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<b>BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH</b>	
<b>IN THE MATTER OF THE APPLICATION OF MOUNTAIN SEWER CORPORATION FOR GENERAL RATE INCREASE</b>	<b>APPLICATION FOR GENERAL RATE INCREASE</b>  Docket No. 11-097-03

Mountain Sewer Corporation (“Mountain Sewer” or “Company”), hereby applies to the Utah Public Service Commission (“Commission”), pursuant to Utah Code Annotated §54-7-12, for an order approving a general rate increase as set forth herein. In support of this Application, Mountain Sewer states as follows:

**A. Background**

1. Mountain Sewer is a privately-owned public utility that provides sanitary sewer service to residential and other customers near Huntsville, Weber County, Utah.
2. Mountain Sewer was originally established in 1985 to provide sewer service to new development near Huntsville, Utah. Weber County created the Ski Lake Special Service

District (“District”) to act as the body politic for the sewer services within the District. The District entered into a sewer service agreement with Mountain Sewer to own, operate, and maintain the sewage collection and treatment facilities and provide sanitary sewer services within the District.

3. Mountain Sewer has been regulated by the Commission since it first began providing sewer service. On June 11, 1985, the Commission issued a Report and Order granting to Mountain Sewer Certificate of Public Convenience and Necessity No. 2163. On October 8, 1991, the Commission granted Mountain Sewer’s petition to expand its service area, granting Mountain Sewer Certificate of Convenience and Necessity No. 2602 to provide sewer service in the expanded service area. A map showing Mountain Sewer’s current service area is attached as **Exhibit A**.

4. Mountain Sewer’s service area currently includes the following platted and recorded subdivisions:

- Lakeside Village
- Ski Lake Estates
- Edgewater Beach Resort
- The Summit at Ski Lake
- Chalets at Ski lake

Mountain Sewer currently serves 127 connections, with another 55 unconnected lots on standby within its service area. Mountain Sewer’s principal place of business is located at 5393 E 3850 N, Eden, UT 84310.

5. Mountain Sewer’s initial Tariff was issued on October 9, 1986, with an effective date of October 15, 1986. Its last revised fee schedule was issued and became effective

November 1, 1987. The Tariff has not changed since then. A copy of Mountain Sewer's current Tariff dated November 1, 1987, is attached as **Exhibit B**.

6. Mountain Sewer's fees and rates have not changed since 1987. The currently approved fee schedule has long been insufficient to meet Mountain Sewer's ongoing operation and maintenance expenses, pay outstanding obligations, and establish reserves for future maintenance and capital infrastructure replacement. As a result, Mountain Sewer was heavily subsidized by Dr. Ronald Catanzaro. Mountain Sewer has also taken out private loans to meet expenses and continue providing sewer service to its customers.

7. From its inception in 1985 until July 2011, Dr. Ronald J. Catanzaro owned 100% of the issued and outstanding stock in Mountain Sewer. In July, 2011, Dr. Catanzaro sold and transferred all of his ownership interest in Mountain Sewer to Valley Utility Company, LLC. See Docket No. 11-097-02 regarding the transfer of Mountain Sewer ownership to Valley Utility Company.

8. Beginning in July 2011, Mountain Sewer, under its new ownership, has made overdue repairs, attended to unanticipated emergencies, and fixed urgent and unforeseen problems. Mountain Sewer has also made plans and arrangements to complete other urgent repairs necessary to provide adequate and reliable sewer service to its customers. Mountain Sewer seeks to recover the expenses incurred or to be incurred in making these emergency repairs through a special assessment. An Application for Special Assessment is filed concurrently with this Application for General Rate Increase. The expenses to be recovered through the special assessment are not sought to be recovered through this general rate increase.

**B. Proposed General Rate Increase**

9. Mountain Sewer’s requested general rate increase will allow Mountain Sewer to operate at a net gain, meet all current obligations, be self-sustaining, and build capital reserves for future repairs and replacement of capital facilities. The following requested rate increase is necessary, just and reasonable:

<b>Current Rates</b>		<b>Requested Rates</b>	
Fixed System Fees	None	Fixed System Fee (paid by all customers)	\$12.14
		Capital Reserve Fee (paid by all customers)	\$12.26
Monthly Fee (connected customers)	\$22.00	Usage Fee (connected customers only)	\$32.67
		<b>Total Monthly Fee (connected customers only)</b>	<b>\$57.06</b>
Standby Fee	None	<b>Total Standby Fee equal to Fixed System Fee plus Capital Reserve Fee (unconnected customers only)*</b>	<b>\$24.40</b>
Single Connection Fee	\$3,000	Single Connection Fee	\$5,000
Hookup Fee	none	Hookup Fee	\$300
Turn On Fee	none	Turn On Fee	\$100
Late Fee	18% per annum	Late Fee	18% per annum

The requested general rate increase is set forth in the revised Tariff attached hereto as **Exhibit C**.

10. The increased rates will result in a projected increase in revenue from tariff customers of approximately \$72,000 (about \$57,000 from an increase in monthly flat-fee revenue from the connected customers and about \$15,500 from standby fees charged to owners of unconnected lots).

11. The proposed rates are also just and reasonable under standards adopted by the Water Quality Board (“WQB”). The WQB has determined that, for 2012, an “affordable” sewer

bill is no more than 1.4% of the of the community's median adjusted gross income (MAGI). *See* State of Utah Wastewater Assistance Program Intended Use Plan, Federal Fiscal Year 2012, p. 5, *available at* <http://www.waterquality.utah.gov/FinAst/IntendedUsePlan2012.pdf>. The 2010 MAGI for Huntsville, Utah is \$51,011. *See* [http://www.drinkingwater.utah.gov/documents/engineering/MAGI\\_2010\\_city.htm](http://www.drinkingwater.utah.gov/documents/engineering/MAGI_2010_city.htm). Accordingly, an "affordable" sewer bill is \$714.15 per year, which equates to a \$59.51 monthly user fee. Mountain Sewer's proposed monthly user fee of \$57.06 is within the Water Quality Board's target "affordable" sewer fee.

12. Mountain Sewer has also filed concurrently herewith an Application for Approval of Interim Rates, pursuant to Utah Code Ann. § 54-7-12(4).

### **C. Test Year**

13. Mountain Sewer has used the calendar year 2012 as the test year. This test year "best reflects the conditions that [Mountain Sewer] will encounter during the period when the rates determined by the commission will be in effect." Utah Code Ann. § 54-4-4(3)(a). Under its new ownership, Mountain Sewer has made significant improvements to the operation and provision of sewer service since August, 2011. Equipment and sewer facilities have been repaired, problems addressed, contracts renegotiated, costs reduced, and necessary items addressed. As a result, information and data predating August 2011 does not accurately reflect the conditions that Mountain Sewer will encounter in the near future. The data and information for the eight month period since Mountain Sewer has operated under new ownership provides reliable data to project the annual expenses for Mountain Sewer. This data is summarized in the revenue requirement worksheets attached hereto in **Exhibit G**. For comparison purposes only, the revenue requirement worksheets attached hereto also show the adjustments from the year

2010, the most recently completed calendar year for which the annual report has been submitted to the Commission.

**D. Conclusion**

14. This Application for General Rate Increase substantially complies with the minimum filing requirements established by the Commission in Utah Admin. Code R746-700-10, R746-700-50, and R746-700-51 for a general rate case filing. A list of the information required by the Commission's rules is appended at the end of this Application, with a reference to the location in this filing for the required information.

15. For good cause shown in this Application and the Exhibits hereto, Mountain Sewer respectfully requests approval of this General Rate Increase as set forth in the attached revised Tariff sheets.

16. This Application for General Rate Increase is accompanied by the necessary information and schedules in accordance with Utah Code Ann. § 54-7-12(2) to support a determination by the Commission that the proposed rate increase is just and reasonable.

**WHEREFORE**, for good cause shown, Mountain Sewer respectfully requests that the Commission:

1. Enter an order approving Mountain Sewer Corporation's Application for General Rate Increase, as outlined herein.

Respectfully submitted this \_\_\_\_\_ day of \_\_\_\_\_, 2012

**SMITH HARTVIGSEN, PLLC**

\_\_\_\_\_  
J. Craig Smith  
Bryan C. Bryner  
*Attorneys for Mountain Sewer Corporation*

## LIST OF EXHIBITS

<b>EXHIBIT A</b>	Mountain Sewer Service Area Maps
<b>EXHIBIT B</b>	Current Tariff
<b>EXHIBIT C</b>	Proposed Tariff Sheets: Sewer Service Regulation No. 2
<b>EXHIBIT D</b>	General Information – Mountain Sewer Corporation
<b>EXHIBIT E</b>	Engineering Information: System Report from Great Basin Engineering dated June 23 <sup>rd</sup> , 2011
<b>EXHIBIT F</b>	Customer Information
<b>EXHIBIT G</b>	Accounting and Financial Data
<b>EXHIBIT H</b>	Information on Utility Plant
<b>EXHIBIT I</b>	Customer Notice Information

**CERTIFICATE OF SERVICE**

I certify that on the 6<sup>th</sup> day of April, 2012, a true and correct copy of the foregoing **Application for General Rate Increase** was served on the following:

By U.S. Mail:

Patricia E. Schmid  
Assistant Attorney General  
160 East 300 South  
P.O. Box 140847  
Salt Lake City UT 84114-0857  
*Attorney for Division of Public Utilities*

/s/ Bryan C. Bryner \_\_\_\_\_