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State of Utah
Department of Commerce
Division of Public Utilities

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Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications/Water Manager
Mark Long, Utility Analyst

Date: June 28, 2017

Re: Docket No. 17-2437-01, In the Matter of Bridge Hollow Water Association Application for Exemption from Public Service Commission Regulation for Water and Wastewater Companies

Recommendation: APPROVE

The Utah Division of Public Utilities (Division) recommends that Bridge Hollow Water Association's (Bridge Hollow) request for an exemption from Public Service Commission (Commission) regulation be approved.

History of Bridge Hollow:

The Commission issued a Certificate of Public Convenience and Necessity (CPCN), CPCN No. 2437, to Bridge Hollow on January 29, 2007. The Commission also approved quarterly interim rates of \$160 for connected lots, \$120 for standby lots, and \$1,500 for connection fees. The approved quarterly interim rates remain in effect today.

Bridge Hollow is located in Summit County, Utah, approximately 17 miles north of Park City, Utah.

Bridge Hollow remains an 'Active' corporation and is in 'Good Standing' according to the records of the Utah Division of Corporations.

Additionally, Bridge Hollow supplied documentation verifying it is in compliance with the Utah Department of Environmental Quality, Division of Drinking Water.

Customer Notice

On April 11, 2017, Bridge Hollow held a “Special Meeting for Deciding on the Loan and Grant (from The Division of Drinking Water) for a New Well” at the firehouse in Wanship, Utah.

Bridge Hollow’s customers were informed that it needs to raise its rates to fund the drilling of a new well to replace an existing well that was not previously drilled deep enough and is showing signs of iron contamination. The funding for the replacement well has been approved by the Utah Board for Drinking Water, but the loan to drill the well will be held up until Bridge Hollow’s rates can be increased to guarantee the loan repayment. Its proposed quarterly rates are \$250 for connected lots and \$208.90 for standby lots.

Customers, representing 23 connections (16 in attendance with an additional seven lots represented by proxy) participated in the meeting. *(The Association is currently comprised of 42 shareholders, with 27 shareholders owning developed lots and currently receiving culinary water from the Association and 15 shareholders currently owning undeveloped lots and maintaining their share assessments for future lot development.)* All 23 customers voted to increase their water and standby fee and apply for an exemption from the Utah Public Service Commission.

The Division believes that Bridge Hollow’s customers have been adequately informed that it is seeking an exemption from regulation from the Commission.

Division Comments and Basis for its Recommendation

Bridge Hollow is serving only customers located within its service area boundaries that are members of the water company and therefore meets the requirements as established by the Commission to operate free of Commission regulation. Additionally, Bridge Hollow has shown that there is a mutuality of ownership and it is self-governed by its shareholders.

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