

Wolf Creek Water Conservancy, Inc.

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December 7, 2005

Steve F. Goodwill
Administrative Law Judge
Utah Public Service Commission
Heber Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111

Re: Follow-up to Hearing – Docket No. 03-071-T01, 05-071-T01, 03-2417-T01, and 05-2417-T01

Dear Judge Goodwill:

This letter is in response to questions raised by your honor and Wolf Creek Water Conservancy, Inc. (“Company”) customers. Specifically Alan Wiscomb and Francine Carter at the public hearing on November 30, 2005 (“Hearing”). The Company is hereby responding to the following four issues: 1) Secondary water system (“System”) connections not metered on Aspen Lane and Juniper Lane; 2) Status of customers connected to the System which are metered; 3) Status of customers having access to System; and, 4) Claim of customer consumption of approximately 80,000 – 100,000 gallons per month being “common.”

Issue 1 & 2 – Status of Metering on the System:

The Company has identified seven homes on Juniper Lane that are connected to the System directly from the golf course water facilities. I, as President of the Company, prior to the Hearing, was unaware of these connections. According to the Company’s Maintenance Director, Rob Thomas, he understands that these connections have been in place for approximately 30 years. A review of our billing indicates these customers have been and are being charged the same rate as all other customers of the Company. According to Mr. Thomas, these connections are scheduled for meter installation by April 2006. Since it is now off season for irrigation and the tiered rates are not yet in effect, there will not be any discrimination in rates between customers. The Company hereby ensures that these installations shall be made prior to the commencement of the 2006 irrigation season. As an important point, once the seven homes on Juniper Lane are metered, all customers connected to the System will be metered. There are no homes on Aspen Lane connected to the System that are not metered (see discussion in Issue 3.)

Issue 3 – Customers Access to the System:

There are three homes on Aspen Lane and one located at the end of Wolf Creek Drive that do not have access to the System. The Company concluded that it was cost prohibitive to install irrigation lines to these homes. Therefore, these residents have been given the option to use the culinary system for irrigation at Company rates. These customers will register as customers of the Company and pay the same rates as all other customers of the Company. Accordingly, the Company will reimburse Wolf Creek Water and Sewer Company for the cost to provide water to these customers. As of November 25, 2005, all Wolf Creek Water and Sewer Company customers on culinary water and developers within the Wolf Creek Water and Sewer Company's service area have been notified of the availability of access to the System.

Issue 4 – Customer Consumption Analysis:

At the Hearing, Ms. Carter indicated concern that the Company's proposed tariff will be too costly for customers who use more than 80,000 gallons per month. She also questioned whether this level of usage was average or typical. Please find the Company's attached water consumption charts which illustrate the percentage of residential customers' usage by tier and month for the 2004 and 2005 irrigation seasons. According to the Company's proposed tariff, usage of 80,000 gallons and above per month are inclusive of Tiers 5 through 8, Tier 8 being the highest tier representing 140,000 gallons and above. The chart combines Tiers 5 through 8. Please note that there is no chart for April, 2005, only, because there were no meters read that month due to the late spring snowfall. The Tiers for the Company's proposed rate structure are as follows:

- Tier 1: -0- to 20,000 gallons per month
- Tier 2: 20,001 to 40,000 gallons per month
- Tier 3: 40,001 to 60,000 gallons per month
- Tier 4: 60,001 to 80,000 gallons per month
- Tiers 5 through 8: 80,001 gallons and above

As indicated in the attached charts, 84% of residential customers in July 2004 and 81% in July 2005 used less than 80,001 gallons, July being the heaviest watering/usage month. Additionally, 54% of customers in July 2004 and 45% in July 2005 used less than 40,001 gallons, which represent Tiers 1 and 2 only. Accordingly, it is clear from the data that consumptive use of over 80,000 gallons per month is not average.

Another point of interest is customers' reaction to the tiered rate structure. Tiered rates (conservation rates) were implemented for the 2004 irrigation season but were discontinued per Commission order in September 2004 and the Company returned to charging a flat usage rate. By August 2004, residential customers had become accustomed to the conservation rates and were responding accordingly. The Company experienced a significant decrease in water consumption with only 4% of residential customers using over 80,000 gallons during the month of August 2004. Without conservation rates in place, and considering that summer of 2004 and 2005 were not significantly different in rainfall and temperature, customers were not as conservative in their water usage in 2005. Thirteen percent of residential customers used over 80,000 gallons in August 2005 as compared to only 4% in August 2004. September 2004 versus

2005 also shows a significant difference in watering patterns. Eighty-three percent of residential customers used less than 40,001 gallons in September 2004 as compared to only 60 percent in August 2005.

The Company feels strongly that when the tiered rates are in place, excessive use will be significantly reduced. As I testified at the Hearing, as President of the Company, the Company has a well-educated staff and is willing to work with any customer to maximize their irrigation efficiency of use. This information will continue to be available to our customers.

Sincerely,

Steven Roberts – President
Wolf Creek Water Conservancy, Inc.

cc: Julie Orchard, Secretary, Utah Public Service Commission
Kent Evans, Water Manager, Utah Division of Public Utilities
Bruce Moio, Utility Analyst, Utah Division of Public Utilities
Patricia Schmid, Assistant Attorney General, Utah Attorney General's Office