

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Proposed )  
Rate Increase for Bridgerland )  
Water Company )

DOCKET NO. 05-001-T01  
REPORT AND ORDER

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ISSUED: August 26, 2005

By The Commission:

PROCEDURAL HISTORY

On May 27, 2005, Bridgerland Water Company ("Bridgerland" or "Company") filed an application for rate increase. On June 30, 2005, the Division of Public Utilities ("Division") filed a memorandum containing its analysis of the proposed rate increase and recommending approval. On July 1, 2005, the Division filed an additional memorandum noting a minor revision to its previous memo but leaving unchanged its recommendation.

On August 23, 2005, hearing in this matter was held before the Administrative Law Judge. Ted Wilson, owner and manager of Bridgerland, appeared and testified on behalf of the Company. Patricia Schmid, Assistant Attorney General, appeared for the Division. Mr. Bruce Moio, utility analyst, and Mr. Wesley Huntsman, former water section manager, testified on behalf of the Division. Five members of the public, all current owners of lots within the area served by Bridgerland, attended the hearing; four of these individuals spoke, providing sworn testimony and questioning the other parties.

DISCUSSION

Having reviewed Bridgerland's proposed rates and relevant financial data, the Division determined the proposed rates to be just and reasonable, and in the public interest. The Division recommends the Commission approve said rates with no changes. The Division notes that Bridgerland has not sought a rate increase since 1988 and that the company has been reporting annual net losses for a number of years. The Division further notes that, even with the adoption of the proposed rates, Bridgerland will continue to experience an annual loss to its return on rate base of approximately \$5,900.

Members of the public appearing and providing testimony generally agree that Bridgerland's rates have been low for some time and probably need to be increased. One member of the public stated he has no quarrel with the proposed \$24 per month base rate. While one individual provided evidence intended to show the availability of a "better" rate design (one encouraging conservation and placing more of the cost on those who use more water) than the one proposed, the basic complaint shared by the public witnesses concerned the proposed standby fee, noting the proposed fee represents a twelve-fold increase over the current standby fee. These witnesses believe this fee would place unfair burden on those who own multiple lots but are not using water on those lots while essentially subsidizing high-volume water users. They also suggest that reducing the proposed standby fee while increasing the proposed connection fee would be revenue neutral to the company while appropriately assigning additional expense to those wanting access to water.

The Division stands by its recommendation that the

proposed standby fee is just and reasonable, explaining that the proposed fee is in line with those charged by similar private water companies within the State. The Division also notes that water companies are required to size their systems so that they are ready to serve when a customer requests connection to the system. Standby fees are intended to provide a continuing revenue stream to enable the water company to conduct proper operations and maintenance so that it can remain ready to serve. Connection fees, on the other hand, are paid only once and therefore provide no continuing source of revenue such that increasing connections fees and correspondingly decreasing standby fees would not provide a revenue neutral solution with no effect on current operating income.

Based on the foregoing information, and for good cause appearing, 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 AND CONCLUSIONS OF LAW

1. Bridgerland Water Company is a certificated water corporation operating in the State of Utah, subject to Commission jurisdiction.
2. The Company's current rates are insufficient to provide adequate revenues to recover reasonable operating expenses.
3. The rates proposed by the Company, and recommended by the Division, are just and reasonable. The proposed changes in rates, to be effective upon final order of the Commission, are:

<b>Monthly Water Rates</b>			
	<u>Current</u>	<u>Proposed</u>	<u>Usage Allowed</u>
All Customers	\$8.81	\$24.00	Base charge for first 6,000

			gallons
	\$1.50	\$1.75	Per 1,000 gallons over 6,000 gallons
Stand-by Fee			
	<u>Current</u>	<u>Proposed</u>	
	\$10.00 per year	\$10.00 per month	
<b>Service Connection Fees</b>		<u>Current</u>	<u>Proposed</u>
3/4" Service to property line with meter		\$750	\$2,2501
1" Service to property line with meter		none	\$3,000
Turn-on service where meter is already in place		\$50	\$50
Turn-off service where meter is already in place		\$50	\$50

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Bridgerland Water Company's proposed rates are approved as set forth *supra*, effective the date of this Order.
2. Bridgerland Water Company shall submit revised tariff sheets reflecting the new rates. The Division of Public Utilities shall review the revised tariff sheets for compliance with this Report and Order.
3. Pursuant to *Utah Code Annotated* §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of *Utah Code Annotated* §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

Dated at Salt Lake City, Utah, this 26<sup>th</sup> day of August, 2005.

/s/ Steven

F. Goodwill  
Administrative Law Judge

Approved and Confirmed this 26<sup>th</sup> day of August, 2005, as  
the Report and Order of the Public Service Commission of Utah.

Campbell, Chairman

/s/ Ric

Boyer, Commissioner

/s/ Ted

Allen, Commissioner

/s/ Ron

Attest:

/s/ Julie Orchard  
Commission Secretary

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