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Attorneys for Community Water Company

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Community Water Company, LLC)	DOCKET NO. 16-098-01
)	
)	Community Water Company's
)	Application for an Interim Rate
)	Increase and Expedited Hearing on
)	the Matter
)	
)	

Pursuant to Utah Code Ann. § 54-7-12(4), Community Water Company (“the Company”) respectfully submits this application and request for a hearing and Order approving an Interim Rate Increase in the Company’s water rates. The Company requests a rate increase in an amount equal to or near that proposed by the Utah Division of Public Utilities (“Division”) in their “Petition for an Increase in the Rates and Tariff Changes for Community Water Company, LLC” (“Petition”) filed on June 13, 2016.

I. JURISDICTION

1. Utah Code Ann. § 54-7-12(4) authorizes the Utah Public Service Commission (“Commission”) to allow, upon the application of a party and after a hearing, a rate increase or a

reasonable part of a rate increase to take effect on an interim basis within 45 days after such a request is filed, subject to the Commission's right to order a refund or surcharge.

2. The Company is a party to this proceeding.

3. The Company's application is timely, as the Division filed their Petition on June 13, 2016 tolling the end of the 90-day period on September 9, 2016.

II. STANDARD OF REVIEW

The standard of review for an Interim Rate Increase request before the Commission is less stringent than a general rate case requiring only that the applicant establish a prima facie showing that an interim rate increase is justified.

III. BACKGROUND

1. The Company is a public utility supplying culinary water service to retail customers in Summit County, Utah.

2. The Company currently serves about 500 customers in its service area and is subject to the Commission's jurisdiction with respect to prices and terms of water service to retail customers in the service area.

3. The Company's principal place of business is 1840 Sun Peak Drive, Park City, Utah 84098.

4. The Company's initial Tariff was issued on January 18, 1989, and the last order increasing Company rates was issued on January 29, 2002 as Docket No. 01-098-01.

5. The Company has not increased its service rates since 2002.

6. The current Company water rates are tiered rates with customers paying a minimum amount of \$12 per month for 5000 gallons of water. Tier 1 is \$1.25 for each 1000

gallons above the minimum for up to an additional 5000 gallons of water, and Tier 2 charges \$5.25 for each additional 1000 gallons of water above and beyond Tier 1 allocations.

7. These rates are currently insufficient to maintain the Company's ongoing general operations fund, existing infrastructure upgrades, or to establish a capital reserve account for future infrastructure costs.

8. The Company was acquired by its parent company TCFC in or around 2013. TCFC is not in, and does not desire to be in, the water business. Since acquiring the Company, TCFC has diligently explored, and continues to explore, avenues to transfer ownership and water service responsibilities of the Company to another more suitable entity.

9. The Company's longstanding low rates have resulted in intergenerational inequality and extensive deferred maintenance and replacement costs.

10. The costs associated with bringing the Company system into an acceptable form have complicated and extended negotiations to transfer Company ownership and/or operations to another entity.

11. As was detailed in the Division's Petition, past negotiations included withdrawing previous ratemaking cases in light of a reasonable expectations negotiations would result in the Company customer base being served by an entity where additional ratemaking would be unnecessary. Those negotiations ultimately proved unsuccessful.

12. The Company is, again, in active negotiations to transfer ownership of the Company to an existing water company capable of providing sustained and safe water service to the Company's customers.

13. To address the existing funding shortfall, on February 19, 2016, the Division filed a Petition with the Commission for an Order to Show Cause on why the Company should not be

ordered to file for a rate increase, or in the alternative, showing why the Division should not be ordered to file for an increase in the Company's rates. The Company did not oppose the Division filing a rate increase.

14. The Division filed their Petition on June 13, 2016, requesting an increase in the Company's rates. *Attached as Exhibit A.* This General Rate case is ongoing. The Company fully supports the rates requested by Division and is appreciate of its efforts to move this matter forward.

15. Currently, the Company and its potential new owner are actively working to determine the scope and need of future Company improvements in light of the Company's customer base possibly joining an existing and established water delivery system.

16. To adequately assess the scope of necessary improvements, there is an immediate need to invest in strategic system improvements, such as installing missing water meters to obtain routine and baseline data about Company operations.

17. The Company believes an Interim Rate Increase will raise immediate funds to support these targeted improvements and expedite negotiations and the eventual transfer of ownership of the Company.

18. Though the revenue generated with an Interim Rate Increase is modest in comparison to the totality of costs facing the Company, this additional revenue will be greatly impactful in moving the Company forward in establishing sustainable and safe water service for its customers.

19. Additionally, as part of ownership negotiations, the Company has had an ongoing dialogue with its customer base. These customers understand the financial constraints affecting

the Company and the need to raise additional revenue. As such, many are desirous to begin alleviating the Company's growing financial shortfall with more suitable water rates.

IV. REQUESTED INTERIM RATE INCREASE

In light of the above, the Company believes it has established a prima facie showing that an interim rate increase is justified.

The Company agrees that the Division's requested general rate increase is just and reasonable and in the public interest. The Company requests the Commission rely on the Division's Petition and supporting documents to support its Interim Rate Increase request.

The Division requested the Company's rate schedule be increased as follows:

Rate Schedule

Monthly Rates		Monthly Water Usage Amounts	
Standby Rates	\$17.25		
Base Rate for Connected Customers	\$33.20	0 gals	0 gals
Tier 1 (Per 1,000 Gallons)	\$.30	0 gals	12,001 gals
12,001 gals		12,001 gals	24,001 gals
24,001 gals		24,001 gals	36,001 gals
36,001 gals		36,001 gals	48,001 gals
48,001 gals		48,001 gals	<i>Over</i>

Miscellaneous Fees and Charges

Service Connection Fee	\$3,750.00
Turn-On Service for Existing Connection	\$25.00
Turn-Off Service for Non-Payment of Charges or at Owner's Request	\$25.00
Customer Late Fee (Plus 18% interest)	\$10.00 per month
Returned Check Fee	\$10.00

Pursuant to Utah Code Ann. § 54-7-12(4) the Company respectfully requests the Commission grant the full rate requested by the Division in its Petition as stated above, on an interim basis to take effect within 45 days after this request is filed. This interim rate is to be

subject to the Commission's authority to order a refund of surcharge based on the outcome of the general rate case.

Utah Code Ann. § 54-7-12(4) provides that Commission is to enter an Order granting an Interim Rate Increase request after a hearing. Due to the immediate need of making targeted improvements and completing negotiations with a potential new owner for the Company, if the Commission determines a hearing is needed, the Company requests an expedited hearing and decision and Order on its Interim Rate Increase request.

WHEREFORE, the Division respectfully requests that the Commission: enter an order implementing an Interim Rate Increase as set forth above.

Respectfully submitted this 24th day of August, 2016.

CLYDE SNOW & SESSIONS

/s/ Emily E. Lewis
Steven E. Clyde
Emily E Lewis
Attorneys for Community Water Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing COMMUNITY WATER COMPANY'S REQUEST FOR AN INTERIM RATE INCREASE AND EXPEDITED HEARING ON THE MATTER was emailed on the 24th day of August, 2016 to the following:

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