

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Rates of Community  
Water Company, LLC

DOCKET NO. 16-098-01  
ORDER APPROVING INTERIM  
RATE INCREASE

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ISSUED: September 15, 2016

**I. Procedural history.**

1. On June 13, 2016, the Division of Public Utilities (Division) filed a petition with the Public Service Commission of Utah (Commission) to increase rates and establish other fees and charges in the tariff of record for Community Water Company, LLC (CWC).
2. On June 29, 2016, the Commission held a scheduling conference and issued a scheduling order, including a hearing date of November 16, 2016.
3. On August 25, 2016, CWC filed an application for an interim rate increase, pursuant to Utah Code § 54-7-12(4). CWC requested expedited treatment of the application.
4. On August 26, 2016, the Commission issued notices of filing, comment period, and hearing as to CWC's request for interim rates. The hearing was set for September 13, 2016.
5. The hearing was held as scheduled before an administrative law judge for the Commission. Emily Lewis and Steven Clyde appeared as counsel for CWC. Assistant Attorney General Patricia Schmid appeared as counsel for the Division. Intervenors E. Scott Savage, William Grenney, and Francis Amendola appeared in person. Intervenors Terry Lange and Van J. Martin participated telephonically.

**II. Findings of fact.**

1. CWC's current rates were set in 2001 and are insufficient to fund its operations.
2. CWC's infrastructure is aged and partially non-functional.
3. In order to pay for the equipment and maintenance necessary to keep CWC operational, CWC requires additional revenue.
4. In its June 13, 2016 petition, the Division proposed the following rate schedule:

**Rate Schedule**

Monthly rates		Monthly water usage in Kgals <sup>1</sup>
Standby rate	\$17.25	
Base rate per connection	\$33.20	0 Kgals
Tier 1	\$0.30/Kgal	0 Kgals to 12 Kgals
Tier 2	\$0.60/Kgal	12.001 Kgals to 24 Kgals
Tier 3	\$1.20/Kgal	24.001 Kgals to 36 Kgals
Tier 4	\$2.40/Kgal	36.001 Kgals to 48 Kgals
Tier 5	\$4.80/Kgal	over 48 Kgals

**Miscellaneous Fees and Charges**

Service connection fee	\$3,750.00
Turn-on service for existing connection	\$25.00
Turn-off service for non-payment of charges or at owner's request	\$25.00
Customer late fee (plus 18% interest)	\$10.00/month
Returned check fee	\$10.00

5. In its petition for interim rates, CWC requested that the Division's proposed rate schedule be implemented, subject to true-up after final rates are established.

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<sup>1</sup> One Kgal equals 1,000 gallons of water.

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6. The Division designed its proposed rate schedule to apply to each meter, without regard as to whether the meter measures domestic use or irrigation use.<sup>2</sup>
7. CWC's service area includes at least two homeowners' associations (HOAs). Each HOA has at least one meter that is used strictly for irrigation water. During the summer months, irrigation meters use well over 12 Kgals of water per month. Therefore, if an irrigation meter is billed according to the Division's rate schedule, the HOA will pay the higher tier rates during the summer.
8. Two of the HOAs within CWC's service area object to irrigation meters being billed according to the Division's rate schedule. Representatives from these HOAs consider that the HOA should not be charged the tier 2 rate until the total Kgals metered (domestic use plus irrigation use) within the HOA exceed 12 Kgals per residence. For example, if an HOA had 30 residences, neither the HOA nor any individual resident would be charged the tier 2 rate until total consumption exceeded 360 Kgals (12 Kgals times 30 residences).
9. To address the concerns of the HOA, CWC proposed at hearing a billing system that would exempt irrigation meters from the tiered rate schedule. Instead, the total usage of the irrigation meters would be divided equally among the number of residences. Each resident's share of the irrigation usage would then be added to that resident's domestic usage, and the resident would be billed for the total usage according to the tiered rate schedule.
10. In general, the HOAs expect to stop irrigating in October.

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<sup>2</sup> All water provided by CWC is suitable for domestic use.

**III. Conclusions of law.**

The record demonstrates that all parties agree to an interim rate increase. The dispute is as to how the interim rates will apply to meters used by HOAs for irrigation purposes.

The Commission commends CWC for listening to the concerns of its customers and attempting to address those concerns. That being said, it appears that CWC's proposed billing system would reduce revenues to the utility, particularly during the summer months. There is not enough information in the record to allow a determination as to whether those reduced revenues would still be sufficient for CWC to maintain operations, upgrade its infrastructure, and establish a reserve account.

Where the Division's proposed rate schedule is designed to meet these three critical objectives, we decline to modify it on the record before us. Further, we note that the irrigation season is nearly over and that final rates will be established before the irrigation season begins again. Therefore, we conclude that the HOAs will not be impacted greatly from interim application of the Division's rate schedule to the irrigation meters.

**ORDER**

Community Water Company's petition for an interim rate increase is approved. On October 1, 2016, Community Water Company shall begin charging the rates set forth in the Division's June 13, 2016 petition. The interim rates shall apply to each metered connection, regardless of whether the connection is used for domestic or irrigation purposes.

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DATED at Salt Lake City, Utah, September 15, 2016.

/s/ Jennie T. Jonsson  
Administrative Law Judge

Approved and confirmed September 15, 2016 as the Order of the Public Service  
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#289059

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on September 15, 2016, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

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