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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

	)	
	)	
	)	
In the Matter of the Application of Hi-Country	)	Docket No. 13-2195-02
Estates Homeowners Association for	)	
Approval of Its Proposed Water Rate	)	<b>REBUTTAL TESTIMONY OF</b>
Schedules and Water Service Regulations	)	<b>RANDY CRANE</b>
	)	
	)	
	)	

Hi-Country Estates Homeowners Association (“Hi-Country”) hereby submits the  
 Rebuttal Testimony of Randy Crane in this docket.

Dated this 20<sup>th</sup> day of February, 2014

          /s/ J. Craig Smith  
 J. Craig Smith  
 Megan E. Garrett  
 Adam S. Long  
 SMITH HARTVIGSEN, PLLC  
*Attorneys for Hi-Country Estates  
 Homeowners Association*

**CERTIFICATE OF SERVICE**

I hereby certify that on the 20<sup>th</sup> day of February, 2014, I served a true and correct copy of the **Rebuttal Testimony of Randy Crane** by causing the same to be delivered to the following:

Via hand delivery and email to:

UTAH PUBLIC SERVICE COMMISSION  
c/o Gary Widerburg, Commission Secretary  
160 East 300 South, Fourth Floor  
Salt Lake City, Utah 84111  
psc@utah.gov

Via U.S. mail to:

John S. Flitton  
FLITTON PLLC  
1840 Sun Peak Drive, Suite B-102  
Park City, UT 84098

William B. and Donna J. Coon  
7876 W Canyon Rd  
Herriman, UT 84096

Via email to:

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

William Duncan  
wduncan@utah.gov

Dennis Miller  
dennismiller@utah.gov

Attorney General's Office  
Patricia Schmid  
pschmid@utah.gov

/s/ J. Craig Smith

**REBUTTAL TESTIMONY**

**OF**

**RANDY CRANE**

**FOR**

**HI-COUNTRY ESTATES**

**HOMEOWNERS**

**ASSOCIATION**

**February 20, 2014**

**Docket No. 13-2195-02**

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**SECTION I - INTRODUCTION**

**Please introduce yourself.**

My name is Randy Crane. I am a homeowner within the Hi-Country Estates I subdivision and the vice president of the Board of Directors (the “Board”) of the Hi-Country Estates I Homeowners Association (the “Association”). I have been involved with the water company for a number of years. I previously submitted prefiled direct testimony in this docket. I am testifying on behalf of the Board.

**Please state the purpose of your testimony.**

I covered a large number of issues in my direct testimony, so this testimony will be fairly limited. I will be responding primarily to the direct testimony of Intervenor Rodney Dansie filed on January 30<sup>th</sup>, 2014. I will also briefly respond to the direct testimony of Shauna Springer filed on January 30<sup>th</sup>, 2014 on behalf of the Division of Public Utilities. My testimony will proceed as follows:

- Section II – Background and Overview
- Section III – Reasons Well Lease is Unenforceable
- Section IV – Litigation History
- Section V – Desire for Commission Action
- Section VI – DPU Rate Proposal
- Section VII – Service Area Boundaries
- Section VIII – Conclusion

23                                   **SECTION II – BACKGROUND AND OVERVIEW**

24   **Please describe the testimony filed by Mr. Dansie.**

25               Mr. Dansie’s testimony essentially repeats his belief that he is entitled to twelve million  
26 gallons of free water annually from the Association, which runs the water company (the  
27 “**Company**”). This is the same claim that Mr. Dansie has been making for many years. Even  
28 the numerous contrary court opinions that have been issued on this matter have been insufficient  
29 to cause him to change his mind.

30

31   **Can you describe the effect of the court opinions?**

32               As far as the Well Lease Agreement and the 1985 Amendment thereto are concerned, the  
33 2005 Final Judgment is the opinion that controls the obligations of the parties under that  
34 agreement. The appellate court cases after that did nothing more than affirm the Final Judgment.  
35 Despite that, Dansie has completely ignored his obligations as set forth in the Final Judgment  
36 and has instead maintained his demands for free water and connections, which are totally without  
37 justification.

38

39   **And are the court opinions controlling on the Commission?**

40               Obviously, the court opinions are controlling, but they are explicitly contingent on the  
41 Commission *not* exercising jurisdiction over the Company. Clearly the Commission has  
42 exercised jurisdiction and the Company is again subject to Commission regulation. Because of  
43 that, it is the Company’s position that the Well Lease Agreement should be totally unenforceable  
44 against the Company or the Association.

45

46                   **SECTION III – REASONS WELL LEASE IS UNENFORCEABLE**

47   **Can you describe the Commission’s previous involvement with the Well Lease Agreement?**

48                   I described the Commission’s 1986 and 1992 orders at length in my direct testimony. To  
49   avoid repetition, I’ll say only that the Commission noted a variety of significant issues with the  
50   Well Lease Agreement and that the Commission made it very clear that costs of the Well Lease  
51   Agreement may not be passed on to the ratepayers. Even with the court opinions as described  
52   later in my testimony, the Well Lease Agreement should not be enforced against the Company as  
53   a public utility. The court opinions must defer to the Commission’s authority, including the  
54   Commission’s prior orders on point, now that the Company is again a regulated public utility.

55

56   **Are there other arguments against the enforceability of the Well Lease Agreement?**

57                   Yes. The Well Lease Agreement should clearly be declared void as against public policy.  
58   Regardless of any interpretation of, or modification to, the Well Lease Agreement by the  
59   Commission, I believe that the Well Lease Agreement will inevitably be a burden on the  
60   ratepayers. Even if the Commission were to require Dansie to pay any and all costs associated  
61   with water he might receive pursuant to the Well Lease Agreement, the ratepayers will end up  
62   paying more due to the mere existence of the Well Lease Agreement. Mr. Dansie has repeatedly  
63   shown a willingness to disregard court orders and I’m confident that he will do the same with  
64   any Commission order. Whether it be frivolous litigation or harassment of people involved with  
65   the Company, I believe that Mr. Dansie will not comply with a Commission order. Indeed, I  
66   firmly believe that the only way to prevent the Hi-Country ratepayers from being forced to  
67   unjustly provide benefits to Dansie is to totally eliminate the Well Lease Agreement.

68           The 1985 Amendment to the Well Lease Agreement was signed by Gerald Bagley, as an  
69 individual, on July 3<sup>rd</sup>, 1985. At that time, Bagley had no connection with or authority over the  
70 Hi-Country water system or the Association. As explained in the 1986 PSC Order in Docket No  
71 85-2010-01, the water company was transferred to Foothills Water Company on June 7<sup>th</sup>, 1985.  
72 That transfer occurred nearly a month before the 1985 Amendment to the Well Lease Agreement  
73 was signed. Bagley had absolutely no interest in Foothills Water Company. Since Bagley had  
74 nothing to do with the Association or the water system, there is no possible way that he could  
75 bind the Association or the Company in contract with the 1985 Amendment to the Well Lease  
76 Agreement. Likewise, it is impossible that the 1985 Amendment to the Well Lease Agreement  
77 could be an obligation that was eventually transferred to the Association together with title to the  
78 water system—the water system was already out of Bagley’s control when the 1985 Amendment  
79 was signed. Additionally, the Amendment was never assigned or transferred to Hi-County,  
80 meaning that Hi-Country can in no way be bound by the Amendment. Without the 1985  
81 Amendment, the original Well Lease Agreement, by its explicit terms, expired long ago, making  
82 this entire argument moot.

83           To further illustrate the absurdity of Mr. Dansie’s assertions that the Well Lease  
84 Agreement and Amendment together put Hi-County under eternal obligations to provide free  
85 water and connections to Dansie, the original Well Lease Agreement was clearly intended to be a  
86 temporary solution. Even the protest filed by Jessie Dansie to Hi-Country’s 1971 change  
87 application with the State Engineer makes clear that the Well Lease Agreement was intended to  
88 be a temporary solution; Jesse Dansie states on the final pages of his protest that the Well Lease  
89 was only intended to provide water until other water was made available in the area. The protest  
90 by Jessie Dansie is attached as Exhibit 1 and incorporated herein.

91 Further, the Well Lease Agreement clearly states that Bagley may submit to Public  
92 Service Commission regulation. Under Dansie's interpretation of the Well Lease Agreement,  
93 where Hi-Country is the successor to Bagley's rights and obligations, Hi-Country must likewise  
94 be allowed to submit to Public Service Commission regulation. Dansie, for his part, has clearly  
95 violated the agreement in that he has repeatedly attempted to delay and derail Hi-Country's  
96 proceedings before the Commission. As Dansie has violated the Well Lease Agreement, the  
97 Well Lease Agreement should be terminated.

98

99 **And what would eliminating the Well Lease Agreement entail?**

100 Just that—simply eliminating the Well Lease Agreement, leaving the parties as if the  
101 Well Lease Agreement had never existed. Mr. Dansie would have no obligations to Hi-Country  
102 under the Well Lease Agreement. Hi-Country would have no obligations to Mr. Dansie or the  
103 Dansie Family Trust under the Well Lease Agreement. The only relationship between Hi-  
104 Country and Dansie would stem from Dansie's ownership of lots within the Hi-Country  
105 subdivision. Hi-Country would treat Dansie just as it treats every other water customer  
106 according to the terms and rates approved by the Commission.

107 If Dansie needs significant amounts of water—as he has repeatedly claimed—he could  
108 use water from his own water rights. Among others, Dansie has 8 cfs from WR59-1200 and  
109 0.437 cfs from WR59-3879. Additionally, Dansie could presumably purchase water from  
110 Herriman, just as Hi-Country does during periods of high demand when the Hi-Country system  
111 cannot supply enough water. If Dansie actually had a need for significant amounts of culinary-  
112 quality water, I believe he would have sought out just such an arrangement long ago. Or, if  
113 Dansie needed irrigation water, he could have spent money on upgrading his own existing wells



114 and distribution system. I'd venture that Dansie has spent enough time and money fighting about  
115 the Well Lease Agreement that he could have built a first-rate water system to meet any need he  
116 might someday have. Instead, Dansie has been single-mindedly focused on getting something  
117 for nothing at the expense of the Hi-Country ratepayers.

118

119 **SECTION IV – LITIGATION HISTORY**

120 **Can you describe the litigation history between Dansie and Hi-Country?**

121 I spoke extensively on the history of the company in my previous testimony. However,  
122 the litigation history between the parties since about 2005 is what is important in light of Mr.  
123 Dansie's testimony. The Company believes, as I stated previously, that the Well Lease  
124 Agreement should not be enforceable against Hi-Country at all, now that Hi-Country is subject  
125 to Commission regulation. That said, even if Hi-Country were a private party that had entered  
126 into a run-of-the-mill contract, Mr. Dansie's testimony totally mischaracterizes his own  
127 obligations and the obligations of Hi-Country according to the terms of the Well Lease  
128 Agreement and the court opinions interpreting that agreement. Mr. Dansie's own ideas about  
129 what he wants from Hi-Country carry no weight in light of the court opinions on point.

130 On January 5<sup>th</sup>, 2006, a Final Judgment was issued by the Salt Lake County Third  
131 Judicial Court; this Final Judgment was included with my direct testimony in this docket as  
132 Exhibit 8. As made very clear in the subsequent appellate court opinions, this Final Judgment is  
133 explicitly conditioned on Hi-Country operating as a private enterprise, not a public utility subject  
134 to Commission jurisdiction. The Final Judgment is the progenitor of the appellate opinions that  
135 Mr. Dansie selectively cites to in portions of his testimony. The appellate opinions to which Mr.  
136 Dansie cites are nothing more than complete affirmations of the Final Judgment. Thus, even

137 though Mr. Dansie has picked and chosen phrases out of those appellate opinions that, taken out  
138 of context, seem to support his idea of free water, the Final Judgment is the document that one  
139 must look to for actual interpretation of the Well Lease Agreement between Dansie and Hi-  
140 Country prior to submitting again to Commission regulation.

141 For example, on page 3 of his testimony starting at line 12, Mr. Dansie cites to a 2008  
142 Utah Court of Appeals decision and states

143 [t]he Well Lease Agreement has been found to be valid and enforceable between  
144 the parties by Utah Courts. *See, e.g. Hi-Country Estates Homeowners Assoc. v.*  
145 *Bagley & Co.*, 2008 UT App 105, ¶ 24 (“We affirm the trial court’s holding that  
146 the Well Lease is an enforceable contract, being neither void as against public  
147 policy nor unconscionable.”) The Agreement governs the fees that I am required  
148 to pay and is binding on the successors in interest to the Well Lease Agreement.

149 While he correctly quotes from that case, that quote is taking a single sentence out of the whole  
150 opinion, while ignoring the rest of the opinion. The appellate court reviewed the trial court’s  
151 decision and affirmed it in full—not modifying any aspects of the trial court’s Final Judgment;  
152 indeed, the very paragraph from which Mr. Dansie quotes ends with the statement by the court  
153 that “[w]e therefore affirm the trial court on all issues.” *Hi-Country Estates Homeowners Assoc.*  
154 *v. Bagley & Co.*, 2008 UT App 105, ¶ 24. Mr. Dansie cites to the same appellate court case in  
155 his testimony on page 4, line 22 through page 5, line 2. Again, Mr. Dansie ignores the entirety of  
156 the opinion in favor of a single sentence that, when taken alone, seems to support his “free  
157 water” claim.

158 As if the appellate court’s 2008 complete affirmance was not sufficient, the Utah Court of  
159 Appeals again examined its treatment of the Final Judgment in 2011 and again confirmed that it

160 had completely affirmed the trial court’s Final Judgment. *Hi-Country Estates Homeowners*  
161 *Assoc. v. Bagley & Co.*, 2011 UT App 252, ¶ 9.

162

163 **Can you describe the conclusions of the trial court in the Final Judgment?**

164 As Mr. Dansie has made clear, the Final Judgment states that the Well Lease Agreement  
165 is an enforceable contract and is not void as being unconscionable or against public policy—at  
166 least in the context of the Company as a private unregulated enterprise rather than a regulated  
167 public utility. The Company does not dispute that fact; the Board is of the opinion that the Well  
168 Lease Agreement is unconscionable and should be void, but the Board has certainly not disputed  
169 the applicability of Final Judgment to the Company if not under Commission regulation.

170 Without quoting the entire Final Judgment, I would like to point out some very important  
171 sentences that Mr. Dansie has consciously chosen to ignore throughout his direct testimony, and  
172 indeed has ignored throughout the preceding eight or nine years! The Final Judgment makes,  
173 among others, the following points:

- 174 1. The Well Lease is not void as against public policy.
- 175 2. The PSC has the power to construe contracts affecting rate-making.
- 176 3. The Dansies are entitled to water only upon payment of their “pro rata share” of the  
177 Company’s cost of delivering that water.
- 178 4. The Dansies may receive connections to the Company’s water system only after paying  
179 the usual charge for each connection.

180 Read in context of all of the clear statements of the Final Judgment, Dansie’s direct  
181 testimony is misleading and blatantly ignores the decisions of the various courts. If the  
182 Commission does nothing with the Well Lease Agreement and simply leaves it in its current

183 state, the Final Judgment defines the obligations of Hi-Country and Mr. Dansie under the Well  
184 Lease Agreement. It is as simple as that. Despite the fact that Mr. Dansie has repeated his “free  
185 water” demand for years, his unilateral desire for free water—that clearly has no basis in fact—  
186 does not change Hi-Country’s obligations.

187

188 **SECTION V – DESIRE FOR COMMISSION ACTION**

189 **Can you describe what the Company hopes to accomplish through these proceedings?**

190 The Board’s desire is twofold—first, we want the Commission to approve rates that are  
191 just and reasonable for the ratepayers and provide a sound financial basis for the ongoing  
192 operation of the Company and second, we want the Commission to end the dispute over the Well  
193 Lease Agreement once and for all. Note, however, that the handling of the Well Lease  
194 Agreement is inextricably tied to the Company’s rates.

195

196 **Can you explain the effect of the Well Lease Agreement on the water rates?**

197 As the Commission has seen, the courts and Mr. Dansie have very, very different  
198 interpretations of the Well Lease Agreement. Mr. Dansie’s interpretation, which is, as far as I  
199 can tell, limited to demands for free water and free water system connections, would leave the  
200 water company ratepayers to bear an enormous burden. Also, under Mr. Dansie’s interpretation,  
201 he would apparently have no obligations whatsoever as he has claimed that Hi-Country—and, by  
202 definition, the Hi-Country ratepayers—are required to pay any and all costs that might possibly  
203 be incurred by the Company or by Dansie. Even under the Company’s interpretation, which is  
204 based on the controlling Final Judgment, the ratepayers would bear significant costs.

205

206 **Can you explain the costs that the ratepayers would bear under if the Final Judgment were**  
207 **followed by Dansie and the Company?**

208 As I noted earlier, unless the Commission intervenes and determines otherwise, the Final  
209 Judgment is the opinion that controls the interpretation of the Well Lease Agreement and defines  
210 the obligations of the parties. The Well Lease Agreement as interpreted by the Final Judgment  
211 says that Dansie must pay his share of costs incurred by the Company to provide water and  
212 connections, apparently in an attempt to comply with the prior Commission order prohibiting the  
213 Well Lease Agreement from affecting the rates paid by the ratepayers. While the attempt to  
214 prevent the Well Lease Agreement from affecting rates is reasonable, the reality is not so simple.  
215 Even if, hypothetically, Mr. Dansie were to fully comply with the Well Lease Agreement, the  
216 Company would likely incur additional expenses in the form of increased wear and tear on the  
217 system leading to increased repair costs, increased management expenses, and a variety of other  
218 increased indirect expenses.

219

220 **Has the Company attempted to comply with the Final Judgment?**

221 Yes, the Company has always been willing to comply with the Final Judgment.  
222 However, Mr. Dansie has continuously refused to fulfill any of his obligations as set out in the  
223 Final Judgment, thus making it impossible for the Company to provide any water or system  
224 connection pursuant to the Well Lease Agreement. In fact, Mr. Dansie has simply continued to  
225 recite his “free water” demands and ignored the judgments of the various courts. Obviously, this  
226 tack has not resulted in Mr. Dansie receiving any free water from the Company as the ratepayers  
227 would necessarily bear the costs of doing so. What Mr. Dansie has done is forced Hi-Country  
228 back into court on multiple occasions, which has cost the Company and the ratepayers untold

229 thousands of dollars in legal fees and has cost the Board members many hours of time for which  
230 they are not compensated.

231 **What would you have the Commission do with the Well Lease Agreement?**

232 More than anything else, the Company desires that the issues with the Well Lease  
233 Agreement be put to rest, once and for all. The costs of fighting about the Well Lease  
234 Agreement have been an enormous burden on the Hi-Country ratepayers for many years. The  
235 Commission is free to do whatever it wants with the Well Lease Agreement and the Company  
236 will comply, just as it has been willing to comply with the terms of the Final Judgment.

237

238 **Does the Board have an opinion as to how the Commission should view the Well Lease**  
239 **Agreement?**

240 Yes, the Board believes that the Commission should follow its own prior orders and  
241 essentially declare the Well Lease Agreement to be void. The Commission has already ruled that  
242 Foothills Water Company was illegally operating as an unregulated public utility at the time the  
243 Well Lease Agreement was executed. The Well Lease Agreement should have been subject to  
244 Commission approval in the beginning, and is thus subject to modification or termination by the  
245 Commission now.

246 The Board is concerned, as noted previously, that the Well Lease Agreement will  
247 inevitably burden the ratepayers and that eliminating the Well Lease Agreement entirely is the  
248 only way to protect the ratepayers. Also, the Board has significant experience dealing with Mr.  
249 Dansie and is of the opinion that he will not honor any order by the Commission that places any  
250 obligations whatsoever on him. Indeed, the Board is concerned that allowing Mr. Dansie any  
251 rights at all under the Well Lease Agreement will inevitably lead to more unreasonable demands

252 and frivolous litigation against the Company and yet more legal expenses to be borne by the  
253 ratepayers. The Board would like the Commission to simply, clearly, and finally state that the  
254 Well Lease Agreement is null, void, and unenforceable and that Hi-Country and Mr. Dansie have  
255 absolutely no obligations to each other under the Well Lease Agreement.

256

257 **And what if the Commission stops short of invalidating the Well Lease Agreement in its**  
258 **entirety?**

259 As I've noted, the Board believes that leaving the Well Lease Agreement intact, in any  
260 form, will inevitably leave the Hi-Country ratepayers to bear additional costs. However, the  
261 Company intends to honor whatever order the Commission issues. We do, however, request that  
262 any order that leaves any portion of the Well Lease Agreement intact be extremely clear, define  
263 the duties of all parties involved with absolute certainty, and, to the extent possible, provide clear  
264 guidance on all possible situations that could arise under the Well Lease. If the Commission  
265 believes that the Company should provide water to Dansie under the Well Lease Agreement, we  
266 hope such an order would set out the amount of water, the charges for that water, the source of  
267 that water, the quality of the water, to what lots or specific points the water would be delivered,  
268 to whom the water should be delivered, for what purposes Dansie could use the water, the  
269 liability of any party that fails to perform, the duties of the parties in an emergency, the  
270 obligations of the parties to work together, the responsibilities of the parties for operation of an  
271 interconnected water system, and so on. I could go on and attempt to list every imaginable  
272 scenario and question, but it is sufficient to say that we hope any Commission order covers as  
273 many situations as humanly possible. Indeed, if the Company gets a 500-page order from the  
274 Commission, the Company intends to follow it to the letter. We do hope that any order will have

275 the detail necessary to refute demands by Mr. Dansie for whatever additional benefits he  
276 imagines are owed to him in the future, without resorting to costly administrative proceedings or  
277 litigation to define the rights and obligations of the parties.

278 The Board, the Company, and I'm sure the customers just want to have all disputes  
279 regarding the Well Lease Agreement resolved in a manner that prevents any further disputes.  
280 We all just want to be done. In my opinion, the Company has done a good job of providing  
281 water to its customers over the years and is run well. The Company's current arrangement with  
282 Herriman for most of the operations of the Company is likewise a good position for the  
283 Company to be in and provides the Company with an experienced and qualified operator and  
284 expertise in complying with state regulations. We want to provide water service to the Hi-  
285 Country residents without any drama or legal issues and we need action by the Commission to do  
286 so.

287

## 288 SECTION VI – DPU RATE PROPOSAL

289 **Have you read the rates proposed by the Division of Public Utilities?**

290

291 Yes, I have reviewed them and the Board has reviewed them. We note that that rate  
292 structure proposed by the DPU is conceptually different than the Company's existing rate  
293 structure or the rates that were proposed as part of the initial rate case filing. The primary  
294 difference is that the base monthly fee does not include any water—that under the DPU rates,  
295 customers would begin paying for water from the first gallon. The Board agrees with the DPU  
296 that this is a reasonable approach to ratemaking as it fairly allocates costs to ratepayers.

297



298 **So the Board agrees with the DPU proposed rates?**

299 Correct. The Board agrees with and supports the DPU's proposed rates. We believe that  
300 the DPU rates will lead to approximately the correct amount of revenue each year to allow the  
301 company to operate effectively. Although there may be specific areas or adjustments where we  
302 have an opinion different from that of the DPU, we end up in approximately the same place as  
303 far as the actual revenue requirement is concerned and we thus support the DPU's proposal.

304

305 **And what about the overage tiers proposed by the DPU?**

306 Again, the Board feels that the overage tier rates proposed by the DPU are appropriate.  
307 The Board does suggest that the predictions of overage tier revenue by the Division may possibly  
308 be too high for two reasons: first, that the top-tier water use may not be as high as predicted by  
309 the DPU and second, that the increased rates for high water usage may reduce actual use more  
310 than predicted. That said, the Board agrees with the DPU's proposal that excess revenue from  
311 the tiered rates be contributed to the capital reserve fund. Under that proposal, there will be no  
312 windfall to the Company even if customers use a significant of water billed at the highest rate  
313 tier.

314

315 **And what about the Well Lease Rate proposed by the Company?**

316 The Company proposed a Well Lease Rate to attempt to comply with the Well Lease  
317 Agreement and the Final Judgment. Under the Well Lease Agreement and the Final Judgment,  
318 and assuming no action by the Commission, Dansie is obligated to pay the pro-rata costs for  
319 water delivery under the Well Lease Agreement. That Well Lease Rate is the estimate of what  
320 those costs would be. The DPU recommended against including that rate and the Company

321 understands the Division’s reasoning. The Company does note that if any water is to be  
322 delivered to Dansie pursuant to the Well Lease Agreement, the Company would need to have a  
323 rate set and approved by the Commission, whether now or in the future.

324

325 **SECTION VII – Service Area Boundaries**

326 **What about Mr. Dansie’s assertion that his “back 80 acres” be included in the service**  
327 **area?**

328 As I understand it, those parcels that Mr. Dansie is referring to are located just south of  
329 the southwest corner of the Company’s proposed service area and are parcels 32053510040000  
330 and 32053760010000. The Company does not think that either of those parcels should be in the  
331 service area as the Company does not provide water service to those parcels, does not intend to  
332 do so, and there is no company-owned infrastructure on those parcels. Based on the legal  
333 description of Foothills Water Company’s service area in the Commission order of March 17<sup>th</sup>,  
334 1986 in Case. No. 85-2010-01, the westerly parcel was at one time within Foothills’ service area.  
335 The easterly parcel, contrary to what Mr. Dansie claims, was never in the service area of  
336 Foothills or the Company. That westerly parcel was long ago disconnected from the Company’s  
337 water system. Mr. Dansie also claims that the Company is obligated to provide water to those  
338 specific parcels under the Well Lease Agreement; however, I fail to read anything that, even  
339 when very liberally interpreted, could possibly obligate the Company to provide water to certain  
340 specific parcels owned by Dansie.

341

342 **SECTION VIII – Conclusion**

343 **Do you have any concluding remarks?**

344 I want to reiterate that the Board wants the issue with the Well Lease Agreement to be  
345 put to rest, once and for all. The Board intends to follow any order given by the Commission,  
346 but we sincerely request that the Commission either discard the Well Lease Agreement in its  
347 entirety (allowing everyone involved to move on) or, if the Commission will not discard the Well  
348 Lease Agreement in its entirety, to enter an airtight order clearly setting out the responsibilities  
349 of both Dansie and the Company, to the smallest possible detail, in order to eliminate future  
350 disputes.

351

352 **Does that conclude your testimony?**

353 Yes it does.

# EXHIBIT 1



Form 14

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
442 STATE CAPITOL  
SALT LAKE CITY, UTAH 84114  
August 24, 1971

DIVISION OF  
WATER RIGHTS  
HUBERT C. LAMBERT  
STATE ENGINEER

**Hi-Country Estates**  
**17 Exchange Place**  
**Salt Lake City, Utah 84111**

**Gentlemen:**

Re: Appl. No. **a-6569 (59-1608)**

Please find enclosed the following documents relating to your above-numbered application:

**Protest filed by: Jesse H. Dansie**  
**431 West Main Street**  
**Herriman, Utah 84065**

If you desire to answer, submit same in duplicate on or before **Hearings for Salt Lake County are scheduled for January, 1972.**

A hearing regarding the protest will be held at a later date in the county courthouse of the county where the water is to be diverted under your application. Notice of this hearing will be sent to all interested parties.

Yours truly,

*Hubert C. Lambert*  
Hubert C. Lambert  
State Engineer

jh

Enc.

NOTICE OF PROTEST

Form 12

IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF UTAH

(Must be submitted in duplicate)



IN THE MATTER OF APPLICATION NO. g-6569 (59) - 1608

FILED BY Hi Country Estates

PROTEST OF

TO APPROPRIATE WATER FROM Wells  
(Name of Source)

Change the point of diversion place and nature of use of 1.0 sec. ft. of water. General protest to any additional wells or increased flow from existing Well which is limited to .015 sec. ft. of water.

IN Salt Lake County COUNTY, UTAH

\* \* \* \* \*

STATE OF UTAH }  
COUNTY OF Salt Lake }

Comes now Jesse H. Dansie

Whose address is 431 West Main St. Herriman, Utah 84065

and protests the approval of the above-numbered Application on the following grounds, to-wit:

1. To protect the rights of an existing 12" deep well as per permit No. 2645 1 a (9-1249) and the balance of 6.81 sec feet permit which I am in the process of developing. As of this date, 3 additional wells have been drilled and we are in the process of having pumps installed on the wells so water can be certificated. Current plans are to drill additional wells to utilize full amount of permit on my farm.
2. Due to the low water table in the area described on the application, and a slow recharge resulting from lack of ground water in the area.
3. Geological studies and a study of well logs in the area indicate that there is a limited amount of water that can be developed in the area of the application. It is the opinion of a number of geologist that each additional well in the area will further reduce the potential flow of existing wells as well as lower the water table. Because of

WHEREFORE, Protestant prays that the Application be rejected (continued on next page)  
(Rejected or approved)

by State Engineer, as the case may be.)

Jesse H. Dansie  
Protestant

(Continued from Form 12 Application No. a-6569 (5941608))

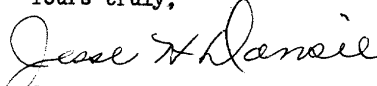
the long standing and prior water rights allowed by my permit which I am developing, I would like to request that no additional well permits be granted for the area described in the application.

Hi Country estates currently has a well under lease to supply water to the area being developed which is adequate to meet the future needs until other water is brought into the area by Salt Lake County Conservancy Dist.

I should like to request that the amount of water pumped from the existing well be limited to .015 sec. feet of water as per original application and that permission to divert more water and drill additional wells be denied.

If additional information is required to further support this protest, please contact me. I would like to attend any hearings concerning this application and present supporting information concerning my protest.

Yours truly,

  
Jesse H. Dansie.