



State of Utah  
Department of Commerce  
Division of Public Utilities

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## MEMORANDUM

**TO:** PUBLIC SERVICE COMMISSION OF UTAH

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

**DATE:** August 1, 2013

**SUBJECT:** In the Matter of Apple Valley Water Company and Cedar Point Water Company Acquisition by Big Plains Water and Sewer Service District

**RE:** Docket No. 13-2178-01 and 13-2404-01

**RECOMMENDATION:** CANCEL CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY (CPCN)

The Utah Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) cancel the Certificate of Public Convenience and Necessity (CPCN) held by Apple Valley Water Company, Certificate No. 2178 issued on June 12, 1991.

The Division recommends the Commission cancel the Certificate of Public Convenience and Necessity held by Cedar Point Water Company (Cedar Point), Certificate No. 2404 issued December 18, 2001.

**BACKGROUND:**

On May 17, 2011 the Division received a copy of a letter to the Apple Valley Water Company (Apple Valley) from the Division of Drinking Water (DDW). The letter indicated that Apple Valley's water system was not in compliance with the Division of Drinking Water's rules and their water system was graded to "Not Approved". Since that time Apple Valley, Cedar Point, Apple Valley City and the DDW have been working together to resolve the issue.

On September 1, 2011 the Apple Valley Town Council voted to establish Big Plains Water and Sewer Special Service District (District) to provide water and sewerage services in Washington County, Utah. The District was approved by Lt. Governor Greg Bell on October 3, 2011.

Negotiations began regarding what the District would do to assist Apple Valley. On May 17, 2013 Apple Valley was purchased by Cedar Point. On May 23, 2013 the District transferred all assets, liabilities and service obligations from Cedar Point to itself.

On July 1, 2013 the Division received a letter from District Chairman, Harold Merritt, which stated that the District acquired the water systems of Cedar Point and Apple Valley effective June 1, 2013. All customers were notified of the transfer of ownership. The 415 water customers (279 water users and 136 standby customers) were transitioned to the District. The District has implemented a conservation tiered rate for water usage with the base rate/standby rate of \$29 per month. The average water user is estimated to pay \$46 per month. The District is implementing testing and monitoring, replacing large portion of the existing system and bringing the system in compliance with the required standards.

On July 2, 2013 paperwork was filed with the Commission to include the purchase agreement, bill of sale, escrow instructions and conveyance of property. All transactions were consummated on June 1, 2013.

**CONCLUSION:**

The Big Plains Water and Sewer Special Service District is not under the jurisdiction of the Public Service Commission of Utah. The Division recommends the CPCN's for Apple Valley and Cedar Point be cancelled.

cc: Nathan Bronemann, Big Plain Water and Sewer Special Service District  
Jerry Eves, Cedar Point Water Company  
Roger Sanders, Cedar Point Water Company Attorney  
Clarence Gubler, Apple Valley Water Company  
Steven Gubler, Apple Valley Water Company  
Patricia Schmid, Attorney General's Office