

Peter Turner

From: Peter Turner [peter@turnerdesignusa.com]
Sent: Monday, April 13, 2009 6:54 AM
To: Shauna Benvegnu-Springer
Cc: 'peggyt@relia.net'; Brian Burrows; Kevin Forbes; Kevin Forbes (knforbes@digis.net); Velma Reeder
Subject: Pineview West Tariffs and Rates
Attachments: Water Company Rate Increase v3.xls

Shauna,

We have worked out a proposed new tariff structure and associated rates. The intent is to match our projected expenses and still be able to put some funds into a contingency account to cover unexpected expenses and build a reserve to upgrade or repair our infrastructure as it ages. However we had to temper that a bit to not shock the shareholders with too much of a change in their water bill. We are still proposing a doubling of the base culinary rate from \$15/month to \$30 and increasing basic secondary rates from \$150/year to \$200/year.

We are expanding our list of tariffs with the primary intent of covering costs associated with our activities. Right now we cannot cover expenses for such items as disconnect for unpaid water bills. Since new homes are so large requiring much larger than the "traditional" 3/4 inch meters and lines we are adding new rates for that increased demand on capacity. We also want to impose a \$2500 first-time connection fee to help build up our capital upgrade fund for the infrastructure related to those lots that historically have paid almost nothing.

I still need to talk to our non-shareholder customers to discuss proposed rates with them.

On the expense side of things I estimated expenses based on bills from last year that I received during the 4th quarter. I tried to project what expenses we could expect with a focus on only covering expenses truly related to supplying water to shareholders. We are going to scrutinize expenses very thoroughly to insure we do not subsidize development. I did expense and income projections for several years out and then at a build out scenario just to get a feel for how we would look way in the future. I will be interested to see how my expense projections compare to yours.

Can I get a copy of your audit findings and recommendations to the Commission?

We plan to do one system capital upgrade, a telemetry monitoring and reservoir balancing system, that will be financed with a Division of Drinking Water loan. If we cannot get the loan or if we have extraordinary expenses in the next few years we will need to do another special assessment. Our secondary water system also needs a pricey upgrade to the infrastructure to lower our regular expenses and improve service but I think we will have to just put that off until we can prove some stability with the water company finances.

We are also adding a line item for regular outside accounting services and expenses to reimburse the board members and others providing services to the company beginning next year. These types of expenses tended to be covered on a volunteer basis in the past.

I have attached a spreadsheet with all this data. Not being an accountant it may be a bit confusing. But the rate structure is there on the Income sheet and I copied it into the email body below. Please call if you have any questions.

What should we do next?

Tariff and Rate Structure

Shareholder Culinary 3/4" (monthly)	
first 7500 gallons/month (25% higher amount)	\$30
each 1000 over 7500 gallons/month	\$7.50
Shareholder Culinary 1" (monthly)	
first 7500 gallons/month	\$40
each 1000 over 7500 gallons/month	\$10.00
Shareholder Culinary 1 1/4" (monthly)	
first 7500 gallons/month	\$45
each 1000 over 7500 gallons/month	\$11.25
Shareholder Culinary 1 1/2" (monthly)	
first 7500 gallons/month	\$50
each 1000 over 7500 gallons/month	\$12.50
Secondary (annual)	
1/4 acre	\$200
1/2 acre	\$400
Standby vacant lot (annual)	\$150
Un-metered lots (monthly)	\$30
Disconnect Fee	\$100
Re-connect Fee	\$100
First time connection fee	\$2,500
Meter Fee 3/4"	\$300
Meter Fee 1"	\$500
Meter Fee 1 1/2"	\$700
Interest on past due bills	18%
Fee for unwarranted service call	\$50 above actual same as shareholder
Non-shareholder Contract Rates	shareholder

Best Regards,

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