

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application for a Certificate of Convenience and Necessity to Operate as a Public Utility Rendering Service, or for an Exemption from PSC Regulation, for WOLF CREEK WATER CONSERVANCY)))))

DOCKET NO. 03-2417-01
REPORT AND ORDER
GRANTING CERTIFICATE NO. 2417
AND SETTING INTERIM RATES

ISSUED: June 22, 2004

SYNOPSIS

Applicant, having demonstrated its fitness to serve, and no opposition to the application appearing, we grant the certificate and set interim rates. The record remains open for the period of time specified.

By the Commission:

PROCEDURAL HISTORY

On October 30, 2003, the Commission received the application of Wolf Creek Water Conservancy (“Conservancy”) for a certificate of convenience and necessity to operate as a public utility providing secondary water service to the Wolf Creek Resort area. The Division of Pubic Utilities (“Division”) investigated and has filed several memoranda.

Notice of Hearing on the Application was issued by the Commission on May 11, 2004, and the hearing held on June 16, 2004. The hearing was conducted by Administrative Law Judge Steven F. Goodwill. Attorney Lee Kapoloski and Conservancy President Steven Roberts appeared on behalf of the Conservancy. Patricia Schmid, Assistant Attorney General, State of Utah, and Bary Golding and Wesley Huntsman, Division of Public Utilities, appeared on behalf of the Division. Attorney Ted Barnes appeared on behalf of his clients, several residential customers and potential customers of the Conservancy (“customers”).

DISCUSSION AND FINDINGS

Those appearing presented evidence that establishes that there is a need for secondary water service, that the applicant is qualified to provide such service, and that granting the requested certificate is appropriate under Utah law. No one appeared in opposition to the Application for a certificate. The Division recommends granting the Application and issuance of a certificate. We concur and conclude, as a matter of law, that the Application should be granted.

However, the Conservancy has failed to provide adequate information and documentation by which to evaluate its proposed rates. The Division proposes the following initial interim rates based on the flat rate the Conservancy currently charges (and proposes for) its unmetered customers:

RATES & RULES

Residential Irrigation Rates

Residential Metered Usage Rates

Irrigation Water Usage \$15.00 per month flat rate

Residential Unmetered Usage Rates

Irrigation Water Usage \$15.00 per month flat rate

Irrigation Water Connection Fee: Service to Property Line,
one time charge for each service \$1,000

Patio Springs, Eden Hills & Eagle Ridge Connection Fee \$2,500

Annual Irrigation Stand-By Fee NONE

Other Charges

Turn on service for a new customer where a meter
is already in place \$ 50.00

Reconnection Fee - after disconnection \$100.00

Customer Account Change \$ 15.00

Meter Testing - Customer requested meter test more than
once within a year, in compliance with PSC R746330-3.C \$ 40.00

Multi-Family Rates

Irrigation Water Usage per Irrigated acre \$15.00 per month flat rate

Irrigation Water Connection Fee per irrigated acre	\$1,000
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Connection fees are charged on a phase by phase basis

Meter Installation Charge:*

1" Meter	\$ 500
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1 ½" Meter	\$ 750
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2" Meter	\$1,000
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3" Meter	\$2,000
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4" Meter	\$3,000
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6" Meter	\$5,000
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*Meter size is based on acreage and will be determined by Wolf Creek Conservancy.

Golf Course and Other Commercial Facilities Rates

Irrigation Water Usage per Irrigated acre	\$15.00 per month flat rate
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Irrigation Water Connection Fee per irrigated acre	\$1,000
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Meter Installation Charge:*

1" Meter	\$ 500
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1 ½" Meter	\$ 750
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2" Meter	\$1,000
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3" Meter	\$2,000
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4" Meter	\$3,000
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6" Meter	\$5,000
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*Meter size is based on acreage and will be determined by Wolf Creek Conservancy.

Given the general lack of information provided by the Conservancy to support its proposed rates, the Division's recommendation to put all customers on an equal footing by charging one flat rate for all on an interim basis appears reasonable and we find accordingly.

Much of the difficulty encountered in this docket can be traced to the affiliate nature of the companies involved. For instance, not only is Wolf Creek Golf Course an affiliate of the Conservancy, it is also the Conservancy's

largest customer, using approximately 50% of the water delivered by the Conservancy. The Conservancy and Wolf Creek Water and Sewer (“Wolf Creek Water”) serve the same customer base, and all three affiliated companies are owned by Wolf Creek Resort. These four companies share essentially the same corporate officers, staff, and equipment. We remind the Conservancy of our January 27, 2004, Order in Docket 03-071-T01 requiring Wolf Creek Water “to formalize its procedures for tracking and distribution of costs between related entities as suggested by the Division of Public Utilities.” We find that the Conservancy suffers a similar “informality” and order it to formalize its affiliate relationships to a degree sufficient to permit reasonable cost allocation in the rate-making process.

To this end, the Conservancy requests the record be kept open to permit submission of additional information in support of its rate proposal. The Division concurs and proposes the following schedule:

July 2, 2004 – Conservancy provides Division additional required information

July 16, 2004 – Division provides updated analysis and recommendation

The customers request that they be permitted to submit additional information as they deem appropriate during this period. In light of all parties’ desire to bring this docket to resolution, the record shall remain open pending exchange of information and analysis as laid out above. Further proceedings will be set as determined by the Commission.

The Administrative Law Judge, having been fully advised in the premises, now recommends and the Commission enters the following Order:

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- WOLF CREEK WATER CONSERVANCY is hereby granted Certificate of Convenience and Necessity

No. 2417 to operate as a water corporation serving the Wolf Creek Resort area as more particularly described in its Application filed with the Commission.

- The proposed rates set forth in this Report and Order are approved on an interim basis. Wolf Creek Water Conservancy shall make these interim rates effective July 1, 2004.
- The tariff language revisions proposed by the Division of Public Utilities are adopted. Wolf Creek Water Conservancy shall submit revised tariff sheets reflecting the interim rates, and including the language revisions. The Division of Public Utilities shall review the revised tariff sheets for compliance with this Report and Order.
- Wolf Creek Water Conservancy shall formalize its procedures for tracking and distribution of costs between related entities as suggested by the Division of Public Utilities.
- Any person aggrieved by this Order may petition the Commission for review/rehearing pursuant to the *Utah Administrative Procedures Act, Utah Code Ann. §63-46b-1 et seq.* Failure so to do will preclude judicial review of the grounds not identified for review. *Utah Code Ann. §54-7-15.*

DATED at Salt Lake City, Utah, this 22nd day of June, 2004.

/s/ Steven F. Goodwill
Administrative Law Judge

Approved and Confirmed this 22nd day of June, 2004, as the Report and Order of the Public Service Commission of Utah.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

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