



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities

Chris Parker, Director

Bill Duncan, Telecommunications / Water Manager

Mark Long, Utility Analyst *ML*

Date: March 25, 2013

Re: Supplement To Memos Dated March 20, 2013 And March 19, 2013, in the matter of the Application for Interim Rate Increase for Willow Creek Water Company, Docket No. 13-2506-01

On February 20, 2013, Willow Creek Water Company (Willow Creek or Company) filed a request with the Utah Public Service Commission (Commission) for a General Rate Case Increase and for Interim Rates. Willow Creek is basing its rates and fees for the interim rates on the amounts requested in its Application for a General Rate Case Increase.

The Utah Division of Public Utilities' (Division) recommended that the Commission approve the rates and fees requested by the Company in its memo dated March 20, 2013. The date of this memo was later corrected to March 19, 2013 in the Division's Corrected Memo of March 20, 2013.

During the Interim Rate Hearing on March 20, 2013, Willow Creek stated that it was not charging its only commercial customer the rates as reported in its application for a General Rate Case Increase and for Interim Rates. The Hearing Officer requested the Division to reissue its recommendation using the rates discussed in the Interim Rate Hearing. The Division complied with that request in its Corrected Memo of March 20, 2013.

Upon further review of Willow Creek's Tariff No. 1, showing an effective date of April 1, 2009, the Division noted that the tariff had one rate for all customers and did not distinguish between residential and commercial as indicated by Willow Creek in its application for a rate increase and at the Interim Rate Hearing on March 20, 2013.

The Division has spoken with Willow Creek personnel regarding charging only the rates as contained in its tariff. The Company acknowledges that it inadvertently charged incorrect rates to its commercial customer. Rather than following its tariff and charging \$38.00 per month and a \$1.00 for every 1,000 gallons over 293,274 gallons in its annual usage, the Company was charging \$1.00 for every 1,000 gallons used. The company has agreed to start charging the correct rates from this point going forward. The Company stated that it was charging all other customers the rates in its approved tariff.

The Division also advised Willow Creek to give as much notice as possible to its customers regarding this Second Corrected Memo issued by the Division prior to the Public Witness Hearing this Wednesday on March 27, 2013. The Division requested that the Company either hand-deliver or email this filing to its customers. Those customers who are not readily available, the Company should mail through the U.S. Postal Service.

Additionally, the Division will investigate the discrepancy between what was actually charged and what should have been charged to the Company's commercial customer and will make its recommendation regarding any incorrect billing amounts in its direct testimony.

Based on these facts, the Division wishes to reissue its recommendation to the Commission regarding Willow Creek's rates and fees as requested in its application for interim rates. The recommendation remains the same, but is presented here again for continuity and convenience of the reader.

The Utah Division of Public Utilities (Division) has performed an initial, limited review of the rate increase and interim rate increase applications and the exhibits filed in support of the aforementioned applications and believes that Willow Creek meets its obligation under Utah Code §54-7-12 (4)(a) for approval of its request for interim rates. Specifically, the Division believes Mountain Sewer has presented adequate prima facie evidence that the interim rate increase is justified as required by Utah Code §54-7-12(4)(a)(iii).

In the Division's initial, limited review, it believes that the final rates will be higher in order to properly fund the capital reserve account and other overlooked expenses that Willow Creek based their interim rate amounts on.

The Division recommends that the Utah Public Service Commission approve the interim rates and fees as filed and requested in Willow Creek's Application for an Interim Rate Increase. Although the interim rates appear to be less than will be needed to properly fund the capital reserve account and other anticipated projects, the requested interim rates will produce more revenue than the current rates. The Division believes that the interim rates should cover most of Willow Creek's current monthly operating expenses until the Division completes its evaluation and the final rates are approved by the Commission. However, the Division recommends that if the final approved rates are higher than the approved interim rates, the Company will be prohibited from collecting additional funds from its ratepayers to make up the shortfall. If the final approved rates are lower than the approved interim rates, the Division recommends that

Willow Creek be required to issue appropriate refunds by crediting its customers' accounts in the next billing cycle following the final Commission order.

Please refer to the chart below for the rates and fees requested by Willow Creek and recommended by the Division.

Current Rates per Tariff		Requested Rates	
Fixed System Fees, Maximum of 293,274 gallons per YEAR	\$38.00	Residential: Fixed System Fees: This includes 12,000 gallons per MONTH	\$49.00
		Commercial: Fixed System Fees: This includes 12,000 gallons per MONTH	\$49.00
Usage per 1,000 gallons over 293,274 gallons per YEAR	\$1.00	Residential: Usage per 1,000 gallons over 12,000 gallons per MONTH	\$1.50
		Commercial: Usage per 1,000 gallons over 12,000 gallons per MONTH	\$1.50
Standby Fee	"No Charge"	Standby Fee	\$24.40
Connection Fee (1")	\$5,000.00	Connection Fee (1")	\$5,000.00
Connection Fee (2")	None	Connection Fee (2")	\$5,000.00
Turn on Fee (with Meter in place)	\$150.00	Turn on Fee (with Meter in place)	\$900.00
Turn Off Fee	None	Turn Off Fee	\$150.00
Transfer of Ownership	None	Transfer of Ownership	\$300.00
Unwarranted Service Call	None	Unwarranted Service Call	\$60.00
Fire Hydrant (deposit)	None	Fire Hydrant (deposit)	\$100.00
Late Fee	None	Late Fee	\$15.00

Please see Exhibit 1 for Willow Creek's WATER SERVICE RATE SCHEDULE page of its approved tariff.

WATER SERVICE RATE SCHEDULE

Applicability

Applicable in entire service area to water service for culinary purpose at one point of delivery.

Rates as herein set forth shall apply to each customer unit. A consumer unit is defined as a single unit dwelling or any store service station, cafe, factory, shop, processing plant, or other establishment or concern that might apply for culinary water service for domestic purposes.

The following rate is for a period of one month:

Usage and Charges

The First **293,274** gallons used annually billed at **\$ 38.00** per month for each service connection.

The usage over **293,274** gallons annually will be billed at **\$1.00 per 1000 gallons** of usage.

Premises temporarily without a meter will be charged the minimum rate.

Service Connection Charges

Size (3/4") of service to Property Line One-time charge for each service requiring new meter installation	<u>\$ 5,000.00</u>
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Turn-on service where meter is already in place	<u>\$ 150.00</u>
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Standby Service Charge

Standby Service Charge*	<u>\$ No Charge</u>	per month
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*Applies to lots where service mains are in place and where water service is available, but no water service has been connected and no water service is used; or where water service has been disconnected by the Company at the request of the customer; or involuntarily by the Company after proper notice to the customer.