

June 30, 2015

To: All Dammeron Valley Land Owners and Water Customers

From: Brooks Pace, Manager, Dammeron Valley Water Works, LLC (DVWW)

Re: Dammeron Valley Water Works, LLC 2015 Rate Case Rebuttal Docket No. 2025-01

We have been working with the personnel of the Department of Public Utilities (DPU) for the past several months regarding our proposed Rate increase. Their thorough analysis of our system and many constructive suggestions were helpful and many will be implemented.

We at the Water Company do take issue with the complete overhaul they're proposing of our existing rate structure.

DPU PROPOSED RATES-MONTHLY

MONTHLY RATES		MONTHLY WATER USAGE AMOUNTS	
Standby Rate	\$13.90		
Base Rate for Connected Customers	\$37.90	0 – Gallons	
Tier 1 (Per 1,000 Gallons)	\$0.30	0 - 12,000 Gallons	
Tier 2 (Per 1,000 Gallons)	\$0.60	12,001 – 24,000 Gallons	
Tier 3 (Per 1,000 Gallons)	\$1.20	24,001 – 36,000 Gallons	
Tier 4 (Per 1,000 Gallons)	\$1.80	36,001 – 48,000 Gallons	
Tier 5 (Per 1,000 Gallons)	\$2.70	48,001 - Plus	
Irrigation Rate (Per 1,000 Gallons)	\$0.45	40,000 Gallons per Share	

We understand that the DPU's concerns are that our proposed rate structure might discriminate against some customers, and not provide adequate revenue to create a capital reserve fund and a fair return.

DVWW PROPOSED RATES-MONTHLY

MONTHLY RATES		MONTHLY WATER USAGE AMOUNTS	
Standby Rate	\$20.00		
Conservation Rate (400 gpd)	\$23.00	12,000	(Next 12,000 at \$2.50 / 1,000 over 24,000 at \$3.50 / 1,000)
One Tapping (800 gpd)	\$38.00	20,000	(Next 4,000 at \$1.75 / 1,000 next 24,000 at \$2.50 / 1,000 over 48,000 at \$3.50 / 1,000)
One & ½ Tapping (1200 gpd)	\$38.00	20,000	(Next 16,000 at \$1.75 / 1,000 next 36,000 at \$2.50 / 1,000 over 72,000 at \$3.50 / 1,000)
Two Tapping (1600 gpd)	\$38.00	20,000	(Next 28,000 at \$1.75 / 1,000 next 48,000 at \$2.50 / 1,000 over 96,000 at \$3.50 / 1,000)
Irrigation Rate	\$.032	Per 1,000 gallons up to 40,000 gallons per month per share for months March through October	

Our tiered rate structure evolved for nearly 40 years, along with the Community. The early buyers bought large lots which included large water allocations (taps). Irrigation rates came in to allow larger gardens and pastures, but primarily the right to those rates were granted with large lots backing up to the highway which restricted the use of the highway frontage to agricultural planting. These agricultural priced water rights contribute greatly to the aesthetics, sustainability and crisis resistance of our Community as our tariff gives us the right to restrict their use in times of emergency. At build out 40% of our water rights will be dedicated to irrigation. The “revenue neutral” Irrigation Rate is the incentive irrigators need to enable us to retain the rural and agricultural aspect of our Community we all cherish.

As to the Conservation Rate being discriminatory, I reject that outright. When it was approved in 2008 it was considered exemplary. What better way to encourage conservation than by offering an incentive? We have the “big stick” approach built in to our overage rates. The conservation Rate is the soft approach, giving a family over a \$100.00 a year savings if they’ll carefully use water.

We have suggested certain compromises in order to convince the DPU/PSC to keep our Conservation Rate intact and our Irrigation Rate low. Another 10 to 20 percent increase over our proposal for those two rates would still leave the incentives to conserve and irrigate in place. Hopefully some compromise might come out of the Rate Case Hearing.

The in depth calculation and evaluations done by the DPU should certainly be a template for a newly forming water company. And though the PSC can regulate our rates I would hope they would also recognize that we are a private company, our uniqueness and the uniqueness of Dammeron Valley Community, and the general support of our proposed rate structure.

This rebuttal to the DPU proposed rates will be sent out with the water bills the end of June. This will give customers with questions time to call the Water Company (435-574-2295) or they may go to the Department of Public Utilities website. <http://www.psc.state.ut.us/utilities/water/waterindx/15202501indx.html>.

If customers have questions for the Division not covered in Mr. Duncan’s or Mr. Long’s testimony, the most efficient and best way to contact Mr. Duncan or Mr. Long is through their email, where you can explain your questions or concerns and leave a phone number so they can get back to you as soon as possible either by email or phone. Their email addresses are: mlduncan@utah.gov and wlong@utah.gov

Customers can check the website to find out how they can participate in the August 11th Rate Hearing Case before the Public Service Commission. We believe that public/customer input would be good, but we acknowledge that the opinion rendered by the Commission within thirty days after the Public Witness Hearing will determine the outcome of this issue and the future of our Company and Community.