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Division of Public Utilities

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*Director, Division of Public Utilities*

**MEMORANDUM**

**TO:** PUBLIC SERVICE COMMISSION OF UTAH

**FROM:** DIVISION OF PUBLIC UTILITIES  
Philip Powlick, Director  
William Duncan, Telecom & Water Section Manager  
Shauna Benvegnu-Springer, Utility Analyst

**DATE:** November 17, 2010

**RE:** Docket No. 10-2404-01 - In the Matter of the Application of Cedar Point Water Company for an Expansion of Service Area and Additional types of Service and Applicable Rates

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**RECOMMENDATION:** DENY

The Division of Public Utilities recommends the Utah Public Service Commission deny the application by Cedar Point Water Company for an expansion of service area and for the additional types of service and rates to the tariff.

**EXPLANATION:**

The Division of Public Utilities (DPU) received an application from Cedar Point Water Company on September 13, 2010 seeking an expansion to their service territory and additional types of service and applicable rates to their tariff.

**EXPANSION OF SERVICE AREA:**

The application requested the service area to expand to 450 residential connections and 10 commercial connections from 169 residential connections.

As part of the review process the Division requested an assessment of the proposed service area expansion from the Division of Drinking Water (DDW). Although Cedar Point Water Company reports in their 2009 Annual Report to the Public Service Commission that there are six (6) wells that produce a total of 564 gallons per minute (gpm) to 589 gallons gpm, the Division of

Drinking Water files indicate that the company has two active wells that produce a safe yield of 94 gpm. In order to service 460 connections the DDW calculates that 256 gpm is required for indoor water use. The Apple Valley Planning Commission requires 0.2 acre-feet of culinary water per connection for outdoor irrigation and the average irrigated acreage per connection is 0.074 acre which brings the total required source capacity to serve 460 connections to 481 gpm. Documentation of the water system developments must be provided to the Division of Drinking Water certifying the production levels and the quality of the water for wells #1 through #6 to update their files. Currently, Cedar Point Water Company has two active wells that produce sufficient source capacity to supply no more than 169 residential customers.

In the Water System Requirements Report from the DDW dated, November 8, 2010, it states that to supply the 460 connections, the company will need to have a minimum of 592,344 gallons of storage capacity and 180,000 additional gallons for fire suppression. The company does meet the storage capacity and fire suppression requirements with the 1 million gallon steel water storage tank, which was installed in 2008.

The Division reviewed the water rights needed for the 460 connections, which requires 356 acre feet per year. The Division of Water Rights has recorded 246 acre feet of approved water rights to Cedar Point Water Company. An additional 110 acre foot in approved water rights is needed for the expansion of the service area.

The Division of Public Utilities recommends that the Commission deny the application for expansion of service area requested by Cedar Point Water Company at this time.

#### ADDITIONAL SERVICE TYPES AND APPLICABLE RATES:

The Company requested approval of a commercial, industrial, agriculture and an institutional rate for those customers who meet the definition of the various types. The submitted tariff did not include definitions for the various classes. Currently, the Company does not have any customers who might qualify for the commercial, industrial, agriculture or institutional rates. The proposed rates are reasonable as compared with other such classification rates throughout the state as analyzed in previous rate cases. Until the Company amends the tariff to include the definitions of the various service type classifications and submits it to the Commission, the Division recommends the Commission deny the tariff addition of the applicable types of service and applicable rates as submitted.

cc: Roger Sanders, Sanders Ruesch & Reeve, PLLC  
Jerry Eves, Cedar Point Water Company  
Michael Grange, DDW  
Patricia Schmid, AG's Office