

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of WOLF CREEK WATER)	<u>DOCKET NO. 05-071-T01</u>
AND SEWER COMPANY Regarding)	
Schedule of Rates, Rules and Regulations)	
)	
In the Matter of WOLF CREEK WATER)	<u>DOCKET NO. 03-071-T01</u>
AND SEWER COMPANY Regarding)	
Schedule of Rates, Rules and Regulations)	
)	
)	<u>REPORT AND ORDER</u>
)	

ISSUED: December 2, 2005

By The Commission:

PROCEDURAL HISTORY

On March 3, 2005, Wolf Creek Water and Sewer Company (“Wolf Creek Water” or “Company”) filed a proposed schedule of rates, rules, and regulations for its culinary water operations. This filing was assigned Docket No. 05-071-T01 and is directly related to earlier proceedings in Docket No. 03-071-T01 in which the Commission approved interim rates for Wolf Creek Water pending completion of proceedings in Docket No. 03-2417-01 involving an affiliate company, Wolf Creek Water Conservancy, Inc. (“Wolf Creek Conservancy”), seeking a certificate of public convenience and necessity to provide secondary water within the Wolf Creek Water service territory. Wolf Creek Conservancy was ultimately granted a certificate and interim rates approved in Docket No. 03-2417-01, but no further action was taken pending receipt of additional information from Wolf Creek Conservancy and further analysis by the Division of Public Utilities (“Division”).

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Also on March 3, 2005, Wolf Creek Conservancy filed a proposed schedule of rates, rules, and regulations for its secondary water operations which was assigned Docket No. 05-071-T01. This filing is directly related to the proceedings in Docket No. 03-2417-01 in that Wolf Creek Conservancy seeks an increase in rates over the interim rates approved in that docket.

Given the companion nature of Docket Nos. 05-071-T01, 03-071-T01, 05-2417-T01 and 03-2417-01, the Administrative Law Judge determined to hear these matters jointly. Following a duly noticed Status and Scheduling Conference on September 27, 2005, during which a November 30, 2005, hearing date was agreed, Wolf Creek Water and Wolf Creek Conservancy waived the requirements of Utah Code Ann. § 54-7-12(3) related to the tariff filings of March 3, 2005, in Docket Nos. 05-071-T01 and 05-2417-T01.

On November 18, 2005, the Division filed a memorandum containing its analysis of Wolf Creek Water's proposed rates and recommending approval with minor adjustments.

On November 30, 2005, hearing in this matter was held before the Administrative Law Judge. Lee Kapaloski appeared on behalf of the Company. Patricia Schmid, Assistant Attorney General, State of Utah, appeared on behalf of the Division. Mr. Bruce Moio, utility analyst, testified for the Division. Wolf Creek Water President Steven Roberts testified on behalf of the Company.

A public witness hearing was also held on November 30, 2005, at which three residents of the Wolf Creek Water service area testified under oath. A fourth individual provided an unsworn statement. Each of these individuals spoke about concerns or support for

Wolf Creek Conservancy's proposed rates in Docket No. 05-2417-T01; they did not address Wolf Creek Water's proposed rates which are the subject of this Order.

DISCUSSION

Having reviewed the Company's proposed rates and relevant financial data, the Division determined these rates to be just and reasonable, and in the public interest. The Division recommends the Commission approve said rates with minor changes noted below. The Division notes the Company has been very cooperative throughout this long process and that even with the adoption of the proposed rates, as adjusted by the Division, the Company will continue to experience an annual loss to its return on rate base of approximately \$8,539 which its parent company, Wolf Creek Properties, will absorb as it has done in the past.

The Division recommends the Commission make clear that the proposed "Customer Account Change" charge¹ is a one-time charge, not a monthly charge. The Division also recommends the Commission not approve the "Hardship Credit" proposed by Wolf Creek Water. This credit would be available only to year-round, senior citizen customers on a fixed income who use an average of less than 7,000 gallons of water per month and would provide a credit of up to 25% of water usage fees. The Division points out that Utah Code Ann. § 54-3-8(1)(a) prohibits a public utility from making or granting any preference or advantage to any person with respect to rates, charges, service, or facilities. The Division also cites the Utah Supreme Court decision in Mountain States Legal Foundation v. Utah Public Service

¹The Company explained this charge is proposed as compensation for the time and expense the Company incurs when making administrative changes, such as a name change, to an account.

Commission² striking down a senior citizen rate whose sole justification was that senior citizens tend to earn less money and consume less power than other residential customers. Finally, given the close affiliate relationships between Wolf Creek Water, Wolf Creek Conservancy, and Wolf Creek Properties, the Division recommends that Commission approval of these rates be conditioned on the companies' continued cooperation in making available for reasonable inspection by the Division all books and records of Wolf Creek Water, Wolf Creek Conservancy, Wolf Creek Properties, and their affiliates. At hearing, the Company agreed with all of the Division's recommendations.

Wherefore, 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. Wolf Creek Water and Sewer 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, revised as indicated above, to be effective upon final order of the Commission, are:

²
636 P.2d 1047 (1981).

Monthly Water Rates

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Water Rates		
Base Charge - up to 12,000 gal.	\$20.00	
Base Charge - up to 8,000 gal.		\$20.00
Usage Rates:		
Old - 12,001 to 20,000 gal.	\$ 2.00 per 1,000 gal.	
New - 8,001 to 20,000		\$2.00 per 1,000 gal.
Old - 20,001 to 40,000 gal.	\$ 3.00 per 1,000 gal.	
New - 20,001 to 40,000 gal.		\$3.50 per 1,000 gal.
Old - 40,001 to 60,000 gal.	\$ 4.00 per 1,000 gal.	
New - 40,001 to 60,000 gal.		\$5.00 per 1,000 gal.
Old - 60,001 to 80,000 gal.	\$ 5.00 per 1,000 gal.	
New - 60,001 to 80,000 gal.		\$6.00 per 1,000 gal.
Old - Over 80,000 gal.	\$ 7.00 per 1,000 gal.	
New - Over 80,000		\$7.00 per 1,000 gal.
Stand-by Fee	\$ 5.00 per month	\$10.00 per month
Any unpaid balance arising from stand-by fees shall bear interest		1 ½ % per month
Connection fee	\$2,000.00	\$2,000.00

Other Charges:

Turn on service for a new customer where a meter is already in place	\$250.00
Reconnection fee after disconnection	\$100.00
Customer Account Change	\$15.00
Meter Tested (at customer request within 12 months after the meter was tested and found to be working properly.)	\$40.00

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Wolf Creek Water and Sewer Company's proposed rates are approved as set forth *supra*, effective the date of this Order, conditioned upon Wolf Creek Water and Sewer

Company's continued cooperation in making available for reasonable inspection all books and records of Wolf Creek Water and Sewer Company and its affiliates.

2. Wolf Creek Water and Sewer 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 2nd day of December, 2005.

/s/ Steven F. Goodwill
Administrative Law Judge

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Approved and Confirmed this 2nd day of December, 2005, as the Report and
Order of the Public Service Commission of Utah.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard,
Commission Secretary

G#46681 Docket No. 05-071-T01
G#46682 Docket No. 03-071-T01