



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities

Chris Parker, Director

Bill Duncan, Telecommunications / Water Manager *BD*

Mark Long, Utility Analyst *ML*

Date: August 21, 2013

Re: Division Recommendation Regarding Overage Rate Change from \$4.50 to \$2.50, Willow Creek Water Company, Docket No. 13-2506-01.

Recommendation:

The Division believes that it is just and reasonable and in the public interest to change its recommended Overage Rate of \$4.50 to \$2.50 per 1,000 gallons/month over 12,000 gallons/month.

Explanation:

Pursuant to information presented by a customer of Willow Creek Water Company in the Supplemental Hearing on August 20, 2013 the Division believes that it is just and reasonable and in the public interest to change its recommended Overage Rate of \$4.50 to \$2.50 per 1,000 gallons/month over 12,000 gallons/month.

The table below lists the exhibits, charts and the Tariff Rate and Fee Schedule submitted by the Division in its Surrebuttal Testimony on July 19, 2013 that are superseded by the attached exhibits, charts and Tariff Rate and Fee Schedule reasons given by the Division at the Supplemental Hearing on August 21, 2013 to reflect the Division's recommended overage rate change from \$4.50 to \$2.50 per 1,000 gallons/month over 12,000 gallons/month.

Changes Recommended by the Division		
Description	Page & Line	Explanation
Amended Exhibit 1.2 SR	Page 2, Column B, Row 5 <i>The attached page supersedes this Amended Exhibit in the Surrebuttal Testimony.</i>	In the Supplemental Hearing on August 21, 2013 a customer of Willow Creek Water Company presented information regarding the methodology used to compute the Overage Rate. The new methodology uses only those costs that are likely to increase based on water usage and include \$2,800 for Purchased Power (Electricity), \$550 for Chemicals, \$1,710 for Water System Maintenance, \$1,440 for repairs and \$480 for Other (Equipment Operator), lines 12, 14, 22, 23 and 24 respectively. These costs total \$6,890. The Division concurs with the methodology and believes its recommended Overage Rate should be adjusted accordingly. The revised monthly cost to produce 1,000 gallons is \$1.13 .
Amended Exhibit 1.2 SR Notes	Page 4, Footnote d3 <i>The attached page supersedes this Amended Exhibit in the Surrebuttal Testimony.</i>	The Division concurs with the methodology and believes its recommended Overage Rate should be adjusted accordingly. The revised monthly cost to produce 1,000 gallons is \$1.13 . To encourage conservation the Division recommends setting the overage rate at \$2.50 per 1,000 gallons . This is consistent with other water companies of comparable size in Utah whose overage rates after base gallons, are set in a range of \$2.00/8,000 gals, \$2.75/12,000 gals, \$3.25/12,000 gals and \$5.00/\$7,500 gals.
Surrebuttal Testimony of Mark A Long	Page 10 <i>The attached chart supersedes the chart in the Surrebuttal Testimony</i>	A row, titled “ Division’s AMENDED Rates per Supplemental Hearing Information ” was added to each of the three charts on this page to update the different usage scenarios using the recommended overage rate of \$2.50 per 1,000 gallons after base rate of 12,000 gallons.
Surrebuttal Testimony of Mark A Long	Page 12 <i>The attached chart supersedes the chart in the Surrebuttal Testimony</i>	A column, titled “ Division’s AMENDED Rates per Supplemental Hearing Information ” was added to the chart listing the recommended rates to update the Overage Rate per 1,000 Used Over 12,000 gallons per MONTH from \$4.50 to \$2.50.
Tariff No. 2	Page T3 <i>The attached Rates and Fees Schedule supersedes the Schedule in the Tariff No.2 in the Surrebuttal Testimony</i>	Updates Overage Rate from \$4.50 to \$2.50