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State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: September 9, 2008

Re: Issuance of a Certificate of Public Convenience and Necessity (CPCN) to Canaan Springs Water Company, Case No. 08-2498-01

RECOMMENDATION:

The Division of Public Utilities recommends that the Utah Public Service Commission should issue a Certificate of Public Convenience and Necessity to Canaan Springs Water Company for a maximum of 14 residential connections.

EXPLANATION:

The Division of Public Utilities received an application from Kendrick J. Hafen; Attorney for Canaan Springs Water Company that indicates the Company qualifies for a Certificate of Public Convenience and Necessity (CPCN).

The Company was incorporated in March of 1997 and has an "Active" status which means it is in "Good Standing" with the Division of Corporations. The Company is currently listed with the Division of Drinking Water as a Non-Public System and therefore does not fall under their jurisdiction. The company plans to service the Canaan Mountain Estates Subdivision, Washington County, Utah.

In a correspondence from Michael Grange of the Division of Drinking Water, the plans and specifications for this subdivision were submitted and approved for the 14 residential connections, but because of the limited amount of connections they do not fall within the Division of Drinking Water's guidelines of a public water system.

Canaan Springs Water Company has submitted a proposed tariff (see attached) with rates that are just and reasonable and are comparable to other small water companies across the state. The applicant acknowledges that rates charged will not recover the capital cost of the water system and that the developer of Canaan Mountain Estates Subdivision and the owner of Canaan Springs Water Company agree to subsidize the proposed rates until the system has sufficient customers on line to operate and cover the costs at the proposed rates.

The Division therefore recommends that the Commission approve the application of Canaan Springs Water Company for Certificate of Public Convenience and Necessity for a maximum of 14 residential connections.