

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Request for a Rate)
Increase of Hidden Creek Water Company) DOCKET NO. 09-2440-01
) ORDER
)

ISSUED: April 20, 2010

By The Commission:

This Order is before the Commission on the ratepayer/intervenor's Motions for Continuance. This Order also sets an intervention deadline, denies the Company's request for the Commission to forego additional public witness testimony, and directs the Company to respond to questions as directed below.

TECHNICAL CONFERENCE

The Commission received motions from Hidden Creek Water Company ratepayers' (certain parties moved to intervene) for continuance of the technical conference scheduled for April 22, 2010. Only two of those requesting the continuance stated they themselves had an actual conflict (Brett Scharffs and Ray Crosby both stated they would be out of the country on April 22, 2010). Additionally, any date set will likely result in some ratepayers being unable to attend. The motions for continuance are denied.

The technical conference will be streamed live at the Commission main page <http://psc.utah.gov/>. Persons wishing to listen may click on the Listen Now button in the What's New section.

For those that wish to view documents filed with the Commission before the technical conference, those documents, including the Request for Rate Increase and Division recommendation are available online and may be accessed here:

<http://www.psc.utah.gov/utilities/water/waterindx/09244001indx.html>

After the technical conference, its recording will be available on this link, as well as all documents filed in this matter, including comments by ratepayers, update recommendations, orders, etc.

INTERVENTION

Any person wishing to intervene in this matter shall move to intervene no later than 6:00 pm, Thursday, May 6, 2010.

COMPANY'S OBJECTIONS ON ADDITIONAL HEARINGS

The Company, on or about April 12, 2010 opposed the Commission's intent to hold another hearing where public witnesses would be heard. It requested the Commission not hold another hearing and affirm its previous Report and Order. The Commission denies the Company's request not to hold another hearing. In its October 26, 2009 Amended Scheduling Order and Notice of Hearing, the Commission ordered the Company to provide notice of the hearing no later than December 28, 2009. The Company did not provide that notice by that day. At the January 2010 hearing, nor before, there was no objection to the late notice, and the Commission did not find a basis to delay the hearing in order to allow further and other notice by the Company. Subsequent to the hearing, however, several ratepayers complained that they had no notice of the hearing or the proposed rate increase. Some complained specifically about the Company's failure to send notice by December 28, 2009. Some also raised issues of inadequate

notice. A few included copies of the Company's notice of the rate hearing contained on the January 2010 billing statement. The notice simply stated that "a rate case hearing will be held On January 20, 2010" at the date and time indicated and also gives a link to the Commission website. The notice, however, was inadequate. At the very least, it should have informed ratepayers that their rates could be increased and that the hearing was for the purpose of considering whether those rate increases would be approved. It did neither of those. Therefore, the Commission will set another hearing to allow for public witness at an appropriate time. Whether the Commission will affirm, amend, or rescind its previous order is an issue that will be decided later.

COMPANY SHALL RESPOND TO QUESTIONS

At the technical conference, the Company shall respond to the following questions submitted by intervenor Brett Scharffs. If it is unable to provide answers to all the questions at the technical conference, the Company shall reply to remaining questions below, in writing, no later than Wednesday, April 28, 2010. It shall file a copy of those responses with the Commission:

1. When was the company organized?
2. Was the cost of providing water to the lots calculated into the price at which you sold lots?
3. When you sold a lot, how much did you pay to the water company to cover the costs of future improvements and maintenance to the water system? If nothing, why not?
4. What are the assets of the water company?

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5. Who do you believe owns the water rights utilized by the water company?
6. Have company profits been paid to the Tanners? What assurances do customers have that the increased revenues the company collects will be used for replacing infrastructure, rather than paying the Tanners?
7. What do you understand your duties and obligations to the customers of the company to be as operator of the company?
8. Who are the shareholders and directors of the company? Please explain the capital and governance structure.
9. How many customers utilize company infrastructure?
10. How many lots serviced by the company are now or have been owned by the Tanners or entities controlled by the Tanners?
11. Is Tracy Tanner's residence part of the company water system? If it is, has Tanner paid water rates on the same basis as other customers?
12. What has Tanner contributed to pay for the use of the water company infrastructure and to set aside for future repairs and improvements?
13. Have payments for water been made by other property included in the company service area and owned by the Tanners? If not, why not?
14. Have customers been given waivers or exemptions from payment?
15. Please explain the water sales revenue line: there is income from Minimum Charge for \$12,000 gallons (\$10,811.00), but nothing for charges for usage over 12,000 gallons: Why not?
16. Please explain the Income line "System Fee": what does this cover?

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17. Please explain the expense line relating to “purchased power” (\$7,620, \$7,500):
was this power all for the water Company, or does this include power used
elsewhere (such as Tanner’s house)?
18. Please explain the expense line for Contractual Services-Professional (\$2,400):
What did this pay for?
19. Please explain the expense line for Water Master (\$8,400): was any of this paid to
a member of the Tanner family? Who set this rate?
20. Please explain the expense line Contractual services-Legal: have company funds
been used to pay for any professional services in connection with the preparation
of this rate increase request? In particular, what amounts, if any, have been paid to
lawyers, engineers, accountants, or others in connection with the company’s
efforts to have a rate increase approved by the Commission?
21. Please explain the expense line, Testing (\$1,200): is this paid to Tanner?
22. Please explain the expense line, Maintenance (\$2,000, \$667.00): What does this
cover? Who is this paid to?
23. Please explain the expense line, Pump Replacement (\$1,500): What does this
cover?
24. Please explain the expense line, Insurance Expense (\$2,200): What does this
cover? Who is the beneficiary of this policy? What does it protect against?
25. Please explain Depreciation Analysis (Exhibit 1.3)

The Commission will allow the company to supplement or amend their responses as needed
or ordered by the Commission.

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DATED at Salt Lake City, Utah, this 20th day of April, 2010.

/s/ Ruben H. Arredondo
Administrative Law Judge

Attest:

/s/ Julie Orchard
Commission Secretary
G#66210