

January 15, 2015

Attn: Mark Long  
Utah Public Service Commission  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, UT 84114

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of Dammeron Valley Water Works, LLC for Approval of General Rate Increase.

**APPLICATION TO APPROVE PROPOSED WATER SERVICE SCHEDULES AND RATES**

Docket No. \_\_\_\_\_

Pursuant to Utah Code Annotated 54-7-12, applicant, Dammeron Valley Water Works, LLC (the "Company") submits this application to the Utah Public Service Commission (the "Commission") for an order approving a general rate increase as proposed in the revised rate and fee schedule set forth in this application (the "Application"). In support of the Application, the Company complies with the minimum filing standard and requirements established by the Commission in Utah Administrative Code R746-700-50, for a general rate case filing. The enclosed report and Exhibits to this Application include an index of each filing requirement and the location of the responsive information, which can be found in the Exhibits or within the attached files.

We respectfully request your assistance in the processing of the application. If you need additional information or have questions regarding the attached information, please contact me at Dammeron Valley Water Works, LLC at (435) 574-2295. You may also contact our CPA, Kris Braunberger, at HintonBurdick at (435) 628-3663 who assisted in the generation of much of the backup material.

Sincerely,

Brooks Pace  
President

Enclosures

# General Rate Case Application for Dammeron Valley Water Works, LLC

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## A. General Information:

1. *Most recent Division of Drinking Water certification/report:*

See **Exhibit A-1**

2. *Certificate of Public Convenience and Need Number granted by the Commission and its date:*

We were unable to locate the original document containing the Need Number, but believe it is 2025.

3. *Date the utility started operation:*

Dammeron Valley Water Works, LLC began operations in 1976 as a DBA under Dammeron Corporation.

On November 30, 2010, the Company applied for and received its own employer identification number.

See **Exhibit A-3** for Form SS-4 received from the IRS.

4. *The number of connections approved and current area served, which may be shown by service area map:*

There are 364 total connections as of 12/31/14. See **Exhibit A-4** for existing service area map.

5. *Ownership and officers:*

Dammeron Valley Water Works, LLC is wholly owned by Dammeron Corporation, of which Brooks Pace is the President, Andrew Pace is the Vice President, and June Pace acts as secretary and treasurer.

6. *Associated companies:*

As mentioned in A-5 above, Dammeron Valley Water Works, LLC is wholly owned by Dammeron Corporation.

7. *A copy of its current tariff:*

See **Exhibit A-7 – Current** for a copy of the Company's current tariff. This tariff was approved by the Division of Public Utilities through a memorandum received on July 29, 2008. The copy provided contains the complete information as approved. Also included as part of this application is a copy of the proposed tariff. See **Exhibit A-7 – Proposed** for the proposed tariff.

## B. Engineering Information.

1. *Source of water supply:*

The Company has five wells, two of which are inactive and three of which are active. See **Exhibit B-2** for more detailed information on each well.

2. *Information for all Wells:*

See **Exhibit B-2** for more detailed information on each well.

**3. Mains and meters information:**

The Company's infrastructure consists of 10" transmission lines, 6 & 8" distribution lines, 5/8" to 1" meters, and all PVC lines.

**4. Reservoirs information:**

The Company doesn't currently have any reservoirs.

**5. Storage capacity:**

The Company has three large tanks used to store 1,000,000 total gallons. The North Ridge Tank stores 250,000 gallons, the North Ridge Tank #2 stores 500,000 gallons, and the Pinon Hills Tank stores 250,000.

See **Exhibit B-2**.

**6. Service deficiencies and remedies:**

The Company currently has no service deficiencies. See the IPS Report at **Exhibit A-1**.

**7. Service quality:**

The Company has high service quality. See the IPS Report at **Exhibit A-1**.

**8. Additions or improvements in the last five years:**

The Company has installed 9,000 linear feet of 8" PVC as an addition to the existing infrastructure for the Westside expansion.

**9. Any anticipated additions or improvements:**

The Company plans to add the Juniper Ridge subdivision which will total six additional lots. These additional lots will be an expansion to the existing infrastructure.

**10. Efforts to encourage conservation:**

The main effort made by the Company to encourage customers to conserve water is the implementation of a progressive tariff wherein customers pay higher rates as their water consumption increases. In addition, in 2008, the Company also approved a conservation tariff. See **Exhibit A-7 – Current** for a copy of the Company's current tariff.

## **C. Customer Connection Information**

**1. Each connection identified by unique lot number or address:**

See Meter Reading List at **Exhibit C-1**.

**2. The date first put into service:**

See Meter Reading List at **Exhibit C-1** for connection dates. Note that some of the connections on the list do not have a connection date because they were online prior to the implementation of the computer program. Those connections without a date were put in service sometime between 1976 (the year operations began) and 2010 (the year the computer software was utilized).

**3. *Whether metered or unmetered:***

All customers are metered, with the exception of the fire department and the community garden. Neither has been addressed in previous rate cases or tariff proceedings. The community garden has been in existence since 2009 and is not charged for water. The fire department has been in existence since 1981 and is not charged for water either.

**4. *Whether classified as residential or commercial:***

All customers are classified as residential, totaling 364 connections. The fire department and the community garden, despite not being charged, are classified as residential customers.

**5. *The water usage per month or billing cycle, showing minimum and average gallons used:***

See **Exhibit C-5** for the Billing and Usage Summary from 7/1/14 to 8/31/14. The billings are broken down to show minimum and average usage on the Rate Table Summary (see Exhibit C-6B), which usage agrees to the Billing and Usage Summary at **Exhibit C-5**.

**6. *The amount billed per month or billing cycle:***

See **Exhibit C-6A** for the Billing Register from 7/1/14 to 8/31/14. This report shows a detailed listing of all customers and the amounts billed for that billing period. The Company does their billing on a bi-monthly basis, so the usage is over a two month period. See **Exhibit C-6B** for the Rate Table Summary for the same billing period, on which the billings are broken down to show conservation, standby, residential, and average billings.

**7. *The anticipated growth, showing minimum and average gallons used:***

See **Exhibit D-3**, "Revenue Projected" tab showing billings based on a 2% usage increase per year. Minimum and average gallons used was calculated on an average basis on this worksheet.

**8. *Water usage and billings projected for the next three years:***

See **Exhibit D-3**, "Revenue Projected" tab showing billings based on a 2% usage increase per year and increase in number of connections each year. The numbers from Exhibit D-3 have been transferred to the "Revenue and Expense Template" provided by the Division to properly each item in NARUC chart of accounts.

**9. *Information on any secondary/irrigation water system (the same information as C. 1, 2, 5, 6, 7 and 8 above):***

The Company does not have a secondary or irrigation water system. All is classified as culinary water.

**10. *Identification whether secondary water is distributed through the culinary system:***

The Company does not have any secondary water.

## **D. Accounting and Financial Data, which shall include the prior two complete years and current up to the date of general rate case application, unless otherwise specified:**

**1. Identification (contact information) for any accountant used by the utility:**

The Company utilizes accounting services provided by HintonBurdick CPAs and Advisors, with communications regarding this filing being addressed to:

Kris Braunberger, CPA  
63 South 300 East #100  
St. George, UT 84770  
Phone: 435.628.3663  
Fax: 435.628.3668  
Email: kris@hintonburdick.com

**2. Copies of the General Ledger:**

See **Exhibits D-2A, D-2B,** and **D-2C** for 2012, 2013, and 2014 General Ledgers respectively.

**3. Copies of the Balance Sheet:**

See **Exhibit D-3** for 2012, 2013, and 2014 Balance Sheets.

**4. Copies of the Income Statement:**

See **Exhibit D-3** for 2012, 2013, and 2014 Income Statements.

**5. Pro Forma Income Statements, categorized by the National Association of Regulatory Utility Commissions, NARUC, System of Accounts, to include:**

**a. the prior two years of revenues and expenses, and**

See "**Revenue and Expense Template**" provided by the Division and filled out by us.

**b. the projected revenues and expenses for the next three years, to include the Company's anticipated growth rate and requested rate increase.**

See **Exhibit D-3**, "Revenue Projected" tab. The numbers from Exhibit D-3 have been listed with the proper NARUC chart of accounts. See also the **Revenue and Expense Template** Excel spreadsheet provided by the Division and filled out by us.

**6. A copy of or the utility's check register:**

See **Exhibits D-6a, D-6b, and D-6c** for 2012, 2013, and 2014 check registers respectively.

**7. Billing documentation/reports, tied back to the tariff rates:**

See **Exhibit D-7** for sample billings and re-computation for the billed amounts.

**8. Information on the utility plant, including, but not limited to:**

See **Exhibit D-8** containing asset information as requested in a - f below. As the Company is a disregarded entity for Federal tax purposes, the Company is consolidated with Dammeron Corporation on the tax return. Thus, the asset listing shows Dammeron Corporation (the parent company) on the top of each page of the asset listing. The "Book Summary Report" shows cost, depreciation, and accumulated depreciation

amounts broken out between Dammeron Corp and Dammeron Valley Water Works, LLC (“DVWW”). Also included with the “Book” depreciation reports are the “Tax” depreciation reports in order to reconcile the depreciation between the “Books” of the Company to the tax return filed by Dammeron Corporation.

*a. Acquisition date,*

This is listed as “Date In Service” in **Exhibit D-8** on the Book Asset Detail Pages.

*b. Acquisition price or cost,*

This is listed as “Book Cost” in **Exhibit D-8** on the Book Asset Detail Pages.

*c. Salvage value,*

This is listed as “Book Sal. Value” in **Exhibit D-8** on the Book Asset Detail Pages.

*d. Expected useful life,*

This is listed as “Book Period” in **Exhibit D-8** on the Book Asset Detail Pages.

*e. Annual depreciation amount per asset,*

This is listed as “Book Current Depreciation” in **Exhibit D-8** on the Book Asset Detail Pages.

*f. Accumulated depreciation per asset and reconciled to the total accumulated depreciation amount to the most recent Annual Report. (If these amounts do not match the most recent Annual Report provide detailed explanations for any needed adjustments),*

This is listed as “Book End Depr” in **Exhibit D-8** on the Book Asset Detail Pages. The sum of accumulated depreciation for all assets on the Book Asset Detail agrees to the “Depreciation Ending” on the Book Summary Report.

*g. If an asset was donated, the amount applied to Contribution in Aid of Construction per asset,*

Not applicable for the Company.

*h. If donated, the accumulated amortization of the Contribution in Aid of Construction per asset and reconciled to the total accumulated amortization amount to the most recent Annual Report. (If these amounts do not match the most recent Annual Report provide detailed explanations for any needed adjustments), and*

Not applicable for the Company.

*i. Projected future asset purchases for the next three years, providing the estimated acquisition date and price.*

The Company plans on adding 2,000 linear feet of 8” pipe beginning in April 2015. The cost of materials is approximately \$7.15 per foot (including fittings), with estimated labor cost being around \$6.50 per foot, bringing the total estimated cost to \$27,300.

**9. Copies of tax returns for the prior two complete years:**

See **Exhibits D-9A** and **D-9B** for copies of the 2012 and 2013 tax returns respectively.

10. *Information on all Notes Payable, Loans, and other Obligations, This will include all outstanding and those retired within the past two years, including:*

- a. Interest rate,*
- b. Beginning date,*
- c. Date of last scheduled payment (the Loan pay-off date), and*
- d. Amount of payment*

See **Exhibit D-10** containing information for D-10 a thru f above.

## **E. Customer Notice Information**

11. *A copy of any notice sent to customers notifying them that the utility is seeking a rate increase:*

See **Exhibit E-1** for a sample bill that was sent out to a customer on 12/31/2014 containing the rate increase notification. This same notice was included on the bill of every customer in the Company's service area.