

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the
Application of Hi-Country
Estates Homeowners Association Docket No. 13-2195-02
for Approval of Its Proposed
Water Rate Schedules and Water
Service Regulations

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TESTIMONY AND COMMENTS FROM THE PUBLIC  
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TAKEN AT: Public Service Commission
 Hearing Room 451
 160 East 300 South
 Salt Lake City, Utah

DATE: Wednesday, March 5, 2014

TIME: 12:03 p.m.

REPORTED BY: Scott M. Knight, RPR

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A P P E A R A N C E S

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1 PROCEEDINGS

2 THE HEARING OFFICER: Good afternoon, everyone.
3 My name is Melanie Reif, and I'm the administrative law
4 judge for the Utah Public Service Commission. Today is the
5 public witness portion of the Docket 13-2195-02. This
6 matter is entitled "In the Matter of the Application of
7 Hi-Country Estates Homeowners Association for Approval of
8 Its Proposed Water Rate Schedules and Water Service
9 Regulation."

10 This is the date and time scheduled for the public
11 witness portion of the hearing related to this matter. And
12 just to start with, I want to let you know that the
13 Commission has received just in the last couple of days
14 several filings and/or e-mails from customers. I wish to
15 make you aware of that if you are not already. Those will
16 be posted to the docket, so if you wish to review those, you
17 may do so. And anyone who is here who wishes to note that
18 they've already filed such comments is welcome to do so as
19 well.

20 And--and what we'll do today is, we will take
21 public comment, as previously noted. And we ask that you
22 either indicate that you are giving comments, or if you wish
23 to give them under oath, you may do so. And if you choose
24 to do that, you would be giving the parties, as well as the
25 Commission, the opportunity to question and/or cross-examine

1 you if--if there is some clarification that's needed. So
2 it's your choice as to how you do testify or provide your
3 comment.

4 And so can I see a show of hands of who plans to
5 give comment today?

6 Okay. I also wanted to mention that in the event
7 that any of you have already filed something in this matter,
8 the Commission would like you to not be repetitive, if at
9 all possible. If you would prefer, if you have filed
10 something, to read what you--what you've submitted, that's
11 perfectly acceptable. And--so we want you to know that you
12 are heard and the Commission is taking all of this under
13 consideration in this docket, so please feel free to
14 comment. And you can make the decision as to whether you
15 want to do it under oath or not, so . . .

16 Let's start with the first person. And given the
17 fact that you're not sitting at a microphone, it might be
18 easier for you, if you feel comfortable, you can either sit
19 at the table. Would that--that would be great.

20 MS. SCHMID: Judge Reif, would it be helpful to
21 explain to the people in the room what the difference is
22 between sworn and unsworn testimony for Commission purposes?

23 THE HEARING OFFICER: Certainly. And thank you
24 very much, Ms. Schmid.

25 As I indicated, you--you have the option to either

1 testify unsworn or sworn. The Commission will give the
2 weight of the testimony that it's due. And so that being
3 said, if you do decide to swear--or if you decide to provide
4 sworn testimony, you will be subject to what we refer to as
5 cross-examination or questioning by the parties and/or the
6 Commission. If you decide to just give comment, you--you
7 would not be subject to that same questioning.

8 And again, the Commission will give the weight of
9 the testimony the weight that it's due, depending on how you
10 testify. So sworn testimony is typically given more weight
11 because you're under oath and you're giving the testimony
12 under the sworn premise that you are giving the information
13 truthfully. Okay?

14 So before we do that, I do note for the record
15 that the parties are present. I do wish to have them make
16 their appearances on the record.

17 And, Mr. Smith, if you would kindly begin.

18 MR. SMITH: Thank you. My name's Craig Smith.
19 I'm here on behalf of the applicant, Hi-Country Homeowners
20 Association.

21 THE HEARING OFFICER: Thank you, Mr. Smith.

22 Ms. Schmid.

23 MS. SCHMID: Patricia E. Schmid with the Attorney
24 General's Office on behalf of the Division of Public
25 Utilities.

1 MR. FLITTON: John Flitton on behalf of the Dansie
2 family.

3 THE HEARING OFFICER: Thank you.

4 MR. COON: William Coon on behalf of myself.

5 THE HEARING OFFICER: Thank you.

6 And welcome to all of you who are here and haven't
7 yet addressed the Commission. We have an open microphone at
8 the table next to Mr. Smith and also next to Ms. Schmid.
9 Please feel free to use either one of those locations. If
10 you would kindly make sure that the microphone is right up
11 to you. Don't be afraid of it. And make sure that it's on.
12 You'll see there's a button that says "Push." And if you
13 would push that, and the light will turn green, and that
14 will indicate that it's on.

15 So I see that we have our--our first individual
16 who would like to provide comment. Sir, could you identify
17 yourself, please.

18 UNSWORN COMMENTS OF NOEL WILLIAMS

19 MR. WILLIAMS: Is this on? Is it on now? Okay.

20 My name is Noel Williams.

21 THE HEARING OFFICER: Okay. And if you don't
22 mind, sir, would you bring that up just a little bit closer
23 to--actually, just pull it towards you a little bit more.

24 MR. WILLIAMS: Okay.

25 THE HEARING OFFICER: Okay.

1 MR. WILLIAMS: Is that better?

2 THE HEARING OFFICER: Yes, sir.

3 I'm sorry. Would you repeat your name again.

4 MR. WILLIAMS: My name is Noel Williams. First
5 name, N-o-e-l. I am a homeowner, reside at Lot 98.

6 THE HEARING OFFICER: Okay. Mr. Williams, do you
7 wish to give sworn or unsworn comment today?

8 MR. WILLIAMS: I don't think it matters. I'm not
9 intending to say anything that's not truthful, but I'm only
10 speaking on behalf of my own experience.

11 THE HEARING OFFICER: Okay. You have the choice,
12 sir. It's up to you.

13 MR. WILLIAMS: I don't see a need to be sworn.

14 THE HEARING OFFICER: Okay. Then you may proceed.

15 MR. WILLIAMS: Okay. Well, I wanted to comment on
16 a couple of things, basically four items. But first, I
17 wanted to say that I did make a comment initially right
18 after the filing of our rate case. I am the president of
19 the homeowners association board of directors, but I am not
20 speaking on behalf of the board. I'm only speaking on
21 behalf of myself as a homeowner and a ratepayer, water
22 customer.

23 First thing I wanted to say was that I made a
24 written--my wife and I made a written comment regarding the
25 rate structure, and--and I wanted to say that the structure

1 that was proposed by the Department of Public Utilities,
2 although I doubt they were actually trying to comply with my
3 request, does, in fact, because it addresses all of the
4 fixed costs in the base rate and no water is included in
5 that base rate, and that everybody pays for whatever water
6 they use. And that's something that was--I found was
7 important to me because I thought that it would encourage
8 conservation and that it was fairer to--particularly to some
9 of those people who don't use very much water. So I do
10 support the provisions--or the proposal that was made by the
11 Department of Public Utilities.

12 And I have read all of the filings and, so far,
13 all of the e-mails that have been posted. And I--for the
14 most part, I agree with the basic idea that the rate
15 structure needs to be changed, that it was originally based
16 on volunteer labor and that volunteer labor is no longer
17 available, for the most part, and we don't have adequate
18 equipment, so we have to pay for this somehow. And every
19 homeowner is an equal owner--or that is, every lot, I should
20 say, has an equal ownership in the water company and an
21 equal responsibility. Whether they are a water user or not,
22 they all own an equal share of it, and so there needs to be
23 some equity in the way those charges are made.

24 I believe that if we had major repairs and we
25 didn't have enough money in the water company to pay for

1 them, that they would have to be paid for by special
2 assessment, which would be equally shared by all of the
3 homeowners. So I think that the rate structure that's been
4 proposed by the Department of Public Utilities is a good
5 structure and I fully support it.

6 The second thing I wanted to talk about was my own
7 personal history with Mr. Dansie. Yesterday there were a
8 couple of comments made that one of the things that was
9 important was to have--the term was used "the color" of a
10 person's testimony. And I want to speak to the color of my
11 relationship and my experience with Mr. Dansie.

12 Initially, I purchased--my wife and I purchased
13 property in 1990. And the first thing we did--well, one of
14 the first things we did was go to Mr. Dansie and sign up for
15 the standby fee, which was at the time \$9 a month and
16 payable in three--four installments, so \$27 a year--excuse
17 me--\$27 every three months. So we signed up for that, and
18 there were no issues whatsoever.

19 The next occasion that I had to deal with him was
20 when he had a wild horse and the wild horse was--had gotten
21 loose. He'd purchased the wild horse, apparently--I don't
22 really know the history of that, but the wild horse had
23 gotten loose and it was basically on my property and it was
24 walking around with a rope around its neck. And a lot of
25 people were concerned--it actually was on the evening news.

1 But a lot of people were concerned that maybe the horse
2 might step on that rope and break its neck or something.
3 And I knew that to be possible because--because I--my--my
4 grandmother's milk cow died exactly that same way.

5 So I called him up and said, "You need to do
6 something about this. You got to get that horse off my
7 property and"--"and, you know, take care of it. And also,
8 I'm upset because you cut two of my fences down."

9 And--and he, you know, basically started off
10 telling me that he had every right to be there, that he
11 could cut down the fences if he wanted to, and then
12 proceeded to try to tell me that the horse being loose on my
13 property was actually to my benefit because the horse
14 walking around in the mud would make holes in the mud and
15 that would collect water and that would improve the
16 arability and the growth on my property.

17 I was very insulted. I was very, you know--I knew
18 something about horses. And I was just very insulted and
19 very insulted by the fact that he--that he tried to turn
20 something around as if I were somehow at fault here and that
21 he had no responsibility to deal with this horse on my
22 property.

23 The second time that I had some real dealings with
24 him was with regard to the easement. I'm on Lot 98. My
25 neighbor next door is Lot 99, and then Lot 100. And on Lot

1 100 there's an easement. My neighbor at the time thought
2 the easement was on his property. And Mr. Dansie was doing
3 some work on that. He was maintaining it.

4 And I--I went over to talk to him about it, and he
5 started to tell me that, you know, the court said this and
6 the court said that. And--and I went back to look and see
7 what the court actually said. And it turned out that the
8 court didn't say any of those things that he claimed they
9 said. The court said that--that he could maintain that but
10 that he had to leave it in its present condition and he
11 couldn't change it.

12 And he told me that he could use the entire 50
13 feet, make a road out of the whole thing. And that was
14 completely contrary to what the--what the proposal--what the
15 court said about it. So, you know, at that point, I--well,
16 that was an issue that was being dealt with by the
17 homeowners association, so I didn't pursue it any further.

18 The next thing that came up with regard to this
19 was that he started to talk to me about free water. Now,
20 some of this was before I was on the board. Some of it was
21 after I was on the board. But he just kept saying, "Free
22 water. Free water. You guys owe me free water. I'm
23 supposed to have free water." And he would talk and
24 repeatedly quote that the court had ordered that we provide
25 this free water and that the court had upheld this stuff.

1 And--and--and, you know, I went back and I read
2 the lease--the well lease agreement. I read the amendment
3 to the well lease agreement. I read the court order. And
4 there was nothing in there that said he got free water,
5 period. It said he got free water in accordance with the
6 well lease agreement, in accordance with the so-called plain
7 language of the well lease agreement, which I find kind of
8 hard to find, plain language. But nevertheless, that's what
9 it said. And it never said that he just got free water and
10 we provided water from him--for him no matter what, under
11 any condition.

12 So what I found from this, that in every
13 interaction that I had, he mischaracterized the facts. What
14 he would typically do is quote two or three words--in the
15 case of the free water, he's pulling two words out of a
16 multipage ruling and saying, "Free water, free water, free
17 water," where it never said that. It said that he would pay
18 the prorated cost, which was contrary to what the well is,
19 which said the incremental costs. He said the court said
20 that he would pay the--the prorated cost for that, and that
21 there was no free water in this. And so, you know, that's
22 just my entire experience with him.

23 Since I've been on the board of directors, I've
24 had numerous times--occasions to talk to him, primarily
25 because I'm the only member of the board of directors who

1 will talk to him, and I was advised that as the president, I
2 needed to treat him the same as any other homeowner. So
3 I've always responded to his calls.

4 The fourth issue that came up that I wanted to
5 address was the issue of standby fees. Some people have
6 thought that standby fees are not really fair, they've got
7 their own water, they have their own well, they have their
8 own water right, and so on, and they shouldn't have to pay
9 standby fees.

10 Where this really came to a head for me was when
11 one of my neighbors who was acting as a volunteer who said,
12 "I want to"--"I'm going to help out with the annual audit of
13 the company's"--"of the HOA's books." And she came back and
14 said, "You know, those two lots that he owns, Mr. Dansie
15 owns, he hasn't"--"he's not paying standby fees on those.
16 Why are we subsidizing his lots for these standby fees?"
17 Well, I didn't know that. I didn't know that he wasn't
18 paying standby fees. I had no idea about that. I wasn't on
19 the board. I had no reason to know, particularly unless
20 somebody told me. And that's what was happening.

21 And so I, of course, asked myself the question:
22 How did we as homeowners become responsible for providing
23 free services to Mr. Dansie? I mean, particularly, as I
24 understood it, the Utah law is supposed to be fair to
25 everybody as far as utilities are concerned and services are

1 concerned and that one person's not supposed to have to
2 subsidize the services for another person. So that was, you
3 know, the question that came to my mind, and this is really
4 how it arose.

5 Based on that, I decided to try to research this
6 thing myself to try to figure out just how did this all
7 happen, you know, where did it all come from. And I went
8 back through all the documents I could find, all the various
9 things I could find. Some of them were--they're on the
10 website. Some of them were--a lot of them were exhibits in
11 previous court filings. A lot of them were exhibits in the
12 current rate filing.

13 But, you know, what happened was, I did go back
14 and I came up with a timeline, and essentially, this is what
15 I found out: That in 1970, the original well lease
16 agreement for Dansie Well No. 1 was signed and the term at
17 the time was for five years. In 1974 a renewable five-year
18 lease was signed for water from the Glazier well. The
19 Glazier well is located on one of Mr. Dansie's properties in
20 the homeowners association.

21 In 1977, the current--so-called current well lease
22 agreement was executed again for Dansie Well No. 1, but this
23 one had a term of ten years. Then, sometime in the interim
24 there, the water company assets were transferred from
25 Bagley, who was one of the original developers, to a limited

1 partnership. I think they were called Jordan Acres.

2 And then in '81, the rates were increased from 100
3 to \$400 per year, which didn't seem to me like all that
4 unreasonable, but nevertheless, it was a four-times
5 increase. And that triggered the members of the HOA to
6 challenge the rates, the ownership of the water company, and
7 the well lease agreement.

8 Then four years later, in 1985, all assets of the
9 water company were transferred to Foothills Water Company,
10 which was operated by Rod Dansie.

11 Shortly after that--or actually about a--I think
12 it was actually officially on the same day--Mr. Dansie
13 applied to the Public Service Commission as Foothill Water
14 Company to operate this system. And as part of that
15 application, the--on some previous--or subsequent rulings,
16 the PSC declared or stated that previous to that time,
17 the--the water utility had been operating as a--as an
18 illegal and uncertificated public utility but realistically
19 was addressing the rates, and that that was what--what
20 Mr. Dansie appeared was trying to establish was rates.
21 Rates were established as a result of that.

22 Then shortly after that, after this filing to the
23 PSC, the amended well lease agreement was signed. And at
24 that time, it was signed by Mr. Bagley, who--who had no
25 interest in any of the properties, and certainly no interest

1 in a situation where he could challenge or bind all of us
2 all--every homeowner perpetually to some agreement. He had
3 no position or no authority to do that any more than I could
4 decide that--you know, that I would have come down and file
5 a lien on this building and then say it's mine now. I have
6 no--he had no authority whatsoever to do it.

7 But as I was--explained to me later on, "Well, the
8 problem is that we didn't challenge that in the right time,
9 in the right manner, and so, you know, we can't really bring
10 that up now." Well, I don't know. I--I think--to me, it's
11 just an issue of justice, and there is no justice if
12 somebody can bind me in perpetuity to something where that
13 person had no right in my property. But anyway . . .

14 So then nineteen--later on, 1985, the Dansies
15 testified at the PSC that if the PSC was going to require
16 payment, which it appeared they were, that he had
17 other--other wells and other water rights and they'd go
18 elsewhere. And that was in the record of one of the PSC
19 rulings.

20 In 1986 the PSC issued a determination that the
21 well lease agreement was grossly unreasonable, that it would
22 be unjust and unreasonable to require the customers of
23 Foothills to support the cost of the agreement, and that
24 Dansie must pay the actual pro rata, not the incremental
25 costs for power, chlorination, and water testing. And they

1 decided that Mr. Dansie should--and they stated that he
2 should seek reimbursement from Bagley for these--for these
3 costs.

4 Then in 1994, another eight years later, Foothills
5 Water Company was decertified and Hi-Country Water Company
6 was issued a certificate of convenience and necessity to
7 operate the water company. In 1992, actually before that, a
8 new well was established in--and this was, I guess, part of
9 a requirement--was that the HOA system had to have a source
10 separate from Mr. Dansie's. In other words, they weren't
11 going to be leasing his well anymore, so we had to have our
12 own--our own source. So the well was established in--let's
13 see--about 1992, I believe, was when that occurred.

14 And about the same time, Mr. Dansie filed for
15 approval to have the Glazier well on his Lot 51 approved for
16 connection. And as far as I could tell, that was not
17 approved.

18 1994, the HOA received title to all the assets of
19 Foothills Water Company by a court agreement. But then,
20 shortly after that, after the Dansies interfered with and
21 vandalized the water company equipment in violation of PSC
22 orders, refused to pay fees ordered by the PSC in the
23 district court, and the HOA receives violation notice from
24 the Division of Drinking Water--all of these are records
25 that have been submitted--the HOA gave notice to Dansie and

1 disconnected his system.

2 Now, in his--some of his filings he said it was
3 disconnected for basically no reason and that it was
4 entirely our responsibility to pay--to have it all hooked
5 back up, which is completely false. There was good reason,
6 and it was documented in PSC rulings and filings. So there
7 was good reason for that.

8 Then in '96, the PSC issued a letter of exemption
9 that released the--Hi-Country Water from the jurisdiction of
10 the PSC. And it was partly based on the fact that Dansie
11 was no longer connected, and so essentially we weren't
12 serving anybody but our own members, supposedly.

13 In '97 HOA filed for ownership of all portions of
14 the water company, and they got the second quiet title to
15 all property water rights necessary to operate the water
16 system. Mr. Dansie was still claiming that he owned parts
17 of it. So then shortly after that, a month after that
18 filing, Dansie filed a claim for damages due to
19 disconnection and failure to receive water.

20 Four years later, the district court issued a
21 memorandum decision that said any damages suffered by the
22 Dansies in not receiving water they are entitled to under
23 the well lease agreement are not attributable to the
24 association. This order includes a list of the other
25 damages claimed by Mr. Dansie. In a footnote it also

1 states, "Therefore, because there was no way for the
2 association to provide water service to the Dansies without
3 violating the 1986 PSC order, the damages that arose after
4 February 5th, 1996, are also not attributable to the
5 association."

6 Yet he continues to make claims. And as the
7 homeowners association president, the water bills are sent
8 to him for standby. He sends those back to Herriman.
9 Herriman sends them back to me. And some of them have
10 claims that say we owe him \$935,000--I have these in his
11 handwriting--\$935,000, plus attorneys' fees and plus
12 interest, in spite of the fact that the district court
13 dismissed his claims. So he continues to make these claims.

14 Then in August of 2002, the PSC issues a denial
15 request for agency action which is filed by Mr. Dansie.

16 And--and in 2006, the first so-called final
17 judgment was issued. Dansie's claims of breach of contract
18 and damages due to disconnection from the HOA system were
19 dismissed again. PSC requirements affirmed except that the
20 well--were affirmed except the well lease was found to be
21 not unconscionable, but the Dansies must pay prorated costs
22 of transporting water from Dansie Well No. 1 through the HOA
23 system, which, of course, his Well No. 1 was completely
24 disconnected, so if it was reconnected, they're saying,
25 okay, he has to pay for transportation.

1 In 2008, the appeals court affirms the trial court
2 on all issues, but then they added a note about free water,
3 which seemed to be a confusing issue. And this was brought
4 to me by my neighbor across the street. I wasn't on the
5 board of directors. My neighbor brought it over and said,
6 "What's this? This is a conflict. On the one hand they're
7 saying he has to pay and on the other hand they're saying,
8 oh, the water is free."

9 I'm thinking: No, when you read the whole thing,
10 there's no conflict. The water is free because it comes
11 from his well. He can have all the water he wants out of
12 his well. As far as I know, the only limitation would be
13 whatever his water right is. So he can have all the water
14 he wants out of that well, and all he's paying us for is for
15 handling, transporting it, chlorinating it, things like
16 that, if necessary, as was stated in the court decision.

17 And then--and then in 2008, after some of this, a
18 letter was written by Kerri Trendler, who was at the time
19 the president of the HOA board, and she said that they
20 decided they were going to hook up his two lots and they
21 were going to give him the so-called free water, subject to
22 some pending issue with the Supreme Court. Well, the
23 Supreme Court really didn't change anything, but there were
24 a number of subsequent court rulings after that.

25 So after the--the final--the next sort of final

1 appeals court ruling, they said that everything--the well
2 lease would be done according to the plain language, that we
3 would do it according to plain language. And that was in
4 April of 2010. And so then in May of 2010, the HOA attorney
5 sent Mr. Dansie a letter--his attorney, actually--outlining
6 the requirements to reconnect and get water through our
7 system based on what the well lease actually says. But
8 there was no response to that, at least no--no active
9 response of any kind.

10 So then in 2011--in March 2011, another letter was
11 sent, pretty much the same respect, and included extensive
12 backup from the court and the PSC rulings that said, "Okay.
13 Here's"--"here's what it all says and this is what you need
14 to do and we'll provide you with the water. We'll give you
15 exactly what the well lease says we are supposed to give
16 you."

17 But Dansie continued to claim, "No, it's free
18 water, free water. If I have to pay anything for it"--it's
19 like what part of free water don't you understand? And I
20 had these conversations with him multiple times over the
21 telephone.

22 Appeals court then issued a second amended
23 memorandum decision. And they said that--it referred to the
24 plain language and the Dansies are--and this was in 2011,
25 July 2011--the Dansies are, going forward, entitled to their

1 contractual rights to free water and free hookups unless PSC
2 intervenes and determines otherwise. But they never changed
3 the other part of the statement that said, "But you have to
4 pay for transportation. You'd have to pay the prorated
5 cost." And it says right in the well lease agreement that
6 if the source is any other source besides the Dansie well,
7 then he has to pay for that water. Yet he continues to
8 refuse and keeps saying, "No, I get free water."

9 So then in 2012, the PSC issued the order revoking
10 our--the HOA's letter of exemption and reasserting control
11 over that. And so the position of the HOA was: Okay. Now
12 we can legally hook you up because you're not--your
13 property's outside the HOA. You're not part of this. We
14 can legally hook you up and we can provide water to you
15 because we're now a public utility. And again, you know,
16 the way that we do this is no different than it ever was
17 before because none of those other terms have changed except
18 that the--that the implementation of that is now under the
19 authority of the PSC.

20 And so then Dansie produced a letter immediately
21 after that, or shortly--yeah, the next month Dansie produces
22 a letter, the letter from Kerri Trendler, saying that it's a
23 breach of the agreement, that we have breached a contract
24 and that now he's had damages based on that. And we asked
25 our counsel at the time, "Is this some kind of a contract?"

1 And they said, "Well, no, there's no contract there, because
2 there's no agreement that anybody does anything in return
3 for anything. There's no agreement that he says, 'Okay.
4 This satisfies my demand.' There was no agreement all. It
5 was more or less a statement of intent."

6 And we were also advised that providing him with
7 water for free at the expense of all the other homeowners
8 could actually be a violation of Utah law, especially now
9 that we were under the jurisdiction of the PSC.

10 So what Dansie--what Dansie did with that, he took
11 that letter and went to our liability insurance company and
12 filed a claim for damages, the same damages that had
13 previously been dismissed by the courts. No new damages
14 were ever brought up. Same--same damages. And again, just
15 claims, no--no actual evidence.

16 And then in December of 2012, the court--trial
17 court denied request for clarification and quotes the
18 appeals court with regard to the PSC that said essentially
19 that he get the free water under the terms of the agreement,
20 subject to--to maybe possibly being--going back under the
21 jurisdiction of the PSC, but no damages were awarded. The
22 case was closed. The judge said the case is closed, and he
23 actually warned Dansie about additional attempts to pursue
24 that case.

25 But after that time, he continues to--to send me

1 letters, call me and tell me, "What are we going to do about
2 this? You owe me this free water. You owe me a million
3 dollars." He says even in spite of the fact that the court
4 said no, there are no damages and you're not responsible,
5 no, he continues to make these claims. And we have to
6 continue to respond to them and we have to continue to pay
7 to respond to them.

8 And the other aspect of this that was pointed out
9 to me by the insurance company was, he never did anything to
10 mitigate his damages. He could have had water at any time
11 and he could have had the water and paid for it and then
12 claimed, you know--and gone and said no, we had to give him
13 the money back. But he never did anything to mitigate those
14 damages.

15 In fact, it appeared to me that particularly with
16 regard to Lot 51, he actually allowed that orchard to die.
17 He's got a well right there in the middle of it and he
18 allowed the orchard to die and blamed it on the homeowners
19 association.

20 So I look at that whole thing from the standpoint
21 of a homeowner and a ratepayer and saying how could we find
22 ourselves in this situation where we are responsible to
23 supposedly provide him with free water, to pay thousands of
24 dollars every year in legal expenses to protect ourselves
25 from his unsubstantiated claims and from the fact that what

1 he consistently does, including in the filings that have
2 been filed in this case, is that he states just little
3 pieces, sometimes not even a whole sentence, but just two
4 words: "free water." And there's a lot more to this whole
5 issue than that.

6 The homeowners association, on more than one
7 occasion, has offered to--to provide him with water under
8 the terms of the agreement. And he just insists, "No, it's
9 all free. Everything's free. I don't pay for anything. I
10 don't even pay for the hookups. You pay for everything."

11 So I just can't see how there's any justice in
12 this. And this has gone on for, my--in my experience, 25
13 years and more than that, before that. It was already going
14 on before I became a homeowner. So I petition the Public
15 Service Commission to put an end to this once and for all.
16 There's no reason it should have gone on this long. It's
17 based on--on misstatements, falsehoods in some cases,
18 and--and just total misrepresentations of what the--of what
19 the court decisions have been.

20 That's all I have to say.

21 THE HEARING OFFICER: Thank you, Mr. Williams.

22 MR. CRANE: Good morning, your Honor. My name is
23 Randy Crane. I live at 13682 South Mount Shaggy Drive in
24 Herriman, which is--well, actually that's a--the address,
25 but I do live in Hi-Country Estates.

1 THE HEARING OFFICER: Mr. Crane, do you intend to
2 give your testimony sworn or do you intend it to be received
3 as comment?

4 MR. CRANE: Received as comment, as I will be
5 testifying in the next two hearings. So I'll make my
6 comments here and then we can go from that.

7 THE HEARING OFFICER: Okay, sir. Inasmuch as you
8 will be testifying in the case, I'm wondering if it might
9 make sense for you to--to provide--are you--are you
10 commenting in your individual capacity or--

11 MR. CRANE: Yes.

12 MR. SMITH: Thank you, Judge Reif. Yeah, I think
13 he wants to be able to, as did our president, be able to
14 make comments as a homeowner, not as a--

15 THE HEARING OFFICER: Okay.

16 MR. SMITH: --in his position.

17 THE HEARING OFFICER: Okay. Then proceed.

18 UNSWORN COMMENTS OF RANDY CRANE

19 MR. CRANE: These are just my comments as opposed
20 to what we have agreed to as the board of directors for
21 Hi-Country.

22 THE HEARING OFFICER: Thank you, sir.

23 MR. CRANE: I have lived in Hi-Country for
24 approximately 18 years. When I moved up there, had a lot of
25 things to do, and eventually got involved in the dealings

1 with the board and the water system. Through that process,
2 on and off I became more and more involved. And at one time
3 I was on the board as a VP, as well as I am now. And we put
4 in speed humps up there. During that process, we had also
5 found out that Mr. Dansie had started a Southwest Water
6 Improvement District, which, when we researched it, found
7 out that it was basically installed incorrectly, against the
8 law, because there was a moratorium in place. But the
9 county was not willing to, again, go against Mr. Dansie
10 because of his propensity to sue.

11 We subsequently--he lost his directorship because
12 he never got the Southwest Water Improvement District up and
13 running. And in order to get the directors reinstalled into
14 it, which were his three--his two brothers and himself,
15 because they were the only people that were living in the
16 district, he went to the county and asked them to reinstall
17 them. And we attended that hearing--our attorney and Bill
18 Coon and myself, my wife.

19 During that process, or after Dansie got through
20 speaking, Craig Smith got up and gave our position on why he
21 should not be allowed to reappoint the directors. The
22 county subsequently decided not to.

23 Following that, again, we had installed speed
24 humps. And the day after the speed humps were installed,
25 Mr. Dansie supposedly ran over them and hurt his back. Now,

1 what the truth was, or as best we can find out, is that
2 Mr. Maxfield, who was his friend at that time, his wife had
3 left the association, had gone over the speed hump in the
4 morning and had damaged their car, or it had basically,
5 about five miles out of the association, basically stopped
6 and was inoperable.

7 Mr. Maxfield went out to see what the problem was,
8 found out that--couldn't get the car started, took his wife
9 to the golf game that she was headed, came back, called
10 Mr. Dansie and said, "I need your help to tow the vehicle
11 back to the house." Drove up to Mr. Dansie's house, got
12 Mr. Dansie's pickup, went out and hooked up to the car,
13 pulled it back to the association. According to
14 Mr. Maxfield, he had told Dansie, "Be careful going over the
15 new speed humps," because they were very high.

16 They got back--got Mr. Maxfield's car back to his
17 property. And they drove out and they parked on the speed
18 humps, where Mr. Maxfield testified, under oath in a
19 deposition, that they were discussing, you know, the speed
20 humps. And Mr. Dansie came up and said, "I'm going to
21 figure out a way to sue the association on this. I'm going
22 to tell them that I saw two deer that had arrows in their
23 sides and I followed them in through the back"--"back way."

24 So they leave there and they go back to
25 Mr. Dansie's house. And at that point, Steve Maxfield goes

1 home. And then Rod goes on and he calls the sheriff and
2 says, "I ran over these speed humps and I hurt myself." At
3 that time, what he told in deposition was that he saw two of
4 his cows that were roaming and he followed those into the
5 association back through the back gate and around and then
6 stopped at his property that he has there to do some fence
7 repair and then drove on and was coming out of the
8 association and he went over the speed hump.

9 Now, either story, whether it's the deer or the
10 cows, he never followed up on. He never said that he found
11 the cows or really went after the cows. It was just an
12 excuse to say that he came in the back door.

13 Approximately two years later, he filed suit
14 against the association for \$70,000. And again, not too
15 long after that--this is when we went in front of the county
16 commission and protested his being reassigned--42 days after
17 that, he modified his suit to include Bill Coon and myself
18 as being codefendants for \$3 million as opposed to \$70,000.

19 Now, being involved in a suit for \$3 million is
20 quite stressful. Even though the insurance companies were
21 basically paying for this, we had to go through a lot of
22 discovery. Mr. Dansie kept sending stuff out for
23 miscellaneous information. We complied as best as we could
24 because we felt that it was our obligation to do so.

25 Subsequent to all this, it went into mitigation

1 and--mediation--excuse me--and the insurance companies
2 decided it was in their best interest to settle. And that
3 settlement was basically closed and can't go any further
4 than that. But it was settled and we go on.

5 But this is standard operating procedure for
6 Mr. Dansie. He uses basically his ability to sue or
7 threaten to sue as intimidation for keeping people at bay,
8 and that includes the HOA and the HOA members.

9 Okay. I just wanted to bring you up to speed as
10 to that portion of my experience with Mr. Dansie. You know,
11 it's--it's painful. I also want to address the fact that we
12 have sent many letters of discovery to Mr. Dansie and he has
13 come back and said they're not appropriate. Again, we've
14 jumped through the hoops for the man when he asks for his
15 discovery, and he has told us to pound sand on ours.

16 Okay. Now, the real reason I'm up here: I wish
17 to address four items today concerning the rate hearing.
18 First, I want to wish to address my position on the new rate
19 structure. For eight years I served on the water board of
20 Hi-Country Estates Water Company, mostly in the position of
21 president of the water company. I have seen many changes.
22 And yes, the system is old. So, you know, it's--it is what
23 it is.

24 Based upon the old age of our system, we--and now
25 with requirements from the state and the PSC regulations, we

1 must start to save for that proverbial rainy day fund. No
2 one likes to pay the higher rates, but I feel the proposed
3 rate structure is both needed and fair. And that is the one
4 that we have stipulated to. That's the one that the PUC has
5 presented.

6 Second, I wish to address my position in support
7 of Hi-Country's request for the PSC to once again invalidate
8 the well lease agreement. As stated in the original
9 decision by the PSC, Foothill Water Company was, in fact,
10 acting as a utility and--and any contract made by Foothill
11 required oversight and approval by the PSC. This fact has
12 not changed. The law exempting a utility from PSC oversight
13 have not changed. So, baseline: Nothing has changed since
14 we had the original ruling, and I--I expect the same ruling
15 coming out of this Court today.

16 Simple facts about the well lease agreement:
17 Although the well lease agreement has been determined to be
18 valid--a valid contract by the courts, the HOA never signed
19 that agreement. The amendment was signed after the company
20 was transferred to the HOA in various time frames. It's the
21 proverbial selling of the Brooklyn Bridge. I'm sorry. I
22 don't own the Brooklyn Bridge, and Mr. Dansie does not own
23 rights to our association water system.

24 The HOA never signed for an extension of the well
25 lease agreement; that was Mr. Bagley's doing. In a

1 paragraph out of the formal change application protest
2 letters to the state engineer--Mr. Herbert C. Lambert, the
3 Utah state engineer, dated April 18, 1972, by Jesse H.
4 Dansie, Rod Dansie's father, he wrote the following: "In
5 August 1970, Jesse H. Dansie entered a lease agreement with
6 Hi-Country for the"--"for a temporary source of culinary
7 water"--understand, a temporary source, not a perpetual
8 source--"from Dansie Well No. 1. The lease agreement was to
9 allow Hi-Country to begin developing of their property and
10 have a temporary source of water to their development until
11 the Salt Lake County Conservancy District lines would be
12 installed in 1975. The lease provided that the Dansies can
13 continue to use the excess water."

14 And that's where the excess water of the 12
15 million gallons comes from, not just out of the air, but it
16 came from here, that they could use the excess out of
17 the--out of Dansie's Well No. 1.

18 "Hi-Country could use"--excuse me. Okay.
19 ". . . continued to use the excess water not used by
20 Hi-Country for homes. Hi-Country's present needs are only
21 enough water"--"present"--"present needs are only enough for
22 water for 20, 30 homes for this five-year period."

23 As homeowners, we simply know that any water
24 Mr. Dansie wants to move through our system comes from
25 Dansie Well No. 1. It is his well, his water right. And

1 again, anything else, Mr. Dansie has taken out of context.

2 Again, the free water needs to be identified as
3 the commodity, the commodity of water wherever it comes
4 from, not the transportation.

5 Even though Mr. Dansie continues to refuse to
6 acknowledge that the PSC has intervened currently, the PSC
7 has stated our HOA is back under their jurisdiction, and the
8 well lease states that Mr. Dansie must support any activity
9 of the HOA with the PSC. Obviously, he has not and, again,
10 has caused the HOA huge attorneys' fees.

11 The courts have ruled Mr. Dansie must pay to
12 transport water. He has refused to make any acknowledgment
13 of that fact even when the courts ruled. And after thirty
14 years, the case is now closed.

15 My third comment relates to Mr. Dansie--relates to
16 if Mr. Dansie were to be allowed to succeed in these
17 outrageous demands. If the well lease agreement is allowed
18 to stand and Mr. Dansie is allowed to take 12 million
19 gallons of water through our system, the financial impact on
20 the ratepayers, as stated by the courts and the PUC, is
21 underestimated.

22 Right now, if--if this thing goes through, you
23 know, the \$3.85, or whatever it is, in that range, per
24 thousand gallons is only a drop in the bucket for what it
25 will cost the HOA. The ratepayers would have to fund

1 additional storage capacity, as the current storage capacity
2 would not meet the Division of Drinking Water requirements.

3 Also, there is a question of water quality that
4 would be supplied by the original Dansie No. 1, which now
5 has been changed to Dansie Well No. 15. This is basically
6 how Dansie plays the shell game. During the initial years
7 when this well would serve approximately 50 residences in
8 Hi-Country, it was found that of those 50 families, there
9 had been--have been 18 cases of cancer. Is this related? I
10 think so. Seems a question to ask after--seems a question
11 to ask. After disconnecting from Well No. 1--or it is now
12 15--apparently, there have been no new recorded cases of
13 cancer in any of our new families.

14 Mr. Dansie seems to continually refuse to supply
15 pertinent information on the water quality of the Dansie
16 well, nor will he supply what is sitting out on his
17 property. We understand that he has 22 wells and more water
18 rights than most municipalities. And he has stated in a
19 hearing with the state engineer he has commingled the water
20 from those wells and used them for various purposes.

21 Mr. Dansie stated that in the hearing he had four culinary
22 wells out of the 22. To our understanding, the Utah
23 Division of Drinking Water only has one well for culinary
24 purposes.

25 And it seems the health department does not

1 mention any backflow preventers out on his system. So as
2 he's pumping water through the system and he would have
3 issues, you know, that water can back up and basically get
4 into the culinary system.

5 And lastly, regarding the delay in the
6 Commission's hearing as agreed to yesterday: I do want to
7 thank the Court's efforts--all their efforts to try and get
8 that to go forward yesterday. Just my comment.

9 Mr. Dansie's accident was unfortunate. However,
10 Mr. Dansie has had over thirty years to plead his case in
11 court. And we as homeowners have always had to pay for
12 Mr. Dansie's continued harassment and ongoing court dates.
13 In some form, it has always been at the expense of the
14 homeowners' time and personal finances.

15 Yesterday, once again, due to Mr. Dansie,
16 homeowners--several homeowners scheduled their lives, drove
17 down to yet another court hearing, and spent their time and
18 money. Then again, thinking only of Mr. Dansie, the hearing
19 was rescheduled. Again, the homeowners must scramble to
20 notify other neighbors and spend their time and money to
21 pull signs, etc. In addition, other schedules needed to be
22 changed for the new hearing date to accommodate Mr. Dansie.

23 However, what I'm most frustrated about is the
24 fact that it was originally scheduled. We--let's see.

25 Excuse me--is that the--it was originally scheduled we would

1 have a hearing, and from that hearing, homeowners would also
2 learn--have learned additional information, which in turn
3 they would--they could then comment on today. Due to
4 Mr. Dansie, that right has been taken away from our
5 homeowners.

6 I was appalled to learn that the attorney for
7 Mr. Dansie had not spoken directly to Mr. Dansie and that
8 the information he had on Mr. Dansie when he arrived in
9 court was extremely limited; and that since Mr. Dansie has
10 stated he also represents the trust, that Mr. Dansie's
11 attorney did not take that necessary step to make sure other
12 members of the trust were present. It seems to--seems like
13 a complete disregard for everybody's time and attorneys'
14 fees. And it, once again--everyone wants to make sure that
15 Mr. Dansie has his rights, while taking away the rights of
16 our homeowners and, once again, dealing with Mr. Dansie at
17 the homeowners' expense.

18 Thank you.

19 THE HEARING OFFICER: Thank you, Mr. Crane.

20 Next person, please.

21 Good afternoon, sir. Can you please state your
22 name for the record?

23 MR. HART: My name is Robert Hart. I'm an
24 engineer with the Utah Division of Drinking Water.

25 THE HEARING OFFICER: And in what capacity are you

1 here today?

2 MR. HART: Representing the Division.

3 THE HEARING OFFICER: The Division of Public
4 Utilities?

5 MR. HART: The Division of Drinking Water.

6 THE HEARING OFFICER: Okay. Okay.

7 Are you a resident of the community?

8 MR. HART: No.

9 THE HEARING OFFICER: Okay. And do you wish
10 your--do you wish to comment or do you wish to testify?

11 MR. HART: I don't know how to answer that. My
12 purpose is to request that two letters that the Division of
13 Drinking Water has written relating to the intersection
14 between Hi-Country Estates' water system and the Dansie
15 water system be entered into the formal record here.

16 THE HEARING OFFICER: Okay. If you are
17 comfortable with it, sir, I'd like you to testify under
18 oath. And then when you do so, you will present your
19 exhibits as exhibits in this docket, and those will be
20 circulated for review; and then the parties will have an
21 opportunity to comment on whether they object or have any
22 comment about whether they should be received by the
23 Commission, and then the Commission will rule on that.
24 So--and then any other comments that you wish to make. Do
25 you--are you comfortable proceeding that way?

1 MR. HART: That would be fine.

2 THE HEARING OFFICER: Okay. So would you kindly
3 raise your right hand, please? And do you swear that the
4 testimony you're about to give is the truth?

5 MR. HART: Yes.

6 THE HEARING OFFICER: Thank you, sir. You may
7 proceed.

8 SWORN TESTIMONY OF ROBERT HART

9 MR. HART: As I stated, I am an engineer with the
10 Utah Division of Drinking Water that has regulatory
11 authority over the Hi-Country water system and also over the
12 Dansie water system. In 2008, Randy Crane approached the
13 Division in regards to the court decision at that point and
14 wanted to know what would be involved if the Dansie water
15 system and the Hi-Country water system were connected back
16 together.

17 In response to the information provided to us by
18 Mr. Crane, the Division of Drinking Water director wrote a
19 letter back to him that outlined what it would take to
20 interconnect the two systems. And I'll just briefly speak
21 to the letter. Any plans to connect these two systems would
22 have to be made by a registered professional engineer in the
23 state of Utah and would be required to be submitted to the
24 Division of Drinking Water for plan review and we would have
25 to issue an approval letter before any interconnection could

1 take place.

2 Also, as part of this letter, the Division would
3 look at the interconnections that were being requested. And
4 I'd just like to read this one paragraph from the letter:
5 "The Division"--meaning the Division of Drinking Water--"can
6 not issue a plan approval letter for the project"--meaning
7 the interconnection--"until it has been demonstrated that
8 water source, storage, and distribution capacity are
9 adequate to supply sufficient water and pressure to the
10 present customers of the water system and any new customers
11 that line extensions would serve."

12 And then the final issue that the letter talks
13 about is that any connection of a water source would have to
14 be a source approved by the Division of Drinking Water. At
15 this time, Dansie has one well that we have approved that he
16 uses by his water system. There is a second well listed
17 that has been inactive for many, many years.

18 And if there were to be any interconnection, the
19 water quality data would to have submitted to the Division
20 of Drinking Water and we would have to approve that source
21 for the interconnection.

22 So I would like to enter into testimony this
23 August 20th, 2008, letter addressed to Randy L. Crane,
24 president of the Hi-Country Estates I Water Company, to be
25 part of the formal record.

1 THE HEARING OFFICER: Thank you, sir. Do you have
2 more than one copy with you?

3 MR. HART: I just have one copy.

4 THE HEARING OFFICER: Okay. Let's--let's be off
5 the record for a moment.

6 (A discussion was held off the record.)

7 (Recess taken, 1:01-1:07 p.m.)

8 THE HEARING OFFICER: We're back on the record.

9 Mr. Hart, thank you. We now have copies of the
10 documents that you are requesting to have entered into
11 evidence. I believe there's just one that's at issue right
12 now. And if you could help identify which one it is--there
13 are two documents that have been circulated.

14 MR. HART: The comments I made prior to going off
15 the record was on the August 20th, 2008, letter--

16 THE HEARING OFFICER: Okay.

17 MR. HART: --which would address any
18 interconnection between the Hi-Country Estates water system
19 and the Dansie water system.

20 THE HEARING OFFICER: Okay. Thank you, Mr. Hart.

21 And the request that's pending to have this
22 entered into the docket as evidence from the Department
23 of--of Environmental Quality, is there any objection?

24 MS. SCHMID: Pardon me. I think it's Division of
25 Drinking Water.

1 MR. HART: We're in the Department of
2 Environmental Quality.

3 MS. SCHMID: Woops. Apologize. No objections
4 from the Division.

5 THE HEARING OFFICER: Okay. So just for
6 clarification, Mr. Hart is testifying on behalf of the
7 Division of Drinking Water. The letter he submits, however,
8 is from the Department of Environmental Quality.

9 Is that a correct interpretation, sir?

10 MR. HART: Well, we are in the Department of
11 Environmental Quality. And then down below it says, "[The]
12 Division of Drinking Water."

13 THE HEARING OFFICER: Okay. Okay. Okay. Thank
14 you very much. Very--very good. Okay. So it is from the
15 Division of Drinking Water?

16 MR. HART: Yes.

17 THE HEARING OFFICER: Okay. Thank you for making
18 that clarification. I wasn't looking down that far. Thank
19 you.

20 Okay. So any objection to the letter dated August
21 20th, 2008, from the Division of Drinking Water, which
22 Mr. Hart requests to be admitted as testimony in this--

23 MS. SCHMID: No objection from the Division.

24 MR. FLITTON: No objection.

25 MR. SMITH: No objection from the Company.

1 MR. COON: No objection.

2 THE HEARING OFFICER: Thank you. Thank you. This
3 will be admitted. And we will mark it Division of Drinking
4 Water Exhibit No. 1.
5 Division of Drinking Water Exhibit-1 marked

6 THE HEARING OFFICER: And does our court reporter
7 have a copy?

8 THE REPORTER: (Moves head up and down.)

9 THE HEARING OFFICER: Thank you very much.
10 Mr. Hart, you may continue with your testimony.

11 MR. HART: I'd like to briefly just talk about the
12 second letter. Mr. Dansie had approached Ken Bousfield, who
13 is the Division of Drinking Water director, about getting
14 hooked up to the Hi-Country Estates water system. And at
15 the time, the Division director assumed that he was just
16 talking about a simple connection to the lots that the
17 Dansies owned in Hi-Country Estate.

18 But the Division director approached me, and I
19 explained that there's two issues here: The first being
20 that Dansies do own two lots in Hi-Country Estates, and if
21 we're only talking about a service connection to those lots,
22 which is typically either a 3/4-inch or 1-inch connection,
23 that that is not an issue that the Division of Drinking
24 Water is concerned with, that's an issue between the water
25 company and the customer that's requesting the connection.

1 But the second issue goes to the previous letter,
2 where they are talking about 6-inch-and-larger connection
3 lines between the two water systems. And this letter just
4 reinforces the earlier letter that was written that any
5 interconnection between these two water systems would have
6 to go under review by the Division of Drinking Water and we
7 would to have to give approval to that connection.

8 And there's--the last paragraph talks about a new
9 rule that we have called a hydraulic modeling rule, which
10 means that you have to make a hydraulic computer model of
11 the water system and you would have to demonstrate that any
12 interconnection--that you would have the capability to
13 provide adequate pressure and adequate quantity of water to
14 each of those connections.

15 So I'd like to request that this be--also be
16 entered into the record.

17 THE HEARING OFFICER: Thank you, sir.

18 Any objection?

19 MS. SCHMID: None from the Division.

20 MR. SMITH: No objection from the Company.

21 MR. FLITTON: No.

22 THE HEARING OFFICER: Okay. Thank you.

23 This is admitted and is marked Division of
24 Drinking Water Exhibit No. 2.

25 Division of Drinking Water Exhibit-2 marked

1 THE HEARING OFFICER: Mr. Hart, you may continue.

2 MR. HART: Just in conclusion, I would reinforce
3 the concept that any interconnection between two public
4 water systems regulated by the Division of Drinking Water
5 requires written approval by the director for that to take
6 place.

7 And that's the end of my . . .

8 THE HEARING OFFICER: Okay. Thank you, sir.

9 If you could just wait a moment, need to check
10 with the parties, see if there are any questions for you.

11 MS. SCHMID: The Division has--I'm sorry.

12 THE HEARING OFFICER: Let me start with Mr. Smith.

13 MR. SMITH: I don't believe I have any questions.

14 Thank you.

15 THE HEARING OFFICER: Okay. Thank you.

16 MS. SCHMID: The Division has a couple of
17 questions.

18 THE HEARING OFFICER: Yes.

19 ROBERT HART,
20 being first duly sworn, was examined and testified as
21 follows:

22 EXAMINATION

23 BY MS. SCHMID:

24 Q Mr. Hart, are you familiar with Hi-Country's
25 current system?

1 A Yes, I am.

2 Q What is the capacity of the current system--source
3 capacity?

4 A It's my understanding from the information that
5 I've received that we have in our database that at the
6 current time, the Hi-Country Estates I water system has only
7 one source of water, being a well that was drilled that
8 produces approximately 100 gallons per minute, which--which
9 meets their requirements barely. I mean, there's not a lot
10 of excess capacity in that well.

11 The Hi-Country Estates I water system does have an
12 interconnection that goes back through the Hi-Country II
13 water system to the City of Herriman supplying water as a
14 backup system; and from what I've been told, that that
15 interconnection can only be used in emergency situation, and
16 they cannot use both the well and the interconnection at the
17 same time.

18 Q If Mr. Dansie's request pursuant to the well lease
19 agreement was accepted by the Division--or sorry--by the
20 Commission, would the water company have to increase its
21 storage capacity?

22 THE HEARING OFFICER: Just one moment, please.
23 Let's back up and make sure that Mr. Hart is familiar with
24 the well lease agreement, as a foundation.

25 MS. SCHMID: Thank you. Perhaps I can just

1 restate.

2 BY MS. SCHMID:

3 Q If Mr. Dansie were to receive 12 million
4 dollar--12 million gallons a year and 55 additional hookups
5 to the water system, would the water system's capacity,
6 storage capacity, need to be increased--and source capacity,
7 if you know?

8 A One of our engineers took a look at the capacity
9 of the two--of the Hi-Country water system. Based on the
10 information that I--that he shared with me, it appears that
11 most likely, they would have to have additional source
12 capacity to meet the 12 million gallons per day.

13 Storage capacity: They have 400,000 gallons of
14 storage capacity between the 300,000-gallon tank at the
15 lower elevation and two 50,000-gallon tanks at a higher
16 elevation. That would depend upon the number of connections
17 that the Dansies want to serve with these--with these
18 interconnections with Hi-Country's system. We'd have to
19 evaluate that at another time.

20 I will make one comment here. The 80 acres the
21 Dansies own to the south of the Hi-Country water system are
22 at elevated elevation. And two 50,000-gallon tanks at the
23 higher elevation that Hi-Country has would not be--have
24 adequate pressure to serve that 80 acres. There would have
25 to be another tank at a higher elevation or there would have

1 to be a pump system put in place to pressurize service to
2 that--that 80 acres to the south.

3 Q I was not totally clear when I was talking about
4 12 million gallons. It's 12 million gallons a year.

5 A Correct.

6 Q Would that--so that too--that would require an
7 increase in source capacity; is that right?

8 A Most likely, it would.

9 Q Thank you.

10 A If I could address one issue here: In terms of
11 that 12 million gallons, a lot depends on how that
12 demand--water demand is taken out of the Hi-Country system.
13 If it's taken at a uniform rate over a period of months,
14 it's a different scenario than if that 12 million gallons
15 was withdrawn over a period of a week or two weeks of a very
16 narrow time frame.

17 And if--if there was a proposal to the Division of
18 Drinking Water about the interconnection, we would look at
19 how that water's to be withdrawn from Hi-Country to the
20 Dansie connections. And that's back to the issue that you
21 got to be able to provide the peak day demand for all
22 customers and you got to maintain the minimum pressure
23 requirements at all times.

24 THE HEARING OFFICER: Ms. Schmid, do you have
25 further questions?

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MS. SCHMID: I do not. Thank you.
 THE HEARING OFFICER: Mr. Flitton?
 MR. FLITTON: I have no questions.
 THE HEARING OFFICER: Mr. Coon?
 MR. COON: I have no questions.
 THE HEARING OFFICER: Mr. Hart, thank you very
 much for coming today. I do have a couple of things I
 wanted to ask you.

EXAMINATION

BY THE HEARING OFFICER:

Q Regarding your last exhibit, the exhibit that we
 marked Division of Drinking Water Exhibit No. 2, which is
 the February 8th letter, when you were describing this, you
 were using the--when you were describing the last paragraph,
 you were stating that you would need to do this, you would
 need to do that. Who--who or what were you referring to
 when you--when you were using the word "you"?

A Well, like in terms of the hydraulic model, the
 water system prepares the hydraulic model, and they use a
 licensed professional engineer to do that. And then they
 submit that--that hydraulic model to the Division of
 Drinking Water for review.

Q Okay.

A We don't prepare the hydraulic model. That's done
 by the water system. And in this case, it could be done

1 either by Dansies' engineer or Hi-Country's engineer. I
2 think our preference would be that the--that the engineer
3 for the--for the water system providing the water--that
4 their engineer would provide that model.

5 Q Okay.

6 A But that's an issue between the systems. It's not
7 our issue.

8 Q Okay. Thank you for that clarification, sir.

9 So in summary, that--that last paragraph, would
10 you say that that's a statement of a standard that you would
11 implement regardless of who the applicant was?

12 A Yes.

13 Q Okay.

14 A The Hydraulic Model Rule was approved in 2010, so
15 it's relatively new in terms of our rules. And any time a
16 water system wants to undergo an expansion--in other words,
17 they're increasing their service area, they're adding
18 additional connections--the rule then requires them to do
19 the hydraulic model to demonstrate that they have the source
20 capacity and the distribution system to provide adequate
21 pressure and quantity of water to all proposed new customers
22 without adversely affecting existing customers.

23 Q Thank you, Mr. Hart.

24 Could you hold just one more moment, please? I
25 want to get to a place where I need to be here in some of

1 the documentation that I'm looking at so I can ask you some
2 more questions. And again, the Commission very much
3 appreciates you coming here today and taking the time to
4 help us with this matter. We really appreciate it.

5 Mr. Hart, as part of your duties with the Division
6 of Drinking Water and as part of your testimony today, do
7 you take into consideration the water rights that an entity
8 has when considering whether or not they could further
9 service--or provide further service?

10 A Typically, when somebody wants to expand their
11 system or bring a new source into their system, we have them
12 provide us evidence that they have water rights or--or a
13 right to water, meaning that sometimes they--there's a
14 contractual agreement, not an owned water right. So we will
15 look at that, but typically we do not get into much detail
16 when looking at water rights. That's a function of the
17 Division of Water Rights.

18 Q Okay.

19 A And typically, a water system will just say that
20 this source that they want to use is covered under a certain
21 water right, and they give us a copy of that water right.

22 Q Okay.

23 A But we don't go into the details of the water
24 right.

25 Q Thank you. In the information that you have with

1 you today, or the background that you know pertaining to
2 Hi-Country Estates Homeowners Association, the water company
3 in this--in this docket, do you know what the well capacity
4 is? In other words, how many connections can the Company
5 serve? Do you know that?

6 A Not directly here. I'd have to do some research
7 on it.

8 Q Okay. Is there anybody here with you who does
9 have that information?

10 A No.

11 Q Okay.

12 A According to this analysis another one of our
13 engineers did, Hi-Country would need 49 gallons a minute of
14 source capacity to serve indoor use only. But we also look
15 at outdoor use. And he did not put anything in here in
16 terms of outdoor use. And I understand that there is a
17 limited amount of outdoor use supplied by the Hi-Country
18 Estates water system. We would have to better define what
19 that outdoor use quantity is.

20 Q Okay.

21 A But if you look at the--the 49 gallons for indoor
22 use only to meet our minimum requirements and to assume that
23 the outdoor use can be at an equal amount, or close to it--
24 it might be lower; just depends on how much water they're
25 using for outside irrigation--it pretty much utilizes all of

1 that 100 gallons per minute that the Hi-Country well can
2 produce.

3 Q In other words, the customers it serves, they are
4 using the--they are using if--at least as much as the
5 water--as the well can produce? Is that what I'm hearing
6 you say?

7 A I think that the well produces essentially enough
8 water to meet the present Hi-Country needs, but there's
9 not--very little excess capacity above that.

10 THE HEARING OFFICER: Okay. Is there any
11 redirect?

12 Thank you, Mr. Hart, again, for being with us
13 today. Appreciate your testimony. You may be excused.

14 MR. HART: Thank you.

15 THE HEARING OFFICER: Next person, please.

16 UNSWORN COMMENTS OF WILLIAM BIKSACKY

17 MR. BIKSACKY: My name is--

18 THE HEARING OFFICER: Your microphone is not on,
19 sir.

20 MR. BIKSACKY: How's that?

21 My name is William Biksacky. I'm a resident of
22 Hi-Country Estates.

23 THE HEARING OFFICER: Could you spell your last
24 name, please, sir?

25 MR. BIKSACKY: B-i-k-s-a-c-k-y.

1 THE HEARING OFFICER: And do you wish to provide
2 comment or testimony in this matter?

3 MR. BIKSACKY: Just comment.

4 THE HEARING OFFICER: Okay.

5 MR. BIKSACKY: Is that what you said, just
6 comment?

7 THE HEARING OFFICER: Yes, sir.

8 MR. BIKSACKY: Yeah, just unsworn.

9 THE HEARING OFFICER: Okay. You may proceed.

10 MR. BIKSACKY: My wife and I moved here about
11 twenty years ago, been living in Hi-Country Estates for over
12 twenty years. When we first moved to Hi-Country, it was--
13 the water system was run by the Foothill Water Company,
14 Mr. Dansie's company. About a year or two later, the
15 homeowners association took it over, and it was a vast
16 improvement. And I think anybody living there using the
17 water system other than standby, actually using the system,
18 would agree that things improved. I'm here to support the
19 regulation by--by the Commission, by the PSC, because I
20 think that it'll improve even more.

21 Water's pretty vital to us--to us all, obviously.
22 That hasn't really been said, but it's true. And I think
23 the other thing that I hope will come out of this is
24 recognition that the well lease agreement is--is--it's a
25 joke, it's a sham, a scam by--by--by somebody who wants to

1 profit from others for no reason.

2 But anyway, that's all I have. I thank you.

3 THE HEARING OFFICER: Thank you, sir. You may be
4 excused.

5 Is there anyone else?

6 Please come up, sir.

7 MR. UHLIG: Get my glasses here.

8 THE HEARING OFFICER: Your name, sir, please?

9 MR. UHLIG: My name is Werner Uhlig.

10 THE HEARING OFFICER: Can you spell your name,
11 please?

12 MR. UHLIG: W-e-r-n-e-r, U-h-l-i-g.

13 THE HEARING OFFICER: Okay. And do you wish to
14 provide comment or testimony today?

15 MR. UHLIG: Both.

16 THE HEARING OFFICER: Okay. You can choose one or
17 the other. If you want to do testimony, I'll swear you in.

18 MR. UHLIG: Yeah, you can swear me in.

19 THE HEARING OFFICER: Okay. Please raise your
20 right hand. And do you swear that the testimony you're
21 about to give is the truth?

22 MR. UHLIG: Yes, I do.

23 THE HEARING OFFICER: Thank you. You may proceed.

24 SWORN TESTIMONY OF WERNER UHLIG

25 MR. UHLIG: I reside in the Hi-Country Estates,

1 and my address is 7762 Hi-Country Road. I have--I want to
2 read a comment first, and then I would like to elaborate a
3 little bit on it.

4 I object to the standby rate increases that are
5 proposed for Hi-Country Estates. Since I have a private
6 well, my property has never been connected to the HOA water
7 system and has never received any service or benefits from
8 it. Over the past 30 years, my lot has paid thousands of
9 dollars in standby fees without ever receiving anything in
10 return. To pay even more in the future would add insult to
11 injury.

12 In spite of my independence from the Hi-Country
13 Estates water system, the HOA has forced me to pay for the
14 repair and maintenance of their own water system but has
15 never contributed to repair and maintenance of my own. This
16 in itself is unjust.

17 I willingly contribute to the annual costs
18 incurred for maintenance and repair of the development, but
19 such costs should be evenly divided between HOA members
20 evenly. How can the HOA justify a fee structure that
21 requires a nonuser of the water system to pay 30 percent
22 more each year than a regular user does?

23 If I attempt to avoid this unfair surcharge by
24 hooking up to the water system but not using it, the HOA
25 charges \$750, for which I receive nothing in return. I

1 would have to pay for the parts and labor required to make
2 the actual physical connection.

3 The standby fee is justified on the grounds that
4 water would have to be delivered to my property if a fire
5 ever occurs there. But this is a very shallow argument for
6 the following reason: On average, extinguishing a fire
7 requires less than 10,000 gallons of water, the cost of
8 which would be 69--\$69 at the proposed rate. And yet my
9 proposed standby fee would be \$331.20 annually, which means
10 I would pay for 4.8 fires each year. This is excessive.

11 In the event of the fire, the water drawn from any
12 one hydrant could easily be determined by simply taking note
13 of how long water is drawn from it. Water pressure and
14 discharge nozzle diameter are given, so the computation of
15 water use is simple and straightforward. Why not simply
16 charge lot owners for the amount of water drawn from their
17 individual hydrants? But even if this notion is somehow too
18 revolutionary, there is no justification for levying
19 punitive fees on a nonuser for a water system. Please
20 consider the injustice of what is being proposed.

21 That's my statement. I want to elaborate a little
22 bit. Because we have 35 standby users and we have about 90
23 regular water users--so when--this has to be understood, and
24 that is a fact--I only state facts here, no speculation or
25 eventualities--each amount, what the standby user pays in

1 the Hi-Country Estates, the same amount the standard users
2 have less to pay--less to pay, because the fees--not the
3 fees, the yearly assessment for infrastructure development,
4 maintenance, and repair, which includes the water company,
5 because the water company is owned by the Hi-Country
6 Estates--so all those expenses should be evenly divided by
7 the homeowners, not as one part, the 35 well owners pay
8 thirty thousand more than the average water user.

9 So when you go to the bottom and analyze the whole
10 system, the standby fee's a scam. It's very easily
11 determined when you read the statements from the lawyer--
12 from the board of directors from the Hi-Country Estates, you
13 see the difference--

14 THE HEARING OFFICER: Excuse me, sir. Could you
15 please--

16 MR. UHLIG: Oh, sorry.

17 THE HEARING OFFICER: Yes, speak into the
18 microphone. Thank you.

19 MR. UHLIG: Sorry.

20 You see the difference between the 90 water users
21 and the 35 standby well owners. So because the 35 people
22 relies on the minority, it comes to a vote, the 90 people
23 always win. So when it was introduced at 4.50, nobody
24 bothered too much. It was easy to handle. But now it went
25 up to \$9, then to \$12, and now it's proposed \$27.

1 So one thing is very clear. You just read the
2 documents which are on the docket. That's all the
3 development incurred maintenance and repair is only for the
4 water system for the 90 people on the general water system.
5 So it does not include the maintenance and the repair of the
6 well owners which have their own expenses.

7 I just paid--in the last year I paid over \$5,000
8 to replace the pumps, the filter system, chlorination
9 system. So this--I belong to the Hi-Country Estates and
10 have those expenses. So a well owner provides water for
11 fire--for firefighting too.

12 This--an incident in July 6th--July 2006, when
13 Ernie Grifaldo, a well owner, provided water to the
14 firefighters when a fire was on Shaggy Mountain that summer.
15 So it is not only as the Hi-Country Estates water system
16 provides water for fire extinguishing, fighting; the well
17 owners do too.

18 This is actually the conclusion what I have to
19 say, and I'm open for any questions.

20 THE HEARING OFFICER: Thank you.

21 Mr. Smith?

22 MR. SMITH: I--I do not have any questions for
23 this witness.

24 THE HEARING OFFICER: Thank you.

25 Ms. Schmid?

1 MS. SCHMID: No questions.

2 MR. FLITTON: No questions.

3 MR. COON: No question.

4 WERNER UHLIG,

5 being first duly sworn, was examined and testified as
6 follows:

7 EXAMINATION

8 BY THE HEARING OFFICER:

9 Q One question, please, sir: Have you reviewed the
10 testimony that was filed by the Division in the docket?

11 A Partially.

12 Q The testimony of Ms. Shauna Benvegnu-Springer?

13 A I don't recall. Refresh me.

14 Q The reason why I'm asking you, sir, is, there's a
15 recommendation in her testimony which I--I think might be
16 helpful to you in some respect because I think that the
17 information that you are attributing your comments to are
18 based on the application. And the information that the
19 Division has submitted may help to alleviate some of your
20 concerns and it may not help alleviate some of your
21 concerns. I'm not sure, but I just want to make sure that
22 you're aware of that.

23 If you do look up the docket, Ms. Springer's
24 testimony was filed on January 30th, and that was her direct
25 testimony. And her rebuttal testimony was filed on

1 February--February 20th, which you may wish to look at as
2 well. And I just mention that in case that might be helpful
3 to you.

4 A I think I know what you are referring to. Every
5 argument for a standby fee is bogus. When the argument,
6 even from Craig Smith--even from our beloved president of
7 the HOA, which I very much--anyway, if a standby fee would
8 be justified, then there should be some benefit. When you
9 pay for something, you should get something for it.

10 The average well owner, the 99 percent, for thirty
11 years didn't get any benefits, didn't really get any
12 benefits in the future. When this eventual--could be a
13 lightning strike, could be fire and now you need the water,
14 of course we can pay for the water. That's not the problem.
15 But to incur those fees for months and months and years and
16 years when nothing gets in return is just not fair no matter
17 what you argue about it.

18 That's what I have to say.

19 THE HEARING OFFICER: Thank you, sir.

20 Any redirect? Okay.

21 MR. SMITH: No.

22 THE HEARING OFFICER: Thank you, sir. You may be
23 excused.

24 Is there anyone else here today that wishes to
25 address the Commission during this public comment session?

1 Mr. Coon?

2 MR. COON: Can I make a comment?

3 THE HEARING OFFICER: Absolutely.

4 MR. COON: Can I make it under oath?

5 THE HEARING OFFICER: Will you raise your right
6 hand? Do you swear the testimony you're about to give is
7 the truth?

8 MR. COON: I do.

9 SWORN TESTIMONY OF WILLIAM COON

10 MR. COON: My comments are aimed at some things
11 that Mr. Williams mentioned, some things that Mr. Crane
12 mentioned, just to add to what happened.

13 THE HEARING OFFICER: Could you please state your
14 full name for the record?

15 MR. COON: William Coon. I live at 7876 West
16 Canyon Road, Herriman, Hi-Country Estates Phase I. I've
17 lived there for 32 years.

18 What I want to add on to is that Mr. Williams
19 mentioned the Trendler letter. At that point, we installed
20 four meters--one on--two on Lot 43, two on Lot 51. Those
21 belonged to Mr. Dansie. What happened on Lot 43 was, he
22 hooked up a hose to each one--each meter. There was a
23 faucet--two faucets on the lots. He hooked up a hose, he
24 hooked up a Rainbird, he turned them on, he left them on
25 24/7, period. That's what happened. There's nothing on Lot

1 43 except sagebrush and juniper trees and rocks. There's
2 nothing to water. He just turned them on, left them on.
3 Reason in our--in my opinion: To see if he could drain the
4 tank so nobody has any water.

5 Another thing we found out during all this process
6 was that Mr. Dansie filed liens on 126 lots for 12 million
7 gallons of water each. Those liens turned out to be
8 illegal. It's just another cost to the HOA to get rid of
9 them. So it's more money expended by the resident.

10 As I moved there in 1982, a number of things
11 happened. In 1985 a number of folks drilled wells. Again,
12 when Mr. Williams mentioned, cost of water went from 100
13 bucks to 400 bucks; so therefore, drills--wells were
14 drilled. I'm being one of them.

15 The one thing that Mr. Dansie used to do, because
16 he didn't have any telemetry on his \$300,000--excuse me--
17 300,000-gallon tank, was he'd turn the Well No. 1 on, leave
18 it on till the tank was full. The problem is, he didn't
19 turn it off when the tank was full, just left it. I live
20 below the tank. For a number of weeks during the winter, I
21 would have a free-flowing creek behind my house, through my
22 man door in my garage, down the driveway for at least three
23 to four days before he would go turn his well off, because
24 he had no automatic anything in his system.

25 The other thing here is, Mr. Hart mentioned 49

1 gallons per minute suits indoor use. All of our lots are 5
2 acres or larger. You have a lot of outside use. July,
3 August, September, the tanks get very low. We have to go on
4 Herriman water. We have to pay Herriman for that water,
5 which is another expense to the HOA. And that's just for
6 everybody's information.

7 And that's pretty much what I want to add to it.

8 MS. SCHMID: Pardon me. My notes don't show that
9 he was sworn. Did I miss that? I know that he wanted to
10 provide testimony under oath, but I'm--did I miss the
11 swearing-in part?

12 So you were sworn in?

13 MR. COON: Yeah.

14 MS. SCHMID: Okay. Thank you.

15 THE HEARING OFFICER: Are there any questions for
16 Mr. Coon?

17 MR. SMITH: I have no questions. Thank you.

18 THE HEARING OFFICER: Ms. Schmid?

19 MS. SCHMID: No questions from the Division.

20 MR. FLITTON: No questions.

21 THE HEARING OFFICER: Mr. Coon, thank you very
22 much. You may be excused.

23 Is there anyone else who wishes to address the
24 Commission?

25 Okay. Thank you, again, everyone, for being here.

1 The Commission appreciates your comments and testimony and
2 will take this into consideration in this docket.

3 And I want to note for those of you who may not
4 have been here yesterday, and for whatever reason may not be
5 aware, that there will be a hearing next Tuesday morning
6 starting at 8:30 and possibly the next day, depending on
7 whether the matter goes to a second day, regarding this rate
8 matter that's pending before the Commission.

9 Again, thank you for being here. And wish you a
10 nice afternoon. And again, the Commission very much
11 appreciates your input. Thank you.

12 This is adjourned.
13 (Proceedings adjourned at 1:49 p.m.)

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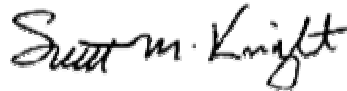
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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, SCOTT M. KNIGHT, a Registered Professional Reporter and Notary Public in and for the State of Utah, residing at South Jordan, Utah;

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.



Scott M. Knight, RPR
Utah License No. 110171-7801

