

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of )  
Canaan Springs Water Company for a ) DOCKET NO. 08-2498-01  
Certificate of Public Convenience and ) REPORT AND ORDER  
Necessity ) CERTIFICATE NO. 2498  
)

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ISSUED: November 20, 2008

SYNOPSIS

Canaan Springs Water Company (Company) having demonstrated its fitness to serve and no opposition to the application appearing, the Commission grants the certificate and approves the rates as indicated.

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By The Commission:

**BACKGROUND, FACTUAL FINDINGS, AND CONCLUSIONS OF LAW**

On July 18, 2008, Kendrick J. Hafen, attorney for the Company submitted an application on behalf of the Company for a Certificate of Public Convenience and Necessity (Certificate) to operate as a public utility supplying culinary water service solely within the Canaan Mountain Estates Subdivision, Washington County, Utah (Subdivision).

The Company was incorporated in March 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 only the Subdivision.

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Michael Grange of the Division of Drinking Water stated that the plans and specifications for the 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 for a public water system.

Hearing on the application was held before the Administrative Law Judge on November 12, 2008. Mr. Hafen appeared telephonically on behalf of the Company. Patricia Schmid, Assistant Attorney General, appeared for DPU. Mr. Ron Slusher testified for the Division.

Mr. Slusher testified that, based on evidence presented in the Company's application, there is a need for water service to the area to be served by the Company. Additionally, the Company submitted evidence that it is qualified to provide such service and that it maintains sufficient water rights to supply its customers and meet its system requirements for the Subdivision. The Company additionally submitted evidence that it had received all required consents and permits, and that provision of its service within the Subdivision will not adversely affect the operations of any existing certificated public utility. Further, the Company seeks approval of the following rates:

<b>Description of Service</b>	<b>Proposed Tariff</b>
Connection fee	\$2,500.00
Base Water Rate	\$55.00/month for 16,000 gallons
Excess Water rate (use above 16,000 gallons/month)	\$.90/1,000 gallons
Re-connection fee (after voluntary or involuntary disconnection)	\$100.00
Late fee	\$10.00
Interest rate on delinquent balance	18%

DPU noted that the proposed rates are just and reasonable and are comparable to other small water companies across the state. The Company will be billing customers on a monthly basis.

Having reviewed the Company's financial data, DPU noted that the proposed rates will not recover the capital cost of the water system. The developer of the Subdivision, however, agrees to subsidize the proposed rates until the system has sufficient customers on-line to operate and cover the costs at the proposed rates.

DPU finally recommended that the Commission approve the Company's application for a Certificate for a maximum of 14 residential connections.

Having reviewed the evidence submitted in the Company's application and having received testimony presented by Mr. Slusher, the Commission concurs with DPU's recommendations and concludes, as a matter of law that the Company's application should be granted and the Certificate issued.

#### ORDER

THEREFORE, the Commission orders as follows:

1. Canaan Springs Water Company is hereby granted Certificate of Public Convenience and Necessity No. 2498 to operate as a water corporation providing culinary water within the Canaan Mountain Estates Subdivision as described in the Company's application;
2. the Company shall comply with all requirements of the Utah Division of Drinking Water;

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3. the Company's rates are approved as set forth above. The Company shall file a tariff consistent with this Report and Order within 30 days of this Order's date. DPU shall review the revised tariff sheets for compliance with this Report and Order.

Any person aggrieved by this Order may petition the Commission for review pursuant to the Utah Administrative Procedures Act, U.C.A. §§ 63-46b-1 *et seq.* Failure to do so will bar judicial review of the grounds not identified for review. *U.C.A. § 54-7-15.*

DATED at Salt Lake City, Utah this 20<sup>th</sup> day of November, 2008.

/s/ Ruben H. Arredondo  
Administrative Law Judge

Approved and confirmed this 20<sup>th</sup> day of November, 2008, as the Report and Order of the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary  
G#59830