

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Hi-Country Estates
Homeowners Association for Approval of
its Proposed Water Rate Schedules and
Water Service Regulations

DOCKET NO. 13-2195-02

**SURREBUTTAL TESTIMONY
OF
RODNEY DANSIE**

Dated: February 27, 2014

IDENTIFICATION OF WITNESS

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Please state your name.

Rodney Jesse Dansie.

Are you the same Rodney Dansie who previously filed direct testimony in this proceeding?

Yes.

Please state the purpose of your surrebuttal testimony.

The purpose of my surrebuttal testimony is to clarify the issues relating to both the Well Lease Agreement and the service area of the water company.

WELL LEASE AGREEMENT AND FEE

What is your position with respect to the Well Lease Agreement and proposed rate for water delivered under that agreement?

Fortunately, the validity and the issue of reasonableness have already been decided by the Utah Supreme Court. That decision is binding on any proceedings before the Public Service Commission. The Court found that contract was not unconscionable in upholding its validity. As a result, I am, along with my family, are entitled to the benefit of that original agreement. The fact that the water company seeks to impose a charge on that water is improper and contrary to the holding of the Court. Moreover, the impact to any of the members of Hi-Country estates is irrelevant. Pursuant to the quiet title action, Hi-Country was awarded title to the water system subject to the existing Well Lease agreement. That included an obligation to provide the 12 million gallons per year, as well as water service to the 55 lots, including Lots 43 and 51, within the subdivision.

23 **Does the limited service area proposed by the water company comply with the terms of the**
24 **Well Lease Agreement?**

25 No. Under the terms of the Well Lease Agreement, validated by Utah courts, Hi-Country
26 Estates is required to deliver water both to properties within the subdivision and the 80-acres that
27 lies without the currently defined service area. Hi-Country Estates is obligated under the
28 Agreement to deliver water to those lands at its own expense. That obligation comes from the
29 original agreement entered into between Gerald Bagley and Jesse Dansie. That obligation is not
30 in dispute. It has been litigated and fully adjudicated by the Utah court system. Because, there
31 is an obligation, pursuant to the agreement, to deliver water to those lands, they must be included
32 within the proposed service area. Moreover, the 80-acres in question were previously part of the
33 Foothills Water Company service area when it was a 'regulated' utility.

34 **What about the position of the DPU relating to costs associated with delivery of the water**
35 **under the Agreement?**

36 Hi-Country Estates has an obligation to deliver the water pursuant to the terms of the
37 Agreement to which the water company is subject. From a factual standpoint, the water
38 company has taken actions that have made such delivery more difficult.
39 It is the water company's obligation to deliver the water. The fact that they severed connections
40 and made delivery more difficult is not the responsibility of the Dansie Family. Furthermore,
41 any issues relating to water quality, as regulated by the Division of Drinking Water, is under
42 purview and jurisdiction of that agency. The Dansie Family will obviously comply with any
43 mandates relating to drinking water regulations.

44 **Do you believe the cost numbers that Hi-Country has placed before the Commission are the**
45 **cheapest and most cost-efficient means of supplying water under the Agreement?**

46 No. Hi-Country Estates has many more options than those stated in the rate case. For
47 example, the water company could drill a new well under its water rights. The company could
48 also obtain water supply through Herriman City. The cost estimates contained in both the direct
49 testimony of Hi-Country Estates and rebuttal from DPU ignore the other options that are readily
50 available to the water company. The Commission should evaluate, for purpose of setting rates,
51 those other obligations with the acknowledgement that the water company is obligated to supply
52 the water under the judicially upheld lease agreement.

53 **With respect to your claim for water to which you are entitled under the Agreement, from**
54 **what date were you denied water service under the terms of the Agreement?**

55 Beginning in 1996 when Hi-Country Estates receives a Letter of Exemption from the
56 Public Service Commission, the company failed to comply with the terms of the Agreement by
57 not delivering water to the Dansie properties.

58 **You are entitled to legal fees and costs in this matter. What have you paid to date?**

59 Through to January 31, 2014, the legal costs related specifically to this matter are
60 \$7,268.00. In addition, there are legal fees subsequent to January 31, 2014 covered under the
61 Agreement.

62 **Does this conclude your surrebuttal testimony?**

63 Yes.

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