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Intervener Docket 16-098-01

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Community Water)	Docket No. 16-098-01
Company, LLC)	
)	Clarification of Rebuttal Testimony of
)	Terry Lange, Red Pine HOA and Guy
)	Rawson in the Matter of Increased Rates
)	and Tariff Submitted by Community
)	Water Co., LLC on August 24, 2016

1 At the request of CWC, on Friday October 28, 2016, intervenors Lange, Rawson, and
2 Amendola participated in a conference call with CWC and TC-FC, the purpose of which
3 was to clarify the intent of our Rebuttal Testimony, to keep the lines of communication
4 open for a better understanding of each other's position on the pending rate case, and to
5 have input as to the final disposition of CWC.

6
7 First and foremost, we want to emphasize that we are not in opposition to and are fully
8 supportive of the recommended current rate as set forth by the DPU. Furthermore, we
9 support CWC and acknowledge that it is working with the customers to find a fair and
10 equitable solution to the sustainability and management issues presently facing the
11 Company.

12
13 Following the discussion with CWC, we now understand that funds for major capital
14 improvements, including the future of the water treatment plant, will be addressed in
15 future rate case(s), and that at this time the Company has no immediate plan to
16 decommission the water treatment plant.

17
18 While line items to fund significant capital improvements are not included in the
19 Testimony of Michael Folkman or addressed in the 4th Response to Data Request, the
20 increased rates based upon additional operating expenses addressed in Exhibit 2.3 of the
21 Testimony submitted by Mark Long (June 13, 2016) of the DPU will generate some of
22 the needed revenue to help maintain the system. We do believe that improvements to
23 the water treatment plant are warranted to maintain this cost-effective supply of water
24 especially to satisfy some of the irrigation demand. It is now our understanding that
25 funding for more significant improvements like those to the water treatment plant would
26 be addressed in a future rate increase.

27
28 We recognize and endorse the need for certain capital improvements as part of a long-
29 term management plan and the need for certain improvements in the shorter term.
30 However, in the Company's response to the 4th Data Request, the line of distinction
31 between funding a capital reserve account for generally needed improvements and the

32 desire to transfer the Company is somewhat blurred in this case by the need for certain
33 immediate improvements. We examined the desire for all new meters. The result of our
34 inquiry to the Company finds that approximately 10% (18-20 meters) currently are not
35 working at all. We believe that the replacement of those non-working meters has a higher
36 priority than older meters scheduled for replacement. We now see that the 4th Data
37 Response has tried to strike a balance between less expensive capital improvements and
38 those types of replacements funded by a larger capital expense budget.

39

40 While the transfer of CWC to SWDC may or may not happen, completing these types of
41 smaller improvements does make sense. Even though a transfer to SWDC seems to be
42 the first option of TC-FC at this time, it is not a given that this will happen. We continue
43 to be engaged with TC-FC in resolving this complex issue. We reserve the right to opine
44 as to the ultimate disposition of CWC, and hope that CWC will continue to seek input
45 from the customer base before finalizing their decision.

46

47 In summary, we endorse the Interim Rate. At this time, we defer to the experience,
48 expertise, and discretion of the DPU and the PSC to determine the appropriate final rate
49 to help CWC become more sustainable.

Dated this 1st day of November, 2016

s/s Terry Lange President Red Pine Homeowners Association

s/s Guy Rawson Vice-President Hidden Creek Homowners Association