

Shauna Benvegnu-springer - Cedar Ridge Distribution Water Company

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Date: 8/30/2010 4:16 PM
Subject: Cedar Ridge Distribution Water Company
CC: Duncan, William; Petersen, Rea
Attachments: Water CPCN Application_Tariff_ and Checklist.doc

Hi David - Thank you for our discussion of the application for a Certificate of Public Convenience and Necessity (CPCN) for the Cedar Ridge Distribution Water Company this afternoon. Attached is the application which needs to be completed to bring the water company into compliance. If you have any questions, please contact me at the phone number below. Thanks!

Shauna

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INSTRUCTIONS

Companies applying for Certificate of Convenience and Necessity or Expansion of Service Area

Enclosed is an application designed by the Division of Public Utilities (DPU) intended to assist an applicant in providing the appropriate information to the Utah Public Service Commission (PSC). This form can be used as a guideline in applying for authority to operate as a public utility. This form can also be used in applying for expansion of a service area.

Each utility should have a tariff on file with and approved by the PSC. The tariff should be designed for each company's specific situation and needs and should explain the rules and policies of the water company. Included with this application is a sample tariff, following the application that you will need to replace the highlighted areas with the correct information, that is required by the PSC.

The PSC also has jurisdiction over rates. The PSC approves rates if they are determined to be just and reasonable. The DPU and the PSC have found in working with small water companies and especially those built by developers that the same information is needed to grant either a certificate to operate as a public utility or a letter of exemption from PSC regulation.

An important step in the approval by the PSC of a Certificate, is the review of the system by the Division of Drinking Water. The PSC has adopted the standards of the Drinking Water Board for quality of water including all standards for designing, building and maintaining a system capable of delivering water of the required quality. For new systems, plan approval by the Division of Drinking Water is required. This is not to be confused with "Feasibility" which is sometimes requested by local agencies or by the developer himself.

If application is made for a Certificate of Convenience and Necessity, please make check for \$100.00 payable to the Utah Public Service Commission but mail it to the Division of Public Utilities as it is the DPU that will be processing the application.

If you have any questions regarding the information the Division is requesting, please feel free to contact us at (800) 874-0904 or (801) 530-7622.

Please mail **six (6)** completed copies of the application and one electronic copy and necessary paperwork to:

**Heber M. Wells Building 4th Floor
160 East 300 South
SM Box 146751
Salt Lake City, UT 84114-6751**

CHECKLIST

Items to Be Included With This Application

- A. Applicant has submitted a certified copy of the articles of incorporation and by-laws unless a copy is on file with the Commission.

- B. Applicant will be receiving through its water distribution system:
 - 1. water from a Commission approved supplier or
 - 2. has attached to this application:
 - a. Proof of ownership of water rights, in the name of the company to be regulated or exempted, sufficient to provide the water promised to each customer.
 - b. Proof of ownership of sufficient water storage.
 - c. Proof of ownership of an approved water source with sufficient water flow.
 - d. Evidence of an approved point of diversion (by Division of Water Rights) from a source that is owned by the water company.

- C. Applicant **MUST** provided maps (8 1/2" by 11") showing location of water system relative to nearby towns and highways and the proposed platted subdivision.

- D. Applicant has provided financial statements to indicate financial viability including:
 - 1. A balance sheet for the water company.
 - 2. An historical operating statement if the water company is already operating, a projected statement if not yet operating.

- E. Applicant has provided a proposed tariff which includes proposed rates and service rules and regulations. Applicant has provided:
 - 1. Calculations to show that the proposed rates are reasonable based upon actual cost of service.
or
 - 2. A statement that the proposed rates are less than the full cost of service but that the developer will subsidize such rates until the system has enough customers on line to operate and cover costs at the proposed rates.
 - 3. A balance sheet for the developer if the water company is to be or was constructed by a developer.

F. The enclosed checklist covers the items of interest to the Division of Public Utilities. The list does not necessarily include all items the Public Service Commission and the Division of Public Utilities need to review in the application procedure. Additional items may be requested as the Division and Commission become more familiar the applicants particular circumstances.

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-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

IN THE MATTER OF THE APPLICATION OF _____)
FOR _____)
A CERTIFICATE OF CONVENIENCE AND _____) DOCKET NO. _____)
NECESSITY TO OPERATE AS A PUBLIC _____)
UTILITY RENDERING CULINARY WATER _____)
SERVICE OR EXPANSION OF SERVICE AREA. _____)

APPLICATION

To the Public Service Commission of Utah Salt Lake City, Utah.

1. Exact name of applicant (company name):

2. Principal office address, phone number, and email address:

3. Name of state in which applicant is incorporated and date of incorporation _____

_____. A certified copy of the Articles of Incorporation and By-laws should accompany this application unless a copy is on file with the Commission. If not incorporated, describe the type of organization and state in which it is organized.

4. The officers and directors (or partners) of applicant are as follows:

Name and Principal
Office Held

Business Address

_____	_____
_____	_____

5. The type of service (water, sewer or both) which applicant proposes to render is:

6. Applicant is in compliance with and agrees to comply with all regulations and requirements of all state and local government agencies. Copies of all required permits and approvals are made a part of this application. Applicant will be receiving through its water distribution system water from a Commission approved supplier or has attached to this application proof of ownership of sufficient water rights, of sufficient storage, of an approved source with sufficient water flow and of an approved point of diversion.

7. If the applicant is conducting operations at the present time, furnish the following information:

(a). A description of the nature and extent of the service rendered.

(b). The date applicant commenced rendering such service.

8. The areas which the applicant proposes to serve, and those presently served, if any, are as described below (legal description) and as shown on a map attached hereto (for public utilities a map should also be part of the tariff).

9. How Many Connections will the company serve and type (residential / commercial)?

10. The names of any water companies that are providing (or proposing to provide) similar service near or in any part of the area covered by this applicant are as follows:

11. The applicant is financially responsible as shown by a true and correct financial statement attached hereto and made a part of this application.

12. Applicant's proposed tariff, including a map and rate schedules, along with work papers showing how the proposed rates were determined, is also attached as a part of this application.

WHEREFORE, applicant prays that the Commission grant a Certificate of Convenience and Necessity to the applicant to operate as a public utility as described above.

I, _____, swear that the information provided in this application is complete and accurate to the best of my knowledge.

Signature, Title, _____

Dated this _____ day of _____, 20_____.

Subscribed and sworn to before me this _____ day of _____, 20_____.

Notary Public: _____

Residing at: _____

My Commission Expires: _____

Name, address, phone number, and signature of attorney representing application:

(A \$100.00 filing fee must accompany this application)

COMPANY NAME

**RATE SCHEDULES
AND
RULES AND REGULATIONS**

TARIFF NO. 1

Effective: Month Day, Year

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WATER SERVICE RATE SCHEDULE

Applicability

Applicable in entire service area to water service for culinary purpose at one point of delivery.

Rates as herein set forth shall apply to each customer unit. A consumer unit is defined as a single unit dwelling or any store service station, cafe, factory, shop, processing plant, or other establishment or concern that might apply for culinary water service for domestic purposes.

The following rate is for a period of one month:

<u>Usage</u>	<u>Charges</u>
The First ##### gallons	<u>\$ 00.00</u> minimum charge for each service connection
The Next ##### gallons	<u>\$ 00.00</u> per 1,000 gallons

Premises temporarily without a meter will be charged the minimum rate.

Service Connection Charges

Size (3/4" , 1") of service to Property Line One-time charge for each service requiring new meter installation	<u>\$ 00.00</u>
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Turn-on service where meter is already in place	<u>\$ 00.00</u>
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Standby Service Charge

Standby Service Charge*	<u>\$ 00.00</u>	per month
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*Applies to lots where service mains are in place and where water service is available, but no water service has been connected and no water service is used; or where water service has been disconnected by the Company at the request of the customer; or involuntarily by the Company after proper notice to the customer.

RULES AND REGULATIONS

1. **Water Use per Customer:** As stated in the Company Articles of Incorporation each user will own one or more shares of common stock in the Company. Each user will be entitled to use not more than ##### gallons of water per year for each share owned. Each lot owner in the subdivision will be issued two shares of company stock when they purchase the lot.
2. **Connections:** No unauthorized person shall tap any water main or distribution pipe of the Company or insert therein any corporation cock, stop cock or any other fixture or appliance or alter or disturb any service pipe, corporation stop, curb stop, gate valve, hydrant, water meter or any other attachment, being part of the waterworks system and attached thereto. No person shall install any water service pipe or connect or disconnect any such service pipe with or from the mains or distribution pipes of said waterworks system, nor with or from any other service pipe now or hereafter connected with said system, nor make any repairs, additions to, or alterations of any such service pipe, tap, stop cock, or any other fixture or attachments connected with any such service pipe, without first obtaining a permit from the Company.
3. **Application for Permit:** Before any service connection shall be made to any part of the waterworks system, or any work performed upon old or new connections, a permit shall be obtained from the Company. Such permit shall be issued upon written application on forms obtainable from the Company. Applicants for water service shall furnish, lay and install at their own expense, all that portion of the service not provided the Company, subject however, to the supervision and inspection of the Company.
4. **Metering of Service:** All water delivered by the Company to its customers shall be metered through water meters. Meters may be checked, inspected, or adjusted at the discretion of the Company, and shall not be opened or adjusted except by authorized representatives of the Company. Only authorized representatives of the Company shall open meter boxes to turn on or off water except in case of emergency or when special permission is given by the Company.
5. **Meter Adjustments:** If the meter fails to register at any time, the water delivered during such a period shall be billed at the minimum rate. In the event a meter is found to be recording at less than 97 percent or more than 103 percent of actual, the Company may make such adjustments to the customer's previous bill as are just and fair under the circumstances.
6. **Service Connections:** Any person desiring to obtain a supply of water from the Company shall make application in writing. The service connection charges shown in this tariff include a meter, meter box, a cover, and a valved service line to the property line. The meter and meter box will be located as directed by the Company. All materials furnished by the Company shall remain its sole and exclusive property. Excavation and installation shall be made by the Company from the main line connection in the road to 3 feet beyond the meter.

RULES AND REGULATIONS (cont'd.)

7. **Service Line:** All service line materials and installation shall be provided by the applicant. Installation shall be inspected and approved by the Company before the service line trench is backfilled. A shut-off valve shall be provided by the applicant on each service line, in an accessible location separate from the water meter box.
8. **Water Use Restriction:** The owner or occupant of any building on premises entitled to the use of water from the Company shall not supply water to any other building or premise without written permission of the Company.
9. **Service Turn-on and Turn-off:** Only authorized representatives of the Company shall turn on or off water at the meter box except in case of an emergency or when special permission is granted by the Company. Service may be turned off by the Company when so requested by the applicant or when the applicant fails to abide by these regulations. Whenever the water is turned off at any premises, it shall not be turned on again until the customer pays all delinquent balances owing, late charges, and reconnection charges as shown in the rate schedule.
10. **Disruption Liability:** The Company shall use reasonable diligence to provide continuous water service to its customers, and shall make a reasonable effort to furnish them with clean, pure supply of water, but the Company shall not be held liable for damages to any water user by reason of any stoppage or interruption of his water supply caused by scarcity of water, accidents to works, water main alterations, additions or repairs, acts of God or other unavoidable causes.
11. **Damage to Facilities:** Costs of any damage resulting from the failure of the owner, agent or tenant to properly protect the water meter or other facilities of the Company installed upon premises supplied with water, shall be assessed against such owner, agent or tenant. Water consumers shall not tamper with or remove the meter, or interfere with the reading thereof.
12. **Reading of Meters:** All meters shall be read by the Company monthly and charges shall be based upon meter readings except as provided for in paragraph 4 above.
13. **Billings and Payments:** Bills covering the charges will be rendered and shall be due days after being rendered. If any customer neglects or refuses to pay a water service bill or any other obligation due to the Company within thirty (30) days from the date of said bill, the Company's employees shall have the right to go upon the premises and do such work as may be necessary to disconnect the water service. Before the service is renewed the delinquent bill or bills shall be paid in full, or payment arrangements satisfactory to the Company shall be made, and the established tariff charge for reconnection shall be paid.
14. **Discontinuance of Service:** Any customer wishing to discontinue service shall notify the Company so that the meter can be read for a final billing. Such final bill shall be due and payable upon receipt.

RULES AND REGULATIONS (cont'd.)

15. **Regulated Usage:** Whenever the Company shall determine that the amount of water available to its distribution system has diminished to such a volume that, unless restricted, the public health, safety and general welfare is likely to be endangered, it may prescribe rules and regulations to conserve the water supply during such emergency. Such rules and regulations may include, but shall not be limited to, the restriction to certain hours (or total prohibition) of the use of water for outdoor watering.
16. **Changes and Amendments:** The right is reserved to amend or add to these Rules and Regulations as experience may show it to be necessary and as such amendments or additions are approved by the Public Service Commission of Utah.
17. **Credit Deposit:** The Company may at its option, and in lieu of established credit, require a deposit from the customer to assure payment of bills; such deposits shall be a minimum of 60 days or **\$ 00.00** This deposit may be refunded when credit has been established. Deposits held over 4 months shall earn interest from the Company at the rate of **00%** per annum, beginning with the first day of deposit. Interest will be credited to the customer's account.

FACILITY EXTENSION POLICY

1. **Definition:** An extension is any continuation of or branch from, the nearest available existing line of the Company, including any increase of capacity of an existing line to meet the Customers' requirements.
2. **Costs:** The total cost of extensions including engineering, labor, and materials shall be paid by the applicants. If because of the extension and the additional water customers, additional water rights, pumps, storage, or other water plant must be acquired, the Company may require the applicants to pay these costs. Where more than one customer is involved in an extension the costs shall be pro-rated on the basis of the street frontage distances involved or upon such other basis as may be mutually agreed by the applicants. Sufficient valves and fire hydrants must be included with every installation.
3. **Construction Standards.** Minimum standards of the Company shall be met, which standards shall also comply with the standards of the Utah State Division of Drinking Water. Pipe sizes shall never be smaller than 4" (four inches) in diameter. The pipeline shall be installed only along dedicated streets and highways.
4. **Water Storage and Supply:** Except as provided for in paragraph 2 herein above, all costs for providing increased water supply and storage shall be paid by the Company. This cost shall include the installation and operation of pumps as required for proper pressure regulation of the system.
5. **Ownership:** Completed facilities and water rights shall be owned, operated, and maintained by the Company, including and through meters as detailed in the Tariff Rules and Regulations.
6. **Temporary Service:** The Customer will pay the total cost for the installation and removal of any extension for service to a venture of a temporary or speculative nature. Such costs will be estimated and paid before work is begun on the extension.

Effective: Month Day, Year