

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Hi-Country )  
Estates Homeowners Association for Approval )  
of Its Proposed Water Rate Schedules and )  
Water Service Regulations )  
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DOCKET NO. 13-2195-02  
ORDER DETERMINING APPLICATION  
FOR RATE CASE IS INCOMPLETE, AND  
CANCELLING SCHEDULING  
CONFERENCE

ISSUED: August 6, 2013

By The Commission:

BACKGROUND

On July 10, 2013, Hi-Country Estates Homeowners Association (“Company”) filed the above application to increase rates. On July 11, 2013, the Commission issued a notice of filing, notice of comment period, request for proof of notice to customers of the proposed rate increase no later than July 22, 2013, and notice of scheduling conference for Monday, August 12, 2013, at 9:00 a.m. The Company subsequently filed proof of notice to its customers of the proposed rate increase, on July 22, 2013.

On July 12, 2013, the Division of Public Utilities (“Division”) filed a memo recommending the Commission schedule this matter for a scheduling conference and noting the Division is reviewing the Company’s application and intends to comment on its completeness by August 2, 2013.

On August 1, 2013, the Division filed a memo with the Commission recommending the Commission not accept the Company’s filing as complete until the Company files the required documentation outlined in the Division’s memo on or before September 16,

2013. In addition, the Division recommends the Commission reschedule the scheduling conference of August 12, 2013, for a date after September 16, 2013.

DISCUSSION

Utah Admin. Code R746-700-50 sets forth the information a water corporation must file in a general rate case application. In addition, Utah Admin. Code R746-700-51 sets forth the cost of service and rate design information a water corporation must file with any general rate case application. According to the Division, it found four major deficiencies in the Company's filing under both Utah Admin. Code R746-700-50 and R746-700-51:

*1. Water Usage -- Utah Admin. Code R746-700-50(C)(5).*

Utah Admin. Code R746-700-50(C)(5) requires an applicant to provide “[t]he water usage per month or billing cycle, showing minimum and overage gallons used[.]” The Division alleges the Company provided a spreadsheet which is inadequate for completing a proper analysis under R746-700-50(C)(5). According to the Division, it needs the Company to provide water usage for each month of the test period, by connection, in order to complete a proper analysis under R746-700-50(C)(5).

*2. Secondary Water -- Utah Admin. Code R746-700-50(C)(9).*

Utah Admin Code R746-700-50(C)(9) requires an applicant to include “[i]nformation on any secondary/irrigation water system (the same information as [required by]

C. 1, 2, 5, 6, 7, and 8 [of this rule].”<sup>1</sup> The Division states the Company did not provide the information required by R746-700-50(C)(9); namely, “[e]ach connection identified [as required by (C)(1), see n.1 below], date put into service [as required by (C)(2), see n.1 below], metered or unmetered,<sup>2</sup> classified as residential or commercial,<sup>3</sup> water usage per month . . . [as required by (C)(5), see n.1 below], [anticipated] growth [as required by (C)(7), see n.1 below], and water usage and billings projected for the next three years [as required by (C)(8), see n.1 below].”

Division Memo at 2, filed August 1, 2013.

3. *Tax Returns -- Utah Admin. Code R746-700-50(D)(9).*

Utah Admin Code R746-700-50(D)(9) requires an applicant to include “[c]opies of tax returns for the prior two complete years[.]” The Division reports the Company indicated it has not yet filed tax returns for 2011 or 2012, but has provided the necessary information to its tax accountant and expects returns to be filed for both years on or before September 16, 2013.

4. *Additional Rates -- Utah Admin. Code R746-700-51(C).*

Utah Admin Code R746-700-51(C) requires an applicant’s “. . . proposed rates for each rate component of each rate schedule and the billing determinants for the test period for all rate components used to calculate revenues necessary to recover the proposed revenue requirement.” The Division states the Company’s application under the New Rate Schedule proposes an Active Meter Replacement Fee, a Nonstandard Service Connection Review Fee, and

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<sup>1</sup> R746-700-50(C) addresses customer connection information. R746-700-50(C)(1) requires “[e]ach connection identified by unique lot number or address[.]” R746-700-50(C)(2) requires “[t]he date first put into service[.]” R746-700-50(C)(5) requires “[t]he water usage per month or billing cycle, showing minimum and overage gallons used[.]” R746-700-50(C)(6) requires “[t]he amount billed per month or billing cycle[.]” R746-700-50(C)(7) requires “[t]he anticipated growth, showing minimum and overage gallons used[.]” R746-700-50(C)(8) requires “[w]ater usage and billings projected for the next three years[.]”

<sup>2</sup> This requirement falls under R746-700-50(C)(3) and is not encompassed in R746-700-50(C)(9).

<sup>3</sup> This requirement falls under R746-700-50(C)(4) and is not encompassed in R746-700-50(C)(9).

Well Lease Customer Fee; however, the Company has not provided in its schedules and exhibits any supporting documentation to explain and demonstrate the calculation of the proposed additional rates.

STANDARD

Whether the Company's application for rate increase should be deemed incomplete, as recommended by the Division, is addressed in Utah Code Ann. § 54-7-12. Under Utah Code Ann. § 54-7-12(2)(a), "[a] public utility that files for a general rate increase . . . shall file a complete filing with the commission setting forth the proposed rate increase. . . ." Utah Code Ann. § 54-7-12(2)(a) (2010). "For purposes of . . . Subsection (2), a public utility's application for a general rate increase . . . shall be considered a complete filing unless within 30 days after the day on which the commission receives the public utility's application, the commission issues an order describing information that the public utility must provide for the application to be considered a complete filing." Id. § 54-7-12(2)(b)(i) (emphasis added). "If, in accordance with Subsection (2)(b)(i), the commission issues an order that an application is not a complete filing, the commission shall: (i) determine the materiality of an application deficiency; and . . . (B) if the deficiencies are material, issue an order that the 240-day period described in Subsection (3)(a) shall start over when the public utility files the required information." Id. §§ 54-7-12(2)(c)(i), -12(2)(c)(ii)(B).

FINDINGS AND ORDER

Based on the allegations and statements contained in the Division's memo filed August 1, 2013, and for other good cause appearing, the Commission orders the following:

DOCKET NO. 13-2195-02

- 5 -

1. The Company's rate case application is incomplete;
2. The Division states, in part, it cannot complete its analysis of the Company's application without the submission of the items requested, i.e., it is unable to determine whether the Company's proposed rate increase is just, reasonable, and in the public interest. Further, Commission rules specifically require each of these items before an application can be considered complete. Thus, the Commission finds the deficiencies in the Company's filing are material;
3. The 240-day period described in § 54-7-12(3)(a) will start over when the Company files each of the following with the Division:
  - a. information required by R746-700-50(C)(5); namely, water usage for each month of the test period, by connection, in order to allow the Division to complete a proper analysis.
  - b. information required by R746-700-50(C)(9); namely,
    - i. each connection identified by unique lot number or address.
    - ii. the date first put into service.
    - iii. the water usage per month or billing cycle, showing minimum and overage gallons used.
    - iv. the amount billed per month or billing cycle.
    - v. The anticipated growth, showing minimum and overage gallons used.
    - vi. Water usage and billings projected for the next three years.

DOCKET NO. 13-2195-02

- 6 -

- c. information required by R746-700-50(D)(9); namely, copies of tax returns for the prior two complete years.
  - d. information required by R746-700-51(C); namely, the proposed rates for each rate component of each rate schedule and the billing determinant for the test period for all rate components used to calculate revenues necessary to recover the proposed revenue requirement.
4. The scheduling conference previously scheduled in the matter for Monday, August 12, 2013, at 9:00 a.m., is cancelled.
  5. The Division is requested to provide an update to the Commission as to the completeness of the Company's filing no later than September 16, 2013.

NOTICE OF CANCELLED SCHEDULING CONFERENCE

Notice is given that the scheduling conference previously scheduled for Monday, August 12, 2013, at 9:00 a.m., is cancelled.

DATED at Salt Lake City, Utah, this 6<sup>th</sup> day of August, 2013.

/s/ Melanie A. Reif  
Administrative Law Judge

DOCKET NO. 13-2195-02

- 7 -

Approved and confirmed this 6<sup>th</sup> day of August, 2013, as the Report and Order issued by the Public Service Commission of Utah.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#246100

CERTIFICATE OF SERVICE

I CERTIFY that on the 6<sup>th</sup> day of August, 2013, a true and correct copy of the foregoing ORDER DETERMINING APPLICATION FOR RATE CASE IS INCOMPLETE AND CANCELLING SCHEDULING CONFERENCE was served upon the following as indicated below:

By E-Mail:

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Administrative Assistant