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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)	
Hi-Country Estates Homeowners Association)	Docket No. 13-2195-T01
for Approval of Its Proposed Water Rate)	
Schedules and Water Service Regulations)	APPLICATION TO APPROVE
)	PROPOSED WATER SERVICE
)	SCHEDULES AND RATES

Hi-Country Estates Homeowners Association (the “**Company**” or “**Hi-Country**”), hereby applies to the Utah Public Service Commission (the “**Commission**”), pursuant to Utah Code Annotated §54-7-12, for an order approving a general rate increase as proposed in the revised rate schedule detailed in this document (inclusive of exhibits and supporting documentation, the “**Application**”) and described in the revised tariff attached hereto as **Exhibit**

M. In support of the Application, Hi-Country states as follows:

A. Background

1. Hi-Country is a privately-owned public utility that provides culinary water service primarily to users within the boundaries of the Hi-Country Estates Homeowners Association (the “**Association**”). Hi-Country also supplies water to several customers outside of the Association boundary.

2. The Company as it currently exists is the descendant of several other entities formerly provided water to substantially the same service area. From approximately 1970 through 1985, water was supplied by the original developer of the Hi-Country Estates neighborhood without involvement of the Commission. In approximately 1985, the water system was transferred to Foothills Water Company (“**Foothills**”). In 1986, Foothills appeared before the Commission.
3. Finally, in 1994, Hi-Country became the owner of the water system. In response, the Commission revoked Foothill’s Certificate of Convenience and Necessity (“**CPCN**”) and issued Hi-County CPCN No. 2737 on March 23, 1994, in Commission Docket No. 94-2195-01. On May 14, 1996, based on an order of the Commission in Docket No. 95-2195-03, the Commission issued Letter of Exemption No. 0057 to the Company.
4. On July 12, 2012, in Docket No. 11-2195-01, the Commission entered a Report and Order revoking Letter of Exemption No. 0057 and reinstating Certificate of Convenience and Necessity No. 2737. Hi-Country then filed its Tariff No. 1 with the Commission on November 15, 2012. This Application follows from the reinstatement of Hi-Country’s CPCN.

B. Company Information

1. The Company currently serves Hi-Country Estates Phase I Subdivision, Beagley Acres Subdivision, South Oquirrh Subdivision, and several customers under special contract outside of the boundaries of the Association and outside of Hi-Country’s original service area.

2. The Company currently serves 126 customers: 90 active residential customers, 35 standby residential customers, and 1 governmental customer (the Bureau of Land Management). The number of customers in each category is expected to remain constant for the near future.
3. In 2012, Hi-County contracted with Herriman City to manage most aspects of the water system, including routine maintenance and operations as well as customer billing and collections. Hi-County expects this arrangement with Herriman to be beneficial to the Hi-Country customers by providing more efficient billing, collections, and system operations. Hi-Country expects this arrangement to continue for the foreseeable future. The contract governing this arrangement is included as **Exhibit O**.

C. Proposed Residential Rate Increase

1. Hi-Country's requested general rate increase will allow the Company to operate effectively, be self-sustaining, and build capital reserves for future repairs and replacement of system infrastructure. The requested rate increase, detailed below, is necessary, just and reasonable:

NEW RATE SCHEDULE	
Water Charges	
Base Rate (0 to 10,000 gallons)	\$69.00
Overage Rate: 10,000 gal to 20,000 gal	\$1.45 per 1,000 gal
20,001 gal to 30,000 gal	\$1.69 per 1,000 gal
30,001 gal to 40,000 gal	\$1.96 per 1,000 gal
40,001 gal plus	\$2.27 per 1,000 gal
Monthly Standby Fee	\$27.60
Reserve Fund Monthly Customer Charge (applicable to all customers)	\$20.09
Second Source Water from Herriman Water System Due to Lack of Domestic Supply	Charged at cost proportionally to all customers using more than the 10,000 gallons included in the base rate
Second Source Water from Herriman Water System Due to Fire Control or Other Common Use	Charged at cost equally to all customers
Miscellaneous Charges	
Service Connection Fee	\$750.00
Temporary Service Suspension Fee	\$50.00
Account Transfer Fee	\$25.00
Meter Test Fee	\$10.00
Customer Late Fee (plus 18% interest)	\$10.00 per month
Security Deposit	\$150.00
Returned Check Fee	\$25.00
Active Meter Replacement Fee	Company cost of meter and labor for replacement
Nonstandard Service Connection Review Fee	\$10,000.00

2. The requested rate increase is set forth in detail in the revised Tariff No. 2 attached to this Application as **Exhibit M**.
3. The increased rates will result in a projected revenue increase sufficient to cover the current and predicted operating costs of the company, the amortized expenses associated with this Application, and the funding of a capital reserve to cover future capital

expenditures. Details of the financial impact of the proposed rates can be found in **Exhibit G**.

D. Other Proposed Changes

1. **BLM Rate.** Hi-Country proposes a new rate of \$225 monthly for the BLM for usage of up to 100,000 gallons, plus an annual service charge of \$1,950. Monthly usage over 100,000 gallons will be billed at \$1.99 per thousand gallons. Refer to **Exhibit G** for details of the proposed rates and their effects.
2. **Well Lease Customers.** Hi-Country proposes a rate of \$3.85 per thousand gallons for water transported to Rodney Dansie and others under a well lease agreement and amended well lease agreement.¹ Both agreements are included as **Exhibit P**. This \$3.85 charge is the pro rata cost of transporting the water through the Hi-Country water system. The charge covers only transportation of water from the Dansie well and the water from the Dansie well must meet culinary water standards before entering the Hi-Country system.
3. **Modifications to Service Area.** Hi-Country desires to modify its service area from that service area originally described in its CPCN (No. 2737). A map of the original certificated service area is included as **Exhibit K**. Hi-Country desires to remove one parcel located at the far southwest corner of the original service area; Hi-Country does not provide water to this parcel, has no water infrastructure located on or adjacent to the

¹ As the Commission is aware, Rodney Dansie has at various times made claims that, based on the well lease agreements, he and others are entitled to water at no cost through the Hi-Country system, entitled to connect to the system without paying connection fees, and entitled to avoid paying standby fees on lots within the Hi-Country Estates Subdivision. The Commission previously categorized the well lease agreement as “grossly unreasonable. . . showing virtually limitless benefits on Jesse Dansie and the members of his immediate family.” PSC Case No. 85-210-01, Report and Order, page 11. Also that it “would be unjust and unreasonable to expect . . . active customers to support the entire burden of the Well Lease Agreement.” *Id.* at 13. The Commission, in the same order, did state that the Dansies could acquire water through the system, provided they pay the pro rata costs of delivering that water and the rate proposed for transporting water for well lease customers reflects that decision. *Id.* at 14.

parcel, and has no plans to provide service to the parcel in the future. Also, Hi-Country desires to expand its service area as shown on the map included with Tariff No. 2 (**Exhibit M**) to include current water customers located outside of the boundaries of original service area and outside of the Hi-Country Estates Homeowners Association.

E. Test Year

1. Hi-Country has used calendar year 2012, the most recent completed financial year, as the base year for purposes of this Application. Adjustments have been made based on historical trends, current activities, and predicted future changes to arrive at reasonable and sound projections for future years. Hi-Country's revenue requirements calculation includes known and measurable test year adjustments consistent with R746-407 of the Commission's Rules of Practice and Procedure concerning annualization of test year data. Test year financial information is included in **Exhibit G**.

F. Supporting Documentation

1. The Application 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 as **Exhibit A**, with a reference to the location in this filing for the required information.
2. This Application 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 rates are just and reasonable.
3. Additional supporting documentation will be provided to the Division of Public Utilities and the Commission as required.

G. Miscellaneous

1. Correspondence or communications pertaining to this filing should be directed to:

Attorneys for Hi-Country:

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WHEREFORE, Hi-Country respectfully requests that the Commission:

1. Enter an order authorizing Hi-Country to implement the requested rates, as outlined in the proposed Tariff sheets; and
2. Enter an order authorizing Hi-Country to implement the adjusted Rates, Rules, and Regulations as contained in Tariff No. 2 effective September 1, 2013.

Respectfully submitted this _____ day of _____, 2013

SMITH HARTVIGSEN, PLLC

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*Attorneys for Hi-Country Estates Homeowners
Association*