contract for construction work or for the purchase of new facilities or with respect to any other expenditures, submit such proposed contract, purchase or other expenditure to the commission for its approval; and, if the commission finds that any such proposed contract, purchase or other expenditure diverts, directly or indirectly, the funds of such public utility to any of its officers or stockholders or to any corporation in which they are interested, or is not proposed in good faith for the economic benefit of such public utility, the commission shall withhold its approval of such contract, purchase or other expenditure, and may order other contracts, purchases or expenditures in lieu thereof for the legitimate purposes and economic welfare of such public utility. *Id.*

In making its claim to jurisdiction, the Commission asserts its position that the utility was a “*de facto* public utility since 1972” and therefore “subject to the Commission’s powers under this section.” Foothills Order, 34 ¶ (3)(c). This claim of jurisdictional authority is problematic in two respects. First, the Commission never **ordered** the utility to submit the proposed contract to the commission for its approval. Recognizing that factual problem, the Commission sought to overcome the problem by concluding, without statutory support, that the parties were nevertheless required to seek Commission approval of the Agreement:

Since the failure of Applicant to become certified made it impossible for the Commission to become aware of the terms of the Well Lease Agreement before it was executed, the Commission concludes it has the power to review that contract and withhold its approval now. *Id.*

Based on that strained reach for statutory authority, the Commission then concluded that:

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<sup>1</sup> Of particular note, the Hi-Country Order also bases jurisdiction on the provisions of Utah Code Ann § 54-4-4 without providing any analysis for the applicability of that section or explanation as to why that section applies

the Well Lease Agreement was not proposed in good faith for the economic benefit of Foothills and that the commission is empowered to interpret and apply the Well Lease Agreement as set forth in its findings and that such interpretation and application are reasonable. *Id.*

That very same conclusion was picked up by the Commission as the basis for its decision in the Hi-Country Order. *See* Hi-Country Order, at 15. An order by the Commission to submit the contract for approval is a prerequisite to declaring the contract void and unenforceable under this claim of jurisdiction.<sup>2</sup> The Commission's attempt to boot-step jurisdictional authority contravenes the requirements of the statute.

Second, the Utah Court of Appeals addressed the applicability of the Foothills Order. In its 2008 opinion, the Utah Court of Appeals expressly held that

the Association is no longer a public utility, and thus, neither these statutes nor the PSC order is currently applicable to the Association [internal citation omitted]. And we do not see any indication that the public policy regarding the operation of public utilities should extend to agreements between private parties contracting for water service. *Hi-Country Estates Homeowners Assoc. v. Bagley & Co.*, 2008 UT App 105.

That holding addresses the nature of the Agreement as being between private parties and upholds the validity and enforceability of the Agreement as consistent with public policy. Moreover, the court addressed the applicability of the Agreement to the Company reaffirming that the Company system is burdened with the obligations of the Agreement. *Id.*, at fn. 4. Pursuant to the court's ruling, the Agreement is valid, binding and enforceable as against the Company in spite of the Commission's earlier finding that Utah Code Ann. § 54-4-26 provides authority to cancel the contract as void and against public policy.

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<sup>2</sup> Intervenor Dansie does not concede the Commission's conclusion that Mr. Bagley was in fact a *de facto* public utility beginning in 1972, nor that he was a public utility at the time the Agreement was executed.

2. Utah Code Ann. § 54-4-1

The second claimed basis for jurisdiction in the Foothills Order is based on the general grant of authority to the Commission over the regulation of public utilities with respect to rates. The language and judicial interpretation of jurisdictional authority under Section 54-4-1 provides the important jurisdictional analysis with respect to the Commission's ability to alter or modify an existing contract.

The authority to alter, modify, or in this case, cancel an existing contract generally falls within the powers granted to the Commission to regulate and set rates for public utilities.<sup>3</sup> However, the authority to modify contracts is not boundless and is subject to constitutional provisions and other protections. These bounds on the jurisdictional authority of the Commission have been addressed in a number of cases. The seminal case on the restriction of such authority is *Arkansas Natural Gas Company v. Arkansas Railroad Commission*, 261 U.S. 379 (1923). While it is accepted that the Commission has broad authority in reviewing contracts with a public utility for fairness, the authority of the Commission is subject to limitation. Jurisdictional and constitutional considerations provide checks on the Commission's authority to set aside, alter, or even cancel existing contracts that have the potential to impact rates. In *Arkansas Natural Gas*, the United States Supreme Court held:

[w]hile a state may exercise its legislative power to regulate public utilities and fix rates notwithstanding the effect may be to modify or abrogate private contracts, (*internal citations omitted*) there is, quite clearly, no principle which imposes an obligation to do so merely to relieve a contracting party from the burdens of an improvident undertaking. The power to fix rates, when exerted, is for the public

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<sup>3</sup> Utah Code Ann. § 54-4-1 currently provides:

The commission is hereby vested with power and jurisdiction to supervise and regulate every public utility in this state, and to supervise all of the business of every such public utility in this state, and to do all things, whether herein specifically designated or in addition thereto, which are necessary or convenient in the exercise of such power and jurisdiction; provided, however, that the Department of Transportation shall have jurisdiction over those safety functions transferred to it by the Department of Transportation Act.



welfare, to which private contracts must yield, ***but it is not an independent legislative function to vary or set aside such contracts, however unwise and unprofitable they may be. Indeed, the exertion of legislative power solely to that end is precluded by the contract impairment clause of the Constitution.*** The power does not exist *per se*. It is the intervention of the public interest which justifies and at the same time conditions its exercise. *Id.* at 383 (emphasis added).

Accordingly, the Commission only has authority to set aside contracts where considerations of public interest dictate that such action is warranted and justified. As requested by the Company, the Commission is not vested with jurisdictional authority to set aside the contract simply because the Company, viewing the Agreement in hindsight as unwise and unprofitable. Instead, the burden rests with the Commission to establish sufficient public interest considerations to warrant such extreme action. *See Lemhi Tel. Co. v. Mountain States Tel. & Tel. Co.*, 98 Idaho 692, 571 P.2d 753 (1977) (holding that before the Commission may involve itself with a contract, it must specifically find that the contract is adverse to the public interest).

As a preliminary matter, there is a question as to whether or not the Agreement is even subject to the jurisdictional authority of the Commission. In arguing that it has such authority, the Commission relies on the language of the Court of Appeal decision that states: “so long as the PSC does not exercise jurisdiction over the water system, the rights of the parties are as set forth in the plain language of the Well Lease.” *Hi-Country Estates Homeowners Assoc. v. Bagley & Co.*, 2011 UT App. 252 (*amended Memorandum Decision*). The Commission seemingly interprets the language as validating its assertion of jurisdictional authority to set aside the Agreement and overrule the court’s holding. That position is unjustified. As discussed above, the Court of Appeals decisions are careful not to present an advisory opinion as to any aspect of the case. Clearly, the issue of Commission jurisdiction or authority to declare the Agreement void and unenforceable was not before the court. Similarly, the validity of the Commission’s Foothills Order was not before the court. Accordingly, no inference that the

Commission has jurisdictional authority can be taken from the court's statement. The claim to such authority must be demonstrated by the Commission on its own merits and consistent with existing law.

Utah courts have addressed this issue. In *Garkane Power Association v. Public Service Commission*, 691 P.2d 1207 (Utah 1984), the Utah Supreme Court addressed the limitations on the power of the Commission over contracts:

There can be no doubt that not every contract entered into by a public utility is subject to the supervision of the PSC. Many contracts for the purchase of supplies and equipment, and other contracts dealing with the ordinary conduct of a business, are contracts that could be litigated only in a district court not before the PSC. *Id.* at 1207.

In her dissenting opinion to the Garkane decision, Justice Durham expands on the limitations of the Commission in private contract cases. She states:

There must be something more than the presence of a public utility as a party to a controversy in order to remove a contract interpretation dispute – traditionally a matter for the courts – from its usual forum. That “something more” is the need to protect the public interest, which is the proper concern of the PSC. *Garkane*, at 1209.

In the Hi-Country Order, the Commission fails to demonstrate the prevailing public interest that would authorize its assertion of jurisdictional authority to set aside the contract. The Commission relies on the following factors in drawing its conclusion – despite the express findings of the Court of Appeals- that the Agreement is void and unenforceable:

- [1] “the perpetual duration of the contract; and
- [2] the gross disparity between the benefits and costs associated with the contract, specifically the nearly unlimited nature of the Company's obligation to deliver water.” Hi-Country Order, at 16.

The Commission also relies on the faulty analysis regarding the increase in rates that would be the result of upholding the validity of a contract and establishing a tariff to recover costs through rates. The Commission incorrectly assumes that the cost of producing and delivering water under the Agreement would create an undue burden by asserting that the cost of the Agreement would require the production of over 40.4 percent more water than what 91 customers used in 2013. That finding does not address the cost to customers of performing the Company's obligations under the Agreement. In the Foothills Order, the Commission found that the incremental annual costs associated with production water under the Agreement total \$2,549.95. Foothills Order, at 34 ¶ 35(c). Despite that earlier finding, there was no further analysis of the updated cost of supplying water under the Agreement. Moreover, the Commission did not take into consideration various available alternatives for obtaining the water supply to satisfy the Company's obligations under the Agreement. Finally, the Commission did not differentiate the various rights and benefits bestowed on Mr. Dansie under the Agreement, including source capacity rights, storage capacity and distribution capacity in the water system. Each of these components form a part of the consideration bargained for under the Agreement. The Commission wholly ignored the lack of cost in providing storage and transportation capacity when it set aside the entire agreement. Accordingly, the decision by the Commission to invalidate the agreement and deny Mr. Dansie the benefits of the bargain under a valid contract (under which he has fully performed) is unwarranted and outside of the jurisdictional authority of the Commission.

## **II. PUBLIC INTEREST CONSIDERATIONS WEIGH AGAINST JURISDICTIONAL AUTHORITY TO SET ASIDE THE AGREEMENT.**

Far from finally resolving the dispute between Mr. Dansie and the Company, the Commission's decision exposes the Company to potential future costs and liabilities that could

necessarily result from a future action by Mr. Dansie for breach of contract. Such case would necessarily result in potentially greater costs to the Company than the actual costs of delivering water under the Agreement.

All avenues of appeal and further challenge to the validity of the Agreement have been exhausted in the courts. Those appeals and challenges have all lead to opinions by the courts that the Agreement is valid and enforceable. Pursuant to the language of the Utah Court of Appeals opinions, the Commission may have the authority to alter or modify a contract provided that it demonstrates that the public interest considerations mandate that the Agreement be altered because: *the rate is so low (or high)<sup>4</sup> as to adversely affect the pubic interest; it casts upon other consumers an excessive burden; or it is unduly burdensome. FPC v. Sierra Pacific Power Co., 350 U.S. 348, 355 (1956).*

However, even if the Commission is able to demonstrate its jurisdictional authority to modify an agreement entered into between private parties and attach to the water system by virtue of the quiet title action, the Commission has no authority to overturn the final decision of the courts. In such an instance Mr. Dansie is not foreclosed from seeking damages against the Company under the Agreement for breach of the Company's obligations and derogation of his rights. In the analysis of pubic interest the Commission must consider the potential costs that such action could bring to the customers.

There has been no consideration by the Commission or the Company of the potential to lower the cost to all customers of conforming to the Agreement, reconnecting the Dansie Well, and delivering that water system-wide at a cost of approximately \$.30 per 1000 gallons. Moreover, use of the Dansie well would relieve the Company of the necessity of maintaining an

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<sup>4</sup> While this case deals with a rate that is so low that it could adversely affect the pubic interest, the same analysis would apply to a rate that is so high that is could adversely affect the public interest.

emergency water contract with Herriman City at a rate of \$2.33 per 1000 gallons. A public interest analysis must necessarily include all of the facts and careful consideration of the import of those facts on the customer rates.

Utah Code Ann. § 54-3-1 requires this type of analysis and careful consideration of all relevant facts before the oppressive action of voiding a private contract is undertaken. Despite that mandate, the Commission's decision fails to consider the implications and consequences that would necessarily result from declaring the Agreement void, which is a function reserved for the judiciary. The Commission has made no attempt to alter the Agreement in a manner that would reduce or eliminate the public interest concerns and still provide Dansie with the benefits for which he bargained, nor has the Commission undertaken any attempt at resolution of this matter outside the formal process as is strongly encouraged by Utah Code Ann. § 54-7-1.

### **III. REHEARING IS WARRANTED GIVEN THE INABILITY OF MR. DANSIE TO PARTICIPATE IN THE HEARING.**

Because of unforeseeable health reasons, Mr. Dansie was unable to attend the hearing on March 11, 2014. Prior to the Hearing counsel for Dansie filed a motion for continuance requesting that the hearing be postponed until Mr. Dansie recovered from a serious fall and blood infection. The Commission continued the hearing to March 11, 2014 and on that date the hearing was held despite Mr. Dansie being unable to attend. At the hearing counsel for Dansie made an oral motion to continue the hearing again to allow Mr. Dansie to participate after he was released from the hospital.<sup>5</sup> The Commission denied the motion and offered the parties the opportunity to file post-hearing briefs and responses to any new issues raised in the hearing despite the fact that such

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<sup>5</sup> See Transcript of Hearing held March 11, 2014, at 6, lines 16-18. See also *id.* at 7, lines 8-11 14-15; and *id.* at 12, lines 6-7.

briefs did not provide the opportunity for cross-examination or supplemental testimony.<sup>6</sup> The hearing continued despite concerns that Dansie would be unable to provide cross examination or direct testimony in response to the Company and Commission witnesses. Counsel for Dansie, the Company and the Division all expressed concerns about holding the hearing without Mr. Dansie present .<sup>7</sup>

Patricia Schmid, counsel for the Division, specifically noted the importance of Mr. Dansie's presence by stating: “[a]nd unless all intervenors are present and participating to the extent that they wish, it could be argued that not all information or color—I’ll use that word—was available to be presented to the Commission.”<sup>8</sup> All parties similarly expressed concern that holding the hearing without Mr. Dansie could result in the unintended consequence further continuing the long-standing battle between the parties.<sup>9</sup>

The Company proposed a fee in the rate case of \$3.85 per 1,000 gallons to deliver water as contemplated by the Agreement should the Commission determine the Company was required to transport water across its system to Dansie. That rate was included in the rate case without consideration or inquiry into the actual cost to transport the water and without any apparent review of other, less costly alternatives. The result of including the outrageous rate in the rate case is that the Commission could only conclude that providing water pursuant to the Agreement would have an egregious impact on the

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<sup>6</sup> See *id.* lines 22-25.

<sup>7</sup> See Transcript of Hearing held March 4, 2014, 21-28.

<sup>8</sup> See Transcript of Hearing held March 4, 2014, at 25, lines 3-7.

<sup>9</sup> See *id.* at 26, lines 7-9; *id.* at 27, lines 8-10; and *id.* 28, lines 15-21 (responding to the Hearing Officer's question as to whether or not Mr. Dansie's absence opens up the opportunity for further appeal.)

Company's rate payers who the Company argues would be burdened by the obligation to cover the cost of the 12,000,000 gallons of water at \$3.85 per 1,000.

The Commission should allow a rehearing that offers Dansie the opportunity to present additional facts and testimony that explores the accuracy of the Company's presented cost of providing water under the Agreement. Because of Dansie's unavoidable absence at the March 4 hearing, valuable and important rebuttal and cross examination were not conducted or factored into the Commission's finding. Similarly, evidence about viable alternatives is absent from the Commission's analysis and only the most outrageous cost estimation has been considered by the Commission. Reliance upon one unsubstantiated number as determinative of how the Agreement will impact the rate payers is a deficient analysis at best. The Commission cannot reasonably conclude that the Agreement negatively impacts that rate payers until it has considered all of the options and evaluated all evidence relative to actual costs and impacts, if any, to the rate payers.

**IV. THE HI-COUNTRY ORDER IMPROPERLY EXCLUDES DANSIE PROPERTY THAT IS CONTIGUOUS TO THE PROPOSED SERVICE AREA AND COVERED UNDER THE AGREEMENT.**

The Hi-County Order excludes portions of the Dansie property from the proposed service area despite the fact that those lands were included in the Foothills service area and specifically covered under the Agreement. Mr. Dansie has requested that the property be included in the service area so that he may receive the benefits of water service to which he is entitled. There is no justification for the exclusion of such properties in law or fact. The Commission apparently relies upon the erroneous statement that there are no conveyance facilities on the property. The

Foothills Order expressly addresses the facilities and easements associated with the Company's distribution system. Moreover, for the reasons stated above, Mr. Dansie was unable to present direct and rebuttal testimony in response the statements made by the Company at the hearing regarding such property. As a result, the disputed service area should be expanded to include all of Mr. Dansie's property.

### **CONCLUSION**

Based on the foregoing, Intervenor respectfully requests reconsideration of the Commission's May 5, 2014 Report and Order.

DATED this 4<sup>th</sup> day of June, 2014.

FLITTON BABALIS, PLLC



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John S. Flitton  
Christie Babalis  
Attorneys for Intervenor Rodney Dansie



## CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing *Request for Rehearing and Reconsideration* to be delivered via First Class Mail, postage prepaid, to the following:

William B and Donna J. Coon  
7876 W. Canyon Road  
Herriman, Utah 84096

and by email to the following:

J. Craig Smith ([jcsmith@smithlawonline.com](mailto:jcsmith@smithlawonline.com))  
Smith Hartvigsen, PLLC

Patricia Schmid ([pschmid@utah.gov](mailto:pschmid@utah.gov))  
Justin Jetter ([jjetter@utah.gov](mailto:jjetter@utah.gov))  
Brent Coleman ([brentcoleman@utah.gov](mailto:brentcoleman@utah.gov))  
Utah Assistant Attorneys General

and via hand-delivery to the following:

Division of Public Utilities  
160 East 300 South, 4<sup>th</sup> Floor  
Salt Lake City, Utah 84111

Office of Consumer Services  
160 East 300 South, 2<sup>nd</sup> Floor  
Salt Lake City, Utah 84111



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