

J. Craig Smith (4143)
Bryan C. Bryner (10276)
SMITH HARTVIGSEN, PLLC
175 South Main St., Suite 300
Salt Lake City, Utah 84111
Phone: (801) 413-1600
Fax: (801) 413-1620

Melven E. Smith (4145)
SMITH KNOWLES P.C.
4723 Harrison Blvd., Suite 200
Ogden, Utah 84403
Phone: (801) 476-0303
Fax: (801) 476-0399
Attorneys for Mountain Sewer Corp.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH	
IN THE MATTER OF THE APPLICATION OF MOUNTAIN SEWER CORPORATION FOR GENERAL RATE INCREASE	APPLICATION FOR SPECIAL ASSESSMENT 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(4)(a), for an order approving a special assessment, as more specifically described herein. In support of this Application, Mountain Sewer states as follows:

1. Mountain Sewer is a privately-owned public utility that provides sanitary sewer service to residential and other customers near Huntsville, Weber County, Utah. As of the end of 2011, Mountain Sewer currently served 127 connections, with another 55 unconnected lots on standby within its service area.

2. Mountain Sewer first began providing sewer service in about 1985. Mountain Sewer’s last approved fee schedule was issued and became effective November 1, 1987, setting a

monthly fee of \$22 per connection, no standby fees, no capital reserves fees, and no reserves for repairs or emergencies. Mountain Sewer's fees and rates have not changed since 1987.

3. The currently approved fees schedule has long been insufficient to meet Mountain Sewer's ongoing operation and maintenance expenses, pay outstanding obligations, make necessary repairs to system infrastructure, and establish reserves for future capital infrastructure replacement.

4. On May 3, 2011, several customers ("Complainants") of Mountain Sewer filed a formal Complaint with the Public Service Commission, alleging, among other things, service deficiencies in the operation of Mountain Sewer (see Docket No. 11-097-01).

5. In July, 2011, Dr. Ronald C. Catanzaro, Mountain Sewer's sole shareholder, sold and transferred all of his ownership interest in Mountain Sewer to Valley Utility Company, LLC. Since then, 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 for other urgent repairs necessary to provide adequate and reliable sewer service to its customers.¹ All of the repairs made, and to be made, by Mountain Sewer were, and are, necessary to restore the sewer service to a safe, adequate, and reliable level for existing customers. A listing of the specific repairs and costs incurred, and those anticipated to be incurred, to establish safe, adequate, and reliable service is included in Exhibit G7 to the Application for General Rate Increase filed concurrently in this Docket 11-097-03, which is incorporated herein by reference.

¹ As part of its plan to improve operations and restore adequate service, Mountain Sewer has also filed an Application for General Rate Increase and Application for Interim Rate Increase concurrently with this Application for Special Assessment.

6. Mountain Sewer has financed the cost of all emergency and necessary repairs with a bank loan in the name of Mountain Sewer. The essential terms of the loan are as follows:

Principal: \$215,000
Term: 60 months
Interest Rate: 6.2%
Principal and Interest Obligation: \$3,705.09 per month.

7. Mountain Sewer has incurred legal costs to prepare, file, and pursue the general rate case (Docket No. 11-097-03), the Application for Interim Rates, Application for Special Assessment, and to respond to the customers' Complaint (Docket No. 11-097-01). The portion of the loan expense attributed to professional fees for the rate case and matters before the Commission will be amortized through the rates, while the remainder of the loan expense attributed to system repairs and expenses will be paid for through a special assessment.

8. Mountain Sewer now seeks to pay the costs of this loan not attributed to the Commission proceedings through a special assessment rather than through the rates in the general rate case. Accordingly, Mountain Sewer hereby requests approval of a special assessment to be levied against each connected customer as of the date of this Application to be paid as follows, at the option of each customer:

- a. a one-time special assessment of \$1,300 (\$165,000 divided by 127 connections), to be paid within thirty (30) days of the date of approval by the Commission;
- OR
- b. monthly payments of \$25.24 for five years.

Detailed calculations for this special assessment are set forth in Exhibit G to the Application for General Rate Increase.

9. The special assessment only includes those items that were extraordinary and unforeseen, and that were directly attributable to work for system repair and to restore the system

to a safe, adequate, and reliable operating condition. The special assessment does not include any items for potential new development, nor for future day-to-day operation and maintenance expenses.

10. All information and data supporting the requested special assessment are set forth in more detail in the worksheets and exhibits attached to and made a part of the Application for General Rate Increase, which are incorporated herein by reference in their entirety.

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

1. Enter an order approving Mountain Sewer Corporation's Application for Special Assessment.

Respectfully submitted this _____ day of _____, 2012

SMITH HARTVIGSEN, PLLC

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

CERTIFICATE OF SERVICE

I certify that on the 6th day of April, 2012, a true and correct copy of the foregoing **Application for Special Assessment** 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 _____