

DOCKETED

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Public Service  
IN THE  
MATTER OF THE APPLICATION )  
FOR )  
APPROVAL OF ITS PROPOSED RATE )  
SCHEDULE )  
Commission of Utah )

CASE NO. 79-010-01

APPLICATION

COMES NOW Wilkinson Water Company, and alleges as follows:

1. That it is a Utah corporation doing business in Morgan County, Utah.

2. The Wilkinson Water Company was incorporated on October 9, 1971, and has since that date been operated as a public utility under the jurisdiction of the Public Service Commission under the provisions of Section 54-4-25, Utah Code Annotated, as Amended. The corporation is currently in good standing.

3. The company has been operating under a declining block rate structure with monthly rates as follows:

- First 6,000 gallons at \$6.00 minimum charge;
- Next 14,000 gallons at \$ .50 per 1,000 gallons, or part thereof;
- Next 30,000 gallons at \$ .45 per 1,000 gallons, or part thereof;
- Over 50,000 gallons at \$ .35 per 1,000 gallons, or part thereof.

4. The company was formed to provide household water for a semi-rural area characterized by large residential lots. Although the company was never intended to provide irrigation water, many of the residents in the service area have planted large vegetable gardens on their lots, in addition to normal landscaping around the homes.

5. Soil conditions are such that frequent shallow watering of lawns and gardens is required. Because of the porous nature of the ground, longer watering is neither necessary nor beneficial.

6. Despite the constant efforts of company management, some customers persist in using excessive quantities of water

for irrigation. Much of the irrigation water used is wasted through the use of inefficient irrigation practices.

7. Some residential water users use in excess of 100,000 gallons of water per month in the summer months. This places extreme demands on the system pipelines, pumping plant, and wells.

8. During the summer of 1978, excessive water use by a few customers created delivery problems for the entire system. The storage tank, during this period, was often so near empty that fire protection water was unavailable.

9. The company has agreed to make water available to some 60 additional connections. To meet this commitment, the company has expended approximately \$10,000.00 to drill and equip a second well for the system. It is anticipated that the availability of water through the second well will help prevent a repetition of the problems encountered during the last summer season. This capital expenditure was made entirely by the company. All connections can be served by either or both wells.

10. Energy costs have greatly increased. All of the water sold by the company is pumped from wells, and pumping costs are the major expense for the company.

11. Those water customers who persist in using excessive quantities of water place an undue burden on the physical facilities of the company by increasing the amount of energy required to operate the pumps, and maintenance costs. The present declining block rate structure has the effect of passing the costs of profligate use of water on to those customers who are more conservative in their water use.

12. Repair costs, materials, operating expense, and other expenses of the company have increased in the past few years, resulting in a need to make an increase in the base rates charged by the company.

13. The company has conducted a rate study, and determined that a new schedule of rates is necessary to allow

the company to operate economically, and to transfer the additional costs incurred because of excessive water use to those customers who are creating the problem. It is anticipated that the proposed rate schedule will also raise the company's revenue sufficiently to meet current expenses. The proposed monthly rate schedule is as follows:

- First 6,000 gallons at \$8.00 minimum charge;
- Next 14,000 gallons at \$ .50 per 1,000 gallons, or part thereof;
- Next 30,000 gallons at \$ .45 per 1,000 gallons, or part thereof;
- Next 50,000 gallons at \$ .75 per 1,000 gallons, or part thereof;
- Over 100,000 gallons at \$1.00 per 1,000 gallons, or part thereof.

14. The rate for 50,000 gallons per month, which exceeds the State Board of Health standards for single family homes, will have been increased only \$2.00 per month on the base charge if the proposed rate schedule is approved. It is anticipated that this base charge increase will offset increased pumping and repair costs, and help defray expenses incurred in the drilling and equipping of the new well. The proposed rate per 1,000 gallons up to the 50,000 gallon level is unchanged in the proposed rate schedule, aside from the increase in base charge. Under the existing rate schedule, 50,000 gallons would cost customers \$26.50. Under the proposed schedule, the same amount would cost \$28.50. This amounts to an increase of 7.55% on a monthly water purchase of 50,000 gallons, and an increase of 11.43% on a monthly purchase of 30,000 gallons.

15. The proposed rates for water used in excess of 50,000 gallons are sharply increased in an effort to discourage excessive water use. Very few of the company's 44 customers use in excess of 50,000 gallons, and the proposed rate structure is not anticipated to produce significant revenue for the company. Its sole purpose is to regulate water use.

16. It is essential to provide some inducement for water customers to be more prudent in their consumption of

water in order to preserve the integrity of the system, and to provide high quality service to all customers. The company has taken every reasonable step to acquire water rights sufficient to meet the reasonable needs of its customers, and to provide an additional margin of safety for fire protection. The company presently exceeds all State Board of Health standards for water quality and supply.

17. The company believes that the proposed rate increase is justified for a number of reasons. No rate increase has been applied for prior to this. The company has been operating for 7 years under the rate schedule set in 1972 when the company commenced business. At that time, there was no pattern of use or history on which to base a projection of costs for water production and distribution. The original rate schedule was based on estimates of cost taken from water rates from similar companies. These projections have not proved to be entirely correct. Since the original rate schedule was set, the costs of energy required to pump water, pipe, labor, materials, insurance, and other services and expenses of the company have greatly increased. Because of its small size, the company is not able to obtain preferential treatment from suppliers, and generally has to purchase at retail prices. Management donates much time and labor. The rate structure established in 1972 has, in the opinion of company management, encouraged wasteful use of the company's water. The proposed rate structure is intended to foster conservation of both water and energy. These reductions in summertime water and power use are seen as necessary to preserve the integrity of the company. The increase in the base charge is necessary to meet expenses and provide a fair return on investments.

WHEREFORE, the applicant requests that a hearing be set in this matter, that the Commission fix a fair, just, and reasonable rate of return for the applicant, and that the Commission approve the proposed rate schedule and the proposed

rate structure as stated herein, to become effective upon the date of the Commission's Order approving these rates and rate structures.

Public Service  
FILED

APR 13 1979

Secy  
Commission of Utah

DATED this 13<sup>th</sup> day of April, 1979.

APPLICANT:

WILKINSON WATER COMPANY

By Thomas E. Clyde  
Thomas E. Clyde  
CLYDE & PRATT  
Attorneys for Wilkinson Water  
Company

STATE OF UTAH )  
COUNTY OF SALT LAKE ) ss.

On this 13<sup>th</sup> day of April, 1979, personally appeared before me THOMAS E. CLYDE, who being first duly sworn upon oath did acknowledge that he, as attorney for Wilkinson Water Company, did execute the foregoing Application for and on behalf of Wilkinson Water Company, by authority of a Resolution of the Board of Directors of said corporation; that the matters therein set forth are true to the best of his knowledge; and that the Application was executed for said corporation.

Pamela Quinton  
NOTARY PUBLIC  
Residing at: Salt Lake City, Utah

My Commission Expires:

9-29-79