

**Dammeron Valley Water Works
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Dammeron Valley, UT 84783
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August 30, 2007

State of Utah
Public Service Commission
160 East 300 South
Box 45585
Salt Lake City, UT 84145-0585

Re: Proposed Conservation Tariff and Notes clarifying irrigation rights

Dear Commissioners;

We are requesting a conservation rate to be added to our tariff and suggesting various notes be added explaining irrigation water rights. In analyzing current water usage in our system, we notice that average usage is much closer to 400 gallons per day than the 800 gpd most of our customers are allowed. Under our proposed conservation tariff a customer would have a much lower monthly minimum (\$18 versus \$30), and if he used up to 800 gallons per day he would only pay an additional six dollars per month over what the existing ratepayers would pay (\$42 versus \$36). We believe this tariff will help us balance our system regarding water use and the rights we've assigned to each customer, as well as encourage conservation.

We have met with Ken Bousfield and Bob Hart at the Department of Environmental Quality, Division of Drinking Water. After considerable discussion regarding our source supply, storage and distribution capabilities and our plans for expansion of the same, they gave full support to our Conservation Tariff ideas. Their main concern was that we could expand our system to handle the addition customers this might allow our system to serve.

We also met with the Division of Public Utilities including a representative from the Attorney General's Office (see list below). They were supportive of our Conservation Rate proposal and suggested the notes regarding irrigation water usage be incorporated in to our tariff.

As you'll note on the enclosed Proposed Tariff sheet, we will allow existing customers to convert to the conservation tariff. Many will take us up on this option and it will have an impact on revenues. As the system is rapidly expanding, we believe we can absorb this loss of revenue. The two levels of overage charges applicable to Conservation Rate Customers and the existing level applicable to all customers will serve to enhance revenues and promote conservation.

Thank you in advance for your consideration of our proposal. Please let me know if you need additional information.

Thank you,

Brooks Pace
cell: (435) 680-2295

cc: Division of Public Utilities;
 Laura Scholl, Water Section Manager
 Paul Hicken, Water Section Auditor
 Bill Duncan, Technical Advisor
 Trish Schmidt, Attorney General's Office
Department of Environmental Quality;
 Ken Bousfield, Manager
 Bob Hart, Environmental Engineer

Proposed addition to existing tariff

Conservation Water Rate (Monthly Rate)

This rate would be for .45 Acre Feet annual consumption (400 gallons per day)

| <u>Entitlement</u> | <u>Usage</u> | <u>Charges</u> |
|--|----------------------|---|
| All customers on conservation tariff | First 12,000 gallons | \$18.00 minimum monthly charge |
| | Next 12,000 gallons | \$2.00/1000 gallons (existing over- age charge) |
| | Over 24,000 gallons | \$3.00/1000 gallons (additional overage charge on conserva- tion tariff customers only) |

Notes:

1. The conservation tariff will be applied to new subdivisions platted after the tariff is approved. Existing customers may apply to convert to the conservation tariff but once converted, will not be allowed to convert back to their original tariff rate.
2. All customers owning irrigation shares may be required to discontinue irrigating if required to do so by Dammeron Valley Water Works. The irrigation water is our drought insurance as well as a buffer when emergencies occur in the system.
3. DVWW may offer to customers from time to time the right to use water over and above their tariff allocation at the irrigation rate. This will generally be used to help landowners keep their native foliage healthy during times of extreme drought.