

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Cedar)
Point Water Company, for Approval of a) DOCKET NO. 09-2404-02
Rate Increase) REPORT AND ORDER
)

ISSUED: December 16, 2009

By The Commission:

This matter is before the Commission on application of Cedar Point Water Company (Company) for Approval of a Rate Increase (Application). The Division of Public Utilities (Division) filed a recommendation on November 12, 2009, with an amended recommendation on December 9, 2009. The Division recommended an approval of a rate increase, but did not recommend some of the Company's proposed increases and additions. The Division made its own recommendations, which the Company did not oppose. Additionally, the Company submitted new proposed charges and tariff language which the Division commented on. Some of the details of the Company's proposal and the Division's recommendations follow.

The Division's analysis showed that with the Company's proposed rates, the Company would over-earn. The Division calculated the adjusted base rate at \$232,940, based upon 4% of the usefulness of the water system to current customers. The rate of return on rate base was not calculated since there is a negative common equity in the Company, no contributed capital of the system, and debt service has been suspended for the next 5 years. Operating expenses were adjusted to \$37,436, bringing the revenue requirement for the Company to \$37,436. The Company did not dispute any of the Division's conclusions and findings. The Division ultimately recommended the following rate changes.

- A minimum rate of \$47.50 per month;
- A stand-by rate of \$18 per month;
- Overage rate of \$2.40 per 1,000 gallons per month over the minimum 12,000 gallons received in the base amount;
- The Company should deposit the amount of annual depreciation expenses into a reserve savings/investment account for future replacement of the system.

The Division estimated that if usage continues about the same, then these amounts would earn the Company about \$37,455—over-earning by \$19.81. However, if the increased rates cause a decline in usage, then the Company could potentially under-earn by \$5,523.

Additional tariff fee changes are as follows:

- **Standby fee:** The Division recommends a standby fee of \$18.00 per month, an increase from the present \$10 per month. (The Company requested \$20 per month)
- **Service Connection Fees:** The Division recommended a service connection fee for any lots platted, deeded, or recorded with the county and Company after January 1, 2010 be \$6,000 for a 5/8” connection and \$6,500 for ¾” connection, as requested by the Company.
- **Non-payment Disconnect Fee and Non-payment Reconnect Fee:** The Division recommended a fee of \$50 for the disconnect fee and \$50 for the reconnect fee, per incident, as requested by the Company.

- **Late Payment Fee:** The Division recommended a late payment fee of \$15.00 or 1.5% on an unpaid balance, whichever is greater, for each late payment, as requested by the Company.
- **Credit Deposit Minimum Days, Amount, and Interest Rate:** The Division recommended a deposit be for a minimum of 90 days service cost or the amount of \$142.50 held over a 12-month period with an interest rate of 2.00% per annum.
- **Effective Date:** The Division recommended an effective date of January 1, 2010.

The Administrative Law Judge of the Commission held a duly-noticed hearing on Wednesday, December 9, 2009. Appearing telephonically for the Company was its counsel, Roger Sanders. The Company's manager, Jerry Eves, was present. Patricia Schmid, assistant attorney general, was counsel for the Division. Shauna Benvegna-Springer testified for the Division. Ms. Benvegna-Springer summarized the Division's recommendation, recommending approval as delineated in the amended recommendation, and also opined that the recommended changes and increases were just and reasonable and in the public interest.

ORDER

There being no opposition to the Division's recommendations, and finding the recommended changes and additions just and reasonable and in the public interest, the Commission orders that the following changes and increases are approved:

1. the residential minimum rate increase to \$47.50 per month;
2. the overage rate increased from \$1.18 per 1,000 gallons per month to \$2.40 per 1,000 gallons per month for usages over 12,000 gallons;

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3. increase in the standby rate per month to \$18 from \$10;
4. the Company shall deposit the amount of annual depreciation expense into a reserve savings/investment account for future replacement of the current system;
5. an increase in the service connection fee from \$1,000 and \$1,500 to \$6,000 and \$6,500 for the 5/8" and 3/4" connections, respectively, for those lots platted, deeded and recorded after January 1, 2010;
6. a non-payment disconnect fee of \$50.00 per incident;
7. a non-payment reconnect fee of \$50.00 per incident;
8. a late payment fee of \$15.00 or 1.5% on the unpaid balance whichever is greater per incident;
9. an increase in the minimum days cost from 30 to 90 days with the amount increased from \$25 to \$142.50 with deposits to be held over 12 months at an interest rate of 2.00% per annum.

Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 20 days after the filing of the request, 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

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requirements of Sections 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 16th day of December, 2009.

/s/ Ruben H. Arredondo
Administrative Law Judge

Approved and confirmed this 16th day of December, 2009, 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#64697