



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

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Governor
GREG BELL
Lieutenant Governor

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities

Chris Parker, Director

Bill Duncan, Telecommunications / Water Manager

Mark Long, Utility Analyst *ML*

Date: March 20, 2013

Re: In the matter of the Application for Interim Rate Increase for Willow Creek Water Company, Docket No. 13-2506-01

On February 20, 2013, Willow Creek Water Company (Willow Creek or Company) filed a request with the Utah Public Service Commission (Commission) for a General Rate Case Increase and for Interim Rates. Willow Creek is basing its rates and fees for the interim rates on the amounts requested in its Application for a General Rate Case Increase.

The Utah Division of Public Utilities (Division) has performed an initial, limited review of the rate increase and interim rate increase applications and the exhibits filed in support of the aforementioned applications and believes that Willow Creek meets its obligation under Utah Code §54-7-12 (4)(a) for approval of its request for interim rates. Specifically, the Division believes Mountain Sewer has presented adequate prima facie evidence that the interim rate increase is justified as required by Utah Code §54-7-12(4)(a)(iii).

In the Division's initial, limited review, it believes that the final rates will be higher in order to properly fund the capital reserve account and other overlooked expenses that Willow Creek based their interim rate amounts on.

The Division recommends that the Utah Public Service Commission approve the interim rates and fees as filed and requested in Willow Creek's Application for an Interim Rate Increase. Although the interim rates appear to be less than will be needed to properly fund the capital reserve account and other anticipated projects, the requested interim rates will produce more revenue than the current rates. The Division believes that the interim rates should cover most of Willow Creek's current monthly operating expenses until the Division completes its evaluation

and the final rates are approved by the Commission. However, the Division recommends that if the final approved rates are higher than the approved interim rates, the Company will be prohibited from collecting additional funds from its ratepayers to make up the shortfall. If the final approved rates are lower than the approved interim rates, the Division recommends that Willow Creek be required to issue appropriate refunds by crediting its customers accounts in the next billing cycle following the final Commission order.

Please refer to the chart below for the rates and fees requested by Willow Creek and recommended by the Division.

Current Rates		Requested Rates	
Residential: Fixed System Fees, Maximum of 293,274 gallons per YEAR	\$38.00	Residential: This includes 12,000 gallons per MONTH	\$49.00
Residential: Usage per 1,000 gallons over 293,274 per YEAR	\$1.00	Residential: Usage per 1,000 gallons over 12,000 per MONTH	\$1.50
Commercial: Fixed System Fees, Maximum of 293,274 gallons per YEAR	\$38.00	Commercial: This includes 12,000 gallons per MONTH	\$49.00
Commercial: Usage per 1,000 gallons over 293,274 per YEAR	\$1.00	Commercial: Usage per 1,000 gallons over 12,000 per MONTH	\$1.50
Standby Fee	None	Standby Fee	\$24.40
Connection Fee (1")	\$5,000.00	Connection Fee (1")	\$5,000.00
Connection Fee (2")	None	Connection Fee (2")	\$5,000.00
Turn on Fee (with Meter in place)	\$150.00	Turn on Fee (with Meter in place)	\$900.00
Turn Off Fee	None	Turn Off Fee	\$150.00
Transfer of Ownership	None	Transfer of Ownership	\$300.00
Unwarranted Service Call	None	Unwarranted Service Call	\$60.00
Fire Hydrant (deposit)	None	Fire Hydrant (deposit)	\$100.00
Late Fee	None	Late Fee	\$15.00