

5/6/13

To: Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114

From: Cedar Ridge Dist. Company
12435 N Hillcrest Dr
Deweyville, UT 84309

RE: Request to increase water rate

To: Bill Duncan, Water Manager (DPU)

Our original tariff provided for a \$57.00 basic monthly rate which includes water use for the first 12,000 gallons. The tariff also provided a charge of .35 per 1,000 gallons for water use that exceeds 12,000 gallons per month. This charge of .35 per 1,000 gallons was based upon the wholesale cost of water delivered by Tremonton City to our system. Last year, Tremonton City raised their rate from .35 per 1,000 gallons to .50 per 1,000 gallons effective July 1, 2012 (see documentation provided – 8 pages from Tremonton City). This cost the Cedar Ridge Dist. Company for the second half of last year an extra \$2,388.60. This rate will be stable for the year 2013 and probably until July 2014 according to Tremonton City.

We hereby request a rate increase for water usage over 12,000 gallons per month to .50 per 1,000 gallons to break even with direct costs. We would appreciate a prompt response to avoid operating in the red this year.



David Z. Thompson
President
Cedar Ridge Dist. Co.



MAYOR: Roger Fridal **COUNCIL:** David Deakin | Diana Dautre | Lyle Holmgren | Jeff Reese | Byron Wood

March 26, 2012

Cedar Ridge Distribution Company
David Z. Thompson
Owner/Manager

Subject: Water Rate Increase

David per our conversation of Tuesday, March 20, 2012, we discussed the need for Tremontion City to adjust the water rate which is charge to the Cedar Ridge Distribution Company for the pumping of the water use by the Cedar Ridge Distribution Company.

On March 6, 2012, the Tremontion City Council voted to raise the water rate from, \$0.35 per 1,000 gallon to \$0.50 per 1,000 gallon. The sole reason is to cover the electrical cost used to pump water. In December of 2010, when the rate was set the amount of water used and the true cost of electricity used for the pump were both unknowns. So I calculated to the best of my knowledge.

The new rate of \$0.50 per 1,000 gallon will not take place until July 1st, 2012.

If there are any questions fill free to contact myself at 435-257-9471.

Sincerely

Paul Fulgham
Tremontion City
Public Works Director.

CITY OFFICERS:

City Manager
Shawn Warnke
(435) 257-9504
swarnke@tremontioncity.com

City Recorder
Darlene S. Hess, CMC
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City Treasurer
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DEPARTMENTS:

Building Inspector
Steve Bench
(435) 257-9510
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Library Director
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Parks & Recreation Director
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Police Chief
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Public Works Director
Paul Fulgham
(435) 257-9471
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Senior Center Director
Marion Layne
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RESOLUTION NO. 12-10

A RESOLUTION ADJUSTING THE WATER RATE FEE FOR THE CEDAR RIDGE WATER COMPANY IN DEWEYVILLE, UTAH AS OUTLINED BY THE WATER WELL PURCHASE AGREEMENT BETWEEN DAVID Z. THOMPSON AND TREMONTON CITY

WHEREAS, Tremonton City Council determined that there was a need for additional water to support water use for the citizens of Tremonton; and

WHEREAS, a plan was presented to the Council to purchase an established well from David Z. Thompson and the Cedar Ridge Water Company; and

WHEREAS, Tremonton City entered into a Water Well Agreement on the 5th day of March, 2010 with David Z. Thompson and the Cedar Ridge Water Company to establish the terms of the Water Well Purchase Agreement; and

WHEREAS, the Water Well Agreement states in 3.01(C): Tremonton City will charge a water usage rate to the Cedar Ridge Water Company based on the amount of water used, as measured by the installed water meter. The rate at which the City shall charge the Cedar Ridge Water Company shall be based on a prorated share of the operations and maintenance costs, including any electricity costs associated with the pumping of the water to the David Z. Thompson's private water facilities. Tremonton City shall reserve the right to amend water usage charges to the Cedar Ridge Water Company, as needed, and to be determined by the costs associated with operation, maintenance, any Cedar Ridge Water Company water use in excess of its allotted water rights, and electricity of the Water Well attributed to providing water to the Cedar Ridge Water Company. Any increases in water charged by Tremonton City shall be preceded by written notice to David Z. Thompson at least thirty (30) days prior to the rate increase; and

WHEREAS, at the time the agreement was signed, the cost of providing this service was calculated and was to be evaluated after a year when correct information was available; and

WHEREAS, after Tremonton City Public Works Director's analysis of Tremonton City's Water Fund subsidized the Cedar Ridge Water Company in the amount of \$5,246.25; therefore, there is a financial requirement to adjust the water fees charged to the Cedar Ridge Water Company.

NOW THEREFORE BE IT RESOLVED by the Tremonton City Council that effective upon giving David Z. Thompson, Cedar Ridge Water Company written notice of thirty (30) days, the water rate that Tremonton City Corporation charges the Cedar Ridge Water Company shall be adjusted to \$ 0.50 per 1000 gallons of water. The water rate charged to the Cedar Ridge Water Company is the prorated share of the operations and maintenance costs, including any electricity costs associated with the pumping of the water as evidence in Exhibit A.

ADOPTED AND PASSED by the Tremonton City Council, this 6th day of March, 2012.

TREMONTON CITY
A Utah Municipal Corporation

By _____
Roger Fridal, Mayor

ATTEST:

Darlene S. Hess, Recorder

EXHIBIT A

B. Buyer will install, provide, and bear the financial obligation of a water meter for the direct pipeline referenced in Section 3.01(A) of the Agreement. Said meter will be used to determine the amount of water usage by the Cedar Ridge Water Company.

C. Buyer will charge a water usage rate to the Cedar Ridge Water Company based on the amount of water used, as measured by the installed water meter. The rate at which Buyer shall charge the Cedar Ridge Water Company shall be based on a prorated share of the operations and maintenance costs, including any electricity costs associated with the pumping of the water to the Seller's private water facilities. Buyer shall reserve the right to amend water usage charges to the Cedar Ridge Water Company, as needed, and to be determined by the costs associated with operation, maintenance, any Cedar Ridge Water Company water use in excess of its allotted water rights, and electricity of the Water Well attributed to providing water to the Cedar Ridge Water Company. Any increases in water charges by Buyer shall be preceded by written notice to Seller at least thirty (30) days prior to the rate increase.

1. Notice as required in Section 3.01(C), shall be sent by Buyer to Seller, at the following address:

David Z. Thompson
12435 North Hillcrest Drive
Deweyville, Utah 84309

2. Section 3.01(C) shall survive after the execution of the Agreement and the aforementioned date of July 31, 2010. Additionally, other agreements may be created to further define the terms and relationship between Buyer and the Cedar Ridge Water Company.

D. Buyer will continue to operate the well and provide the Cedar Ridge Water Company its allotment of water. In the event that the subject well loses sufficient water production to provide water for Tremonton City and the Cedar Ridge Water Company, the parties hereby agree to form a joint venture, including joint financial obligations, to seek alternative sources of water production.

3.02 Limitations on Use and Scope of Cedar Ridge Water Company. Future use of the delivered water by the Cedar Ridge Water Company shall be limited to residential customers only. Excepting those instances of commercial use described in Section 3.03(C), The Cedar Ridge Water Company is strictly prohibited from providing future water service to any commercial, industrial, agricultural, or otherwise non-residential customer or client.

3.03 Cedar Ridge Water Company Maximum Connection. The Cedar Ridge Water Company shall be limited to the existing thirty-three (33) water connections and a maximum of fifty-six (56) future water connections. Said connection maximum of Eighty-Nine (89) total connections and Ninety (90) Equivalent Residential Units (hereinafter "ERU") shall include future residences of the Cedar Ridge Subdivision, subsequent and additional phases of the Cedar

Cost Associated with pumping the Cedar Ridge 1986 Well (Estimated Cost Per 1,000 Gallon Pumped For 2011)

	Yearly	Depreciation Schedule	
		10-Years	50-Years
Sampling	\$1,500.00	\$60,000.00	\$17,400.00 Piping
Administration	\$500.00	\$25,000.00	\$101,000.00 Building
		\$50,000.00	\$30,366.00 Piping
			\$1,050.00 Piping
			\$2,227.00 Piping
			\$35,000.00 Electrical
			\$2,000.00 Piping
	<u>\$2,000.00</u>	<u>\$135,000.00</u>	<u>\$189,043.00</u>
	Yearly	Yearly	
		<u>\$13,500.00</u>	<u>\$3,780.86</u>

Pumping Rates	GPM	GPD	GPM	GPY	1,000 GPY
	1,000	1,440,000	43,200,000	259,200,000	259,200 (Estimated pumping amounts)

	Gallons	1,000/Units	Pumping Cost	
			Total Cost	Cost/1,000
May	49,167,588	49,168	\$5,679.54	\$0.12
June	78,486,662	78,487	\$7,324.34	\$0.09
May	1,886,000	1,886	\$385.63	\$0.20
June	9,812,000	9,812	\$1,576.66	\$0.16
May	511,597	512	\$194.87	\$0.38
June	3,171,541	3,172	\$502.31	\$0.16
			<u>Power Cost/1,000</u>	<u>\$0.25</u>

	Total Yearly Cost	Water Cost/1,000
Sampling/Admn	\$2,000.00	\$0.25 (Estimated Cost of Electric Power per 1,000 Gallon Units Pumped)
Depreciation	\$17,280.86	\$0.07 (Total Yearly Cost/Total 1,000 Gallon Units Pumped per Year)
	<u>\$19,280.86</u>	<u>\$0.35 Purposed Rate per 1,000 gallons for Cedar Ridge Residents</u>

Prepared by:



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 Tremonton, UT 84337
 888.788.8888

Cost Associated with Pumping the Cedar Ridge 1986 Well (Actual Cost Per 1,000 Gallon Pumped For 2012)

Yearly Operational Expenses	Depreciation Schedule		
	10-Years	50-Years	
Sampling	\$1,500.00	Pump & Meters	\$60,000.00
Administration	\$500.00	Pump Controls	\$25,000.00
		Back-Up Generator	\$50,000.00
			\$1,050.00 Piping
			\$2,227.00 Piping
			\$35,000.00 Electrical
			\$2,000.00 Piping
Yearly Operational Cost -	\$2,000.00	\$135,000.00	\$189,043.00
Total Yearly Depreciation Cost -	\$17,280.86	Yearly	\$3,780.86
Total Cost per Year -	\$19,280.86		

2011 Actual Pumping Amounts -	Tremontion City	Cedar Ridge	Total	1,000 Gallon Units
	30,865,000	26,795,000	57,660,000	57,660

2011 Actual Electrical Cost - **\$22,025.91**

2011 Electrical Cost Per 1,000 Gallons Pumped - **\$0.38**

2011 Depreciation Cost Per 1,000 Gallons Pumped - **\$0.33**

2011 Total Cost Per 1,000 Gallons Pumped - **\$0.72**

Recommend to Tremontion City Council - Cost Per 1,000 Gallon - **\$0.50/1,000**

Prepared by:



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Cost Associated with pumping the Cedar Ridge 1986 Well (Actual Cost Per 1,000 Gallon Pumped For 2011)

Yearly Operational Expenses	Depreciation Schedule		
	10-Years	50-Years	
Sampling	\$1,500.00	\$60,000.00	\$17,400.00 Piping
Administration	\$500.00	\$25,000.00	\$101,000.00 Building
		\$50,000.00	\$30,366.00 Piping
			\$1,050.00 Piping
			\$2,227.00 Piping
			\$35,000.00 Electrical
			\$2,000.00 Piping
Yearly Operational Cost -	\$2,000.00	\$135,000.00	\$189,043.00
Total Yearly Depreciation Cost -		Yearly	
		\$13,500.00	\$3,780.86
Total Cost per Year -			

2011 Actual Pumping Amounts -	Tremontion City	Cedar Ridge	Total	1,000 Gallon Units
	19,799,000	34,975,000	54,774,000	54,774

2011 Actual Electrical Cost - \$19,992.87

2011 Electrical Cost Per 1,000 Gallons Pumped - \$0.37

2011 Depreciation Cost Per 1,000 Gallons Pumped - \$0.35

2011 Total Cost Per 1,000 Gallons Pumped - \$0.72

Recommend to Tremontion City Council - Cost Per 1,000 Gallon - \$0.50/1,000

Prepared by:



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