

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of WINCHESTER
 HILLS WATER COMPANY To Increase Rates to
 Encourage Water Conservation Efforts.

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DOCKET NO. 01-2176-01
REPORT AND ORDER

ISSUED: October 15, 2001

SYNOPSIS

The proposed rates having been approved by a mutual water company's board of directors and appearing to be a rational means of encouraging water conservation, the Commission approved the Application.

Appearances:

Doug Tanday, Assistant Attorney
 General

For

Division of Public Utilities, Utah
 Department of Commerce

By the Commission:

PROCEDURAL HISTORY

Pursuant to notice duly served, the above-captioned matter came on regularly for hearing the third day of October, 2001, before A. Robert Thurman, Administrative Law Judge, at the Commission Offices, Salt Lake City, Utah. Appearing by telephone was John Eden, President of the Applicant, Winchester Hills Water Company. Evidence was offered and received, and the Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed findings of fact, conclusions of law, and the Order based thereon.

FINDINGS OF FACT

1. Applicant is a certificated water corporation. It is a mutual water company still regulated by the Commission because the developer of the subdivision Applicant serves still holds a controlling interest in the Applicant.
2. Applicant proposes to modify its existing rates as set forth in the following table:

RATES

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
<u>Base Rate - Quarterly</u>	\$45.00	No Change

The base rate includes the following amounts of water:

- 1st Quarter - 20,000 gallons
- 2nd Quarter - 90,000 gallons
- 3rd Quarter - 140,000 gallons
- 4th Quarter - 45,000

Current Overage Rates

First 20,000 gallons of excess usage \$1.00/1,000 gallons
Next 20,000 gallons of excess usage \$1.25/1,000 gallons
Over 40,000 gallons of excess usage \$1.50/1,000 gallons

Proposed Overage Rates

15,000 gallons over the base	\$1.00/1,000 gallons
15,001 to 30,000 gallons over the base	\$1.50/1,000 gallons
30,001 to 45,000 gallons over the base	\$2.00/1,000 gallons
45,001 to 60,000 gallons over the base	\$3.00/1,000 gallons
60,000 gallons or more over the base	\$5.00/1,000 gallons

3. The rates are proposed as a means of encouraging company members to keep their usage within their allotted 1.12 acre feet of water per year. The company has seen about one-third of its members exceed their allotments in the immediate past, and this has made it difficult to maintain sufficient storage for fire flow. We take administrative notice that with the present drought in Utah, water conservation is highly desirable for any water system.

4. Since the proposed rates are intended to encourage conservation, are not cost based, and will not produce a significant amount of additional revenue, the question of financial justification for the rates does not arise. We find, however, that the rates are appropriate because the Applicant has shown that a real need exists to reduce water use within the community. Furthermore, since Applicant is a mutual water company, all revenue generated by the new rates will be retained within the Company to finance system future improvements to the water system.

5. No one appeared in opposition to the proposed rates, and the Division of Public Utilities, Utah Department of Commerce (DPU) recommends approval of the same.

CONCLUSIONS OF LAW

The proposed rates appear to be just and reasonable and should be approved.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- The rate proposal as set forth in Finding of Fact Paragraph 2, above, be, and it is approved; and Applicant be, and it is, authorized to publish tariffs incorporating said rates on one day's notice to the Commission.
- This Order is effective the day of its issuance.
- Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure so to do will forfeit the right to appeal to the Utah Supreme Court.

Dated at Salt Lake City, Utah, this 15th day of October, 2001.

/s/ A. Robert Thurman
Administrative Law Judge

Approved and Confirmed this 15th day of October, 2001, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#26608