

Steven E. Clyde (Bar No. 0686)
SEC@clydesnow.com
Emily E. Lewis (Bar No. 13281)
EEL@clydesnow.com
CLYDE SNOW & SESSIONS
One Utah Center, Thirteenth Floor
201 South Main Street
Salt Lake City, UT 84111-2516
Telephone: 801-322-2516
Facsimile: 801-521-6280

Attorneys for Community Water Company

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Community Water Company, LLC)	
)	
)	
)	DOCKET NO. 16-098-01
)	
)	
)	
)	
)	

DIRECT TESTIMONY
OF
MIKE FOLKMAN
COMMUNITY WATER COMPANY
SEPTEMBER 21, 2016

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION**
3 **WITH COMMUNITY WATER COMPANY.**

4 **A.** My name is Mike Folkman. I am employed as a System Operator with Summit
5 Water Distribution Company and contracted to do business with Community Water
6 Company. Summit Water Distribution Company is located at 8506 Bluebird Lane,
7 Park City, UT 84098.

8 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
9 **EXPERIENCE**

10 **A.** I hold an Associate's degree and professional certificates in Utility Management,
11 Grade 4 Treatment Operator, Grade 4 Distribution Operator, Water Rights
12 Certification with the Utah Division of Water Rights and Cross Connection
13 Administration.

14 **II. IDENTIFICATION OF WITNESS**

15 **Q. FOR WHICH PARY WILL BE OFFERING TESTIMONY IN THIS CASE?**

16 **A.** I will be offering testimony on behalf of Community Water Company
17 ("Company").

18 **Q. HAVE YOU TESTIFIED BEFORE THE UTAH PUBLIC SERVICE**
19 **COMMISSION ("COMMISSION") ON PRIOR OCCASIONS?**

20 **A.** Yes. I testified as a fact witness in this matter in person at a hearing held on
21 September 13, 2016 on the Company's Application for Interim Rate Increase.

22 **Q. PLEASE DESCRIBE YOUR PARTICIPATION IN THE PRESENT**
23 **DOCKET MATTER.**

24 A. I have 15 years of experience working with the Summit Water Distribution
25 System (SWDC) and 14 years-experience working on the Company system. With
26 this knowledge I have: worked with Stacy Wilson, the Company's billing agent,
27 regarding the relationship between the Company's operations system and billing
28 practices, included reviewing how best to implement the Divisions recommended
29 rate; evaluated the Company's operations system
30 to identify priority improvements for the Interim Rate request; evaluated the
31 Company's operations system to determine priority needs for a potential transfer
32 to SWDC; consulted with the Company in my capacity as a SWDC employee
33 regarding priority improvements that complement the SWDC system; helped
34 Company administrative staff solicit bids for priority improvements; and
35 consulted with Company counsel regarding the Company operations system and
36 related matters.

37 **II. PURPOSE OF TESTIMONY**

38 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

39 A. My testimony today is to briefly explain the status of negotiations between the
40 Company and SWDC regarding the potential transfer of the Company to SWDC
41 and to provide information on priority system improvements to facilitate that
42 transfer.

43 **Q. DOES YOUR TESTIMONY SPEAK TO OR COMMENT ON THE BASIS**
44 **FOR THE DIVISION'S PROPOSED RATE?**

45 A. No. For this this matter the Company has deferred to the expertise of the Utah
46 Division of Public Utilities to set a just and fair rate for the Company and its

47 customers. The Company supports the Division's efforts and recommendations.
48 That being said, the Company welcomes and does not oppose any input from its
49 Intervenor customers that might inform a better or more thorough rate.

50 **III. TESTIMONY**

51 **Q. WHAT IS THE STATUS OF THE POTENTIAL TRANSFER OF THE**
52 **COMPANY TO SWDC AND HOW DOES THAT AFFECT THE CURRENT**
53 **RATE CASE?**

54 **A.** The Company and SWDC are in active and good faith negotiations that will likely
55 lead to the transfer of Company to SWDC. As potential condition precedent to
56 that transfer SWDC has requested the Company make several targeted
57 improvements to its existing system. The Company understands the Division has
58 an obligation to recommend a rate sufficient for the Company to achieve
59 sustainability to maintain operations, upgrade its infrastructure, and establish a
60 capital reserve account. However, with the potential and likely transfer of the
61 Company to SWDC, some of the recommended system and infrastructure
62 upgrades reviewed by the Division in making their rate recommendation may not
63 ultimately be necessary as the Company's customers will be incorporated into
64 SWDC's existing safe and functioning water system. While the long term health
65 of the Company is important and needs to be protected, the Company's priority is
66 to raise immediate revenue to are to complete the upgrades identified by SWDC
67 expedite transfer of the Company.

68 **Q. HOW DO YOU RECOMMEND THE DIVISION OR COMMISSION**
69 **ADDRESS THE COMPANY’S NEEDS WHEN RECOMMENDING OR**
70 **APPROVING A FINAL RATE?**

71 **A.** The Company recommends the Division review and recommend changes to or the
72 Commission adopt a more robust rate that accounts for the needed improvement
73 and immediately directs those funds into to the Company’s capital reserve
74 account. The capital reserve account is intended to fund capital replacements and
75 improvements like those requested by SWDC.

76 **Q. HOW WILL READJUSTING OR INCREASING THE BASE RATE TO**
77 **MEET FUND THESE REQUESTED IMPROVEMENTS AFFECT THE**
78 **LONG TERM SUSTAINABILITY OF THE COMPANY IF THE COMPANY**
79 **IS NOT TRANSFERRED TO SWDC.**

80 **A.** A rate that accounts for and makes more funds immediately available for use to
81 execute the targeted requested improvements will help expedite transfer of the
82 Company to SWDC and more quickly stabilize Company operations. However, in
83 the event a transfer does not occur, the recommended rate, even if augmented as
84 requested, will continue to move the Company towards long term stability and
85 will not negatively impact the Company.

86 **Q. WHAT ARE THE SPECIFIC IMPROVEMENTS SWDC IS REQUESTING**
87 **THE COMPANY COMPLETE AS A CONDITION TO A POTENTIAL**
88 **TRANSFER.**

89 **A.** Attached is Exhibit A which contains as spreadsheet outlining SWDC's priority
90 requests for the transfer and associated costs. Exhibit A also includes bids
91 supporting these costs estimates.

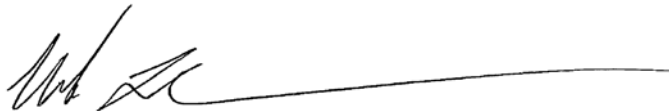
92 **CONCLUSION**

93 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

94 **A.** Yes it does. Thank you.

DATED this 21st day of September, 2016

Mike Folkman

A handwritten signature in black ink, appearing to read 'Mike Folkman', followed by a long horizontal line extending to the right.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing DIRECT TESTIMONY OF MIKE FOLKMAN was emailed on the 21st day of September, 2016 to the following:

COMMUNITY WATER COMPANY, LLC

Justin Atwater	jatwater@tcfc.com
Spencer White	swhite@replayresorts.com
Steven E. Clyde	sec@clydesnow.com
Emily E. Lewis	eel@clydesnow.com

DIVISION OF PUBLIC UTILITIES

Chris Parker	chrisparker@utah.gov
William Duncan	wduncan@utah.gov
Mark Long	mlong@utah.gov
Erika Tedder	etedder@utah.gov
DUP Data Request	dpudatarequest@utah.gov
Patricia Schmid	pschmid@utah.gov

William Grenney	wgrenney@gmail.com
Van J. Martin	Van.deepshade@gmail.com

RED PINE HOA

Terry Lange	TLange55@comcast.net
Francis Amendola	dolas@comcast.net
Scott Murri	smurri@nelsonmurri.com

HIDDEN CREEK HOA

Francis Amendola	dolas@comcast.net
Guy Rawson	808rawson@gmail.com

PLAT B&D HOA

Scott Savage	ssavage@sywlaw.com
--------------	--



Legal Assistant