

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	SUPPLEMENT TO APPLICATION FOR INTERIM RATE INCREASE Docket No. 11-097-03

Mountain Sewer Corporation (“Mountain Sewer”) hereby supplements its Application for Interim Rate Increase with the following:

1. Mountain Sewer’s proposed interim rates include a \$12.26 capital reserves fee to be levied against all connected and standby customers, which will generate cash to be deposited in a new capital reserves account. The purpose of the capital reserves account is to set aside cash reserves for replacement or repair of capital infrastructure.

2. Since July, 2011, Mountain Sewer has made necessary and urgent repairs to the sewer system infrastructure and equipment to prevent system failures. Because Mountain Sewer did not have cash reserves to pay for the costs of these repairs, Mountain Sewer financed them

through a line of credit from the company's bank. As a result, Mountain Sewer has current and ongoing obligations to make payments on that line of credit; failure to make such payments will result in default on that obligation.

3. Mountain Sewer filed an Application for Special Assessment for the purpose of generating revenue to pay for the costs of that line of credit used for the emergency system repairs. However, Mountain Sewer does not seek interim approval of the Special Assessment in conjunction with the interim rates, but will address the Special Assessment in accordance with the Application for General Rate Increase. Nevertheless, until a Special Assessment is approved, Mountain Sewer must continue to make payments on the line of credit in order to remain current and not default on the obligation.

4. Mountain Sewer hereby requests that, if the Commission grants the Application for Interim Rates, that the Commission also authorize Mountain Sewer to apply the capital reserve funds generated by the interim rates to Mountain Sewer's obligation on the line of credit until the Commission enters an order on the General Rate Increase and/or Special Assessment.

5. Such a use of the capital reserve funds is in line with the purpose of the capital reserves account, namely, to provide cash reserves for the repair and replacement of capital infrastructure. Furthermore, this request will not result in any change or increase in the interim rates to be charged to the customers.

Respectfully submitted this 16th day of May, 2012

SMITH HARTVIGSEN, PLLC

/Bryan C. Bryner/

J. Craig Smith

Bryan C. Bryner

Attorneys for Mountain Sewer Corporation

CERTIFICATE OF SERVICE

I certify that on the 16th day of May, 2012, a true and correct copy of the foregoing **Supplement to Application for Interim Rate Increase** was served on the following:

Via email:

Patricia E. Schmid, Attorney for Division of Public Utilities
pschmid@utah.gov

Chris Parker, Division of Public Utilities
chrisparker@utah.gov

Mark Long, Division of Public Utilities
mlong@utah.gov

Cheryl Murray, Office of Consumer Services
cmurray@utah.gov

Frank and Pat Cumberland, Complainants
frankc@xmission.com

James and Dawn Martell, Complainants
dawnmartell@me.com

David and Marsha Smith, Complainants
marsh162@yahoo.com

Robert Kimball, Complainant
rek4801@tm.net

Jeff Larsen, Intervener
jwlarsen@cox.net

Larry & Sharon Zini, Complainants
dmanhit@gmail.com

David Hayes, Complainant
DVHAYES@aol.com