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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of Community Water Company, LLC	<u>DOCKET NO. 16-098-01</u>  <b>COMMUNITY WATER COMPANY'S RESPONSE TO ORDER TO SHOW CAUSE</b>
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Pursuant to Utah Code Ann. § 63G-4-204 and Utah Admin. Code § R746-100 et seq. Community Water Company (“Company”) respectfully files this Response to the Utah Public Service Commission’s (“Commission”) Order to Show Cause issued on February 22, 2016. This response is timely filed within the 30 days provided.

**JURISDICTION**

The Company does not contest the jurisdiction of the Commission to regulate the Company or the authority of the Utah Division of Public Utilities’ (“Division”) to Petition the

Commission for an Order to Show Cause as articulated in the Division’s “Petition for an Order to Show Cause” (“Petition”).<sup>1</sup>

**STATEMENT OF RELIEF**

The Company supports the Commission ordering the Division to petition the Commission for a rate increase in the Company’s rates on behalf of the Company.

**STATEMENT OF FACTS**

The Company agrees with the factual basis for a rate increase laid out in the “Background” Section of the Division’s Petition. In addition to those comments, the Company states the following:

As discussed in the Petition, the Division is vested with powers to “commence original proceedings” including seeking rates that are “just, reasonable, and adequate.”<sup>2</sup> The Division has defined for the Commission that “just, reasonable, and adequate” rates are those that protect the financial integrity of public utilities, efficient management, consumer interests, fairness and stability, and prevents waste.<sup>3</sup>

The Company’s last rate increase was in January 2001.<sup>4</sup> This rate of \$12 for 5000 gallons of water is currently insufficient to maintain the Company’s ongoing general operations and fund necessary infrastructure upgrades.

To address the issue, the Company filed a rate increase on July 23, 2015. In response, the Division analyzed the Company’s requested rates and prepared an independent analysis of an appropriate rate and fee structure for the Company. TCFC, owner of the Company, is not in the

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<sup>1</sup> “Utah Division of Public Utilities’ Petition for an Order to Show Cause Why Community Water Company Should Not Be Ordered to File for a Rate Increase or, in the Alternative Order the Company to Show Cause Why the Division Should Not be Ordered to File Seeking Such a Rate Increase” filed on February 19, 2016. Pages 2-4.

<sup>2</sup> Utah code Ann. Section 54-4a-1(c); 54-4a-6.

<sup>3</sup> Utah Code Ann. Section 54-4a-6(4).

<sup>4</sup> Docket No. 15-098-01.

water provider business and seeks to ultimately transition the Company out of TCFC ownership and into an independent entity that is satisfactory to the Commission. Accordingly, between the filing of the rate case and December 2015, TCFC, as the Company, commenced multiple discussions between the Company's customer rate base and local water providers to explore various options for acquiring the Company's assets and providing alternative water service to Company users.

On December 28, 2015, the Company requested that the July 23, 2015 rate case be dismissed to provide more time for these discussions and alternatives to come to fruition. The Motion to Dismiss was unopposed and granted by the Commission, but conditioned with ongoing oversight by the Division. The Company has been in contact with Division since the conditional Motion to Dismiss was granted to update the Division on the progress of the talks.

#### **STATEMENT SUPPORTING RELIEF REQUESTED**

Negotiations amongst the Company, the Company's rate base, and other water providers are ongoing today. While the Company believes the parties will ultimately come to an agreed upon path forward, the Company does not oppose and supports the Division moving forward with petitioning the Commission for a rate increase on behalf of the Company. In preparation for the July 23, 2015 rate case filed by the Company, the Division has already completed much of the work necessary to establish an adequate, just, and reasonable rate for the Company. The Company understands the immediate funding and infrastructure realities facing the Company and the Division and Commission's statutory responsibility to the Company's water users.

The Company believes that having the Commission order the Division to move forward with a rate case is an important interim step pending the eventual disposition of the Company. Ordering the Division to pursue a rate case on behalf of the Company makes progress towards

establishing and securing the needed funds to maintain and improve the Company's system and protect Company water users.

Wherefore, the Company respectfully requests the Commission order the Division to petition the Commission for an increase in the Company's rates.

RESPECTFULLY submitted this 10th day of March 2016.

CLYDE SNOW & SESSIOS, PC

/s/ Emily E. Lewis

Emily E. Lewis

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Community Water Company's Response to Order to Show Cause filed by the Public Water Commission was emailed on the 10<sup>th</sup> day of March, 2016 to the following:

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/s/ Jamie Gerber \_\_\_\_\_

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