

DOCKET NO.

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

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IN THE MATTER OF THE APPLICATION OF)  
 BUMBLEBEE WATER SYSTEM, INC. FOR)  
 A CERTIFICATE OF CONVENIENCE AND) DOCKET NO.  
 NECESSITY TO OPERATE AS A PUBLIC)  
 UTILITY RENDERING CULINARY WATER )  
 SERVICE, OR FOR AN EXEMPTION FROM)  
 PUBLIC SERVICE COMMISSION REGULATION)

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APPLICATION

To the Public Service Commission of Utah Salt Lake City, Utah.

1. Exact name of applicant:  
BUMBLEBEE WATER SYSTEM, INC.
2. Principal office address:  
*352 East Riverside Drive, Suite A3, St. George, Utah 84790.*
3. Name of state in which applicant is incorporated and date of incorporation is the State of Utah, with a date of incorporation of July 31, 2012 (under the original name "Hunter Ridge Mutual Water Company"—a Utah non-profit corporation). A certified copy of the articles of incorporation and by-laws should accompany this application unless a copy is on file with the Commission. If not incorporated, describe the type of organization and state in which it is organized.

*As stated above, Bumblebee Water System, Inc. is a Utah non-profit corporation. A certified copy of its Articles of Incorporation and the July 2013 Amendment thereto is Attached to this*

4. The officers and directors (or partners) of applicant are as follows:

<u>Office Held</u>	<u>Name and Principal Business Address</u>
<i>Member, Board of Trustees</i>	<u>Iron Dirt, LLC</u> <i>352 East Riverside Drive, Suite A3</i>

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*St. George, Utah 84790*

*Member, Board of Trustees*

*Brent A. Blanchard  
321 North Mall Drive, Suite R201  
St. George, Utah 84790*

*Member, Board of Trustees*

*David Boulton  
2560 Fairway Circle  
Bountiful, UT 84010*

*President*

*Dillon Jensen  
740 Chaparral Drive  
Mesquite, Nevada 89027*

*Secretary*

*Brent A. Blanchard  
321 North Mall Drive, Suite R201  
St. George, Utah 84790*

5. The type of service (water, sewer or both) which applicant proposes to render is (indicate here and on page 1):  
  *Water*
  
6. Applicant is in compliance with and agrees to comply with all regulations and requirements of all state and local government agencies. Copies of all required permits and approvals are made a part of this application. Applicant will be receiving through its water distribution system water from a Commission approved supplier or has attached to this application proof of ownership of sufficient water rights, of sufficient storage, of an approved source with sufficient water flow and of an approved point of diversion.
  
7. If the applicant is conducting operations at the present time, furnish the following information:
  - (a). A description of the nature and extent of the service rendered.  
  *Water service to residential lots, per Approved Change Application no. a32564.*
  
  - (b). The date applicant commenced rendering such service.  
*Not yet commenced; no residential users have purchased lots in the service area.*
  
8. The areas which the applicant proposes to serve, and those

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presently served, if any, are as described below (legal description) and as shown on a map attached hereto (for public utilities a map should also be part of the tariff). *Sunset Subdivision, according to the official plat thereof on file and of record in the Iron County Recorder's Office. No water is yet being provided, as all lots are still empty.*

- 9. How Many Connections will the company serve?  
\_58\_\_\_\_\_
- 10. The names of any water companies that are providing (or proposing to provide) similar service near or in any part of the area covered by this applicant are as follows:  
\_\_\_\_N/A\_\_\_\_\_
- 11. The applicant is financially responsible as shown by a true and correct financial statement attached hereto and made a part of this application.
- 12. Applicant's proposed tariff, including a map and rate schedules, along with work papers showing how the proposed rates were determined, is also attached as a part of this application.

WHEREFORE, applicant requests that the Commission grant a certificate of convenience and necessity to the applicant to operate as a public utility as described above.

Signature, \_\_\_\_\_  
*Dillon Jensen*  
*Title, President*

Dated this 27<sup>th</sup> day of August, 2013.

Subscribed and sworn to before me 27<sup>th</sup> day of August, 2013.

\_\_\_\_\_  
Notary Public

Residing at:  
\_\_\_\_\_

My Commission Expires  
\_\_\_\_\_

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Name, address, and signature of attorney representing application:

Brent A. Blanchard, Esq.  
Utah Bar No. 8411  
BLANCHARD LEGAL SOLUTIONS, PC  
321 North Mall Drive Suite R201  
St. George, Utah 84790

Signature, \_\_\_\_\_

*Brent A. Blanchard, Esq.*  
*Title, Legal Counsel for Bumblebee Water System, Inc.*

(A \$100.00 filing fee must accompany this application)  
**WAIVED if applying for exemption.**

NOTE: A COMPANY THAT IS BOTH OWNED AND CONTROLLED BY ITS WATER USERS MAY QUALIFY FOR AN EXEMPTION FROM RATE REGULATION AS A MUTUALLY OWNED WATER COMPANY SERVING ONLY ITS STOCKHOLDERS.

IF THIS IS THE CASE, DO NOT SUBMIT A FILING FEE BUT WRITE ACROSS THE BOTTOM OF THIS FORM "PLEASE CONSIDER THIS AS AN APPLICATION FOR A LETTER OF EXEMPTION AND COMPLETE THE SUPPLEMENTARY INFORMATION FOR MUTUAL WATER COMPANIES."

I, Dillon Jensen, President of Bumblebee Water System, Inc., swear that the information provided in this application is complete and accurate to the best of my knowledge.

Signature, Title \_\_\_\_\_, President.  
Dillon Jensen

Dated 27<sup>th</sup> day of August, 2013.

Subscribed and sworn to before me 27<sup>th</sup> day of August, 2013.

\_\_\_\_\_  
Notary Public

Residing at:

\_\_\_\_\_  
My Commission Expires

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CHECKLIST

Items to Be Included With Application

- A. Applicant has submitted a certified copy of the articles of incorporation and by-laws unless a copy is on file with the Commission.
- B. Applicant will be receiving through its water distribution system:
  - 1. Water from a Commission approved supplier or
  - 2. Has attached to this application:
    - A. Proof of ownership of water rights, in the name of the company to be regulated or exempted, sufficient to provide the water promised to each customer.
    - b. Proof of ownership of sufficient water storage.
    - c. Proof of ownership of an approved water source with sufficient water flow.
    - d. Evidence of an approved point of diversion (by Division of Water Rights) from a source that is owned by the water company.
- C. Applicant MUST provided maps (8 1/2" by 11") showing location of water system relative to nearby towns and highways and the proposed platted subdivision.
- D. Applicant has provided financial statements to indicate financial viability including:
  - 1. A balance sheet for the water company.
  - 2. An historical operating statement if the water company is already operating, a projected statement if not yet operating.
- E. Applicant has provided a proposed tariff which includes proposed rates and service rules and regulations. Applicant has provided:
  - 1. Calculations to show that the proposed rates are reasonable based upon actual cost of service. Or
  - 2. A statement that the proposed rates are less than the full cost of service but that the developer will subsidize such rates until the system has enough customers on line to operate and cover costs at the proposed rates.

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3. A balance sheet for the developer if the water company is to be or was constructed by a developer.

The enclosed checklist covers the items of interest to the Division of Public Utilities. The list does not necessarily include all items the Public Service Commission and the Division of Public Utilities need to review in the application procedure. Additional items may be requested as the Division and Commission become more familiar the applicants particular circumstances.

Please feel free to contact the Division of Public Utilities at (800) 874-0904 or (801) 530-6695 if you have any questions about the information the Division is requesting.

Upon review of your application, the Division has determined that certain information is lacking or that additional information is necessary. The required information is either explained below or highlighted on the enclosed checklist. Please feel free to contact the Division of Public Utilities at (800) 874-0904 or (801) 530-6695 if you have any questions about the additional information the Division is requesting.

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**INSTRUCTIONS**

**For Mutual Water Companies**

Enclosed is an application designed by the Division of Public Utilities (DPU) intended to assist an applicant in providing the appropriate information to the Utah Public Service Commission (PSC). This form can be used as a guideline in applying for authority to operate as a public utility or to be exempt from PSC regulation as a mutually owned and operated company. This form can also be used in applying for expansion of a service area for either a regulated public utility or an exempt mutual company.

Also included with this application are a sample tariff and proposed "Standard Filing Requirements...". A tariff is required by the PSC. The PSC also has jurisdiction over rates.

Each utility should have a tariff on file with and approved by the PSC. The tariff should be designed for each company's specific situation and needs and should explain the rules and policies of the water company.

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The "Standard Filing Requirements..." should be helpful in developing rates that will be acceptable to the PSC. The PSC approves rates if they are determined to be just and reasonable.

The DPU and the PSC have found in working with small water companies and especially those built by developers that the same information is needed to grant either a certificate to operate as a public utility or a letter of exemption from PSC regulation.

The PSC grants Letters of Exemption to mutual water companies when they are owned and operated by the shareholders who are also customers. The PSC has determined that until a developer actually turns ownership and operations over to the water users as a majority ownership, it should be regulated by the PSC. Appendix A of this explanation provides a checklist of requirements that must be met for exemption as a mutually owned water company.

An important step in the approval by the PSC of either a Certificate or an Exemption is the review of the system by the Division of Drinking Water.



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The PSC has adopted the standards of the Drinking Water Board for quality of water including all standards for designing, building and maintaining a system capable of delivering water of the required quality. For new systems, plan approval by the Division of Drinking Water is required. This is not to be confused with "Feasibility which is sometimes requested by local agencies or by the developer himself.

If application is made for a Certificate of Convenience and Necessity, please make check for \$100.00 payable to the Utah Public Service Commission but mail it to the Division of Public Utilities as it is the DPU that will be processing the application.

Feel free to contact the Division if you have any questions. **Ask for Paul Hicken at (801) 530-6695** or (800) 874-0904.

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Appendix A

Check List for Mutual Water Companies

For a water company to be exempted as a mutual water company the following must be shown:

1. The company must be a non-profit corporation in good standing with the Division of Corporations.
2. For voting purposes, each customer or water connection must have one vote. If the developer wishes an exemption from regulation before a majority of the lots are sold he must limit himself to one vote regardless of how many lots are still unsold.
3. Sufficient water rights for whatever annual usage will be allowed for each lot must be in the name of the water company applying for exemption. Whatever restrictions there are in use of water on an annual basis should be explained in by-laws, restrictive covenants and protective covenants.
4. Water rights must be held by the mutual water company for the use of the shareholders in the company. Water rights must stay with the water company in the event a lot is sold rather than with the lot owner.
5. All state and local approvals of the company and its

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water system must be obtained and verified. These include but are not necessarily limited to water rights (quantity and point of diversion), health (system and water quality approval by state local agencies) and local planning and zoning requirements.

6. An 8 1/2 " by 11" map of the proposed service area should be included.
7. All phases of a proposed development should be identified in the application whether they are to be developed immediately or not. Otherwise an additional exemption may be required for each additional phase before the Division of Drinking Water and the Public Service commission will give plan approval.
8. The proper documentation for the required information includes:
  - a. Articles of Incorporation and By-laws of the corporation seeking exemption.
  - b. Letter from the Utah Department of Environmental Quality (Division of Drinking Water) giving plan approval. Such a letter may state that approval is subject to receiving Public Service Commission approval or exemption.

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- c. From the Division of Water Rights, a letter approving an appropriate point of diversion and recognition of sufficient water rights in the name of the company to be exempted.
- d. Copies of Quit Claim Deeds