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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

ACTION REQUEST RESPONSE

TO: Public Service Commission

FROM: Division of Public Utilities:
Chris Parker, Director
William Duncan, Water Manager
Gary Smith, Utility Analyst

DATE: August 20, 2018

RE: Docket No. 18-098-01, Request for Exemption for Community Water Company

RECOMMENDATION

The Utah Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) cancel the Certificate of Public Convenience and Necessity (CPCN), No. 2171, of Community Water Company (CWC) upon receipt by the Division of final documentation evidencing the completed annexation of CWC's water system by Mountain Regional Water Special Service District (MRSSD).

BACKGROUND

CWC is a for-profit water corporation operating in Summit County, Utah, under regulation by the Utah Public Service Commission. On July 25, 2018, CWC filed a Request for Exemption from Public Service Commission Jurisdiction. CWC advised that it had entered into an annexation agreement with MRSSD and provided a Certificate of Annexation dated May 30, 2018, along with other related documents. Under the annexation agreement, CWC will convey all system assets to MRSSD whereupon MRSSD will take over the CWC system and provide water service to the customers of CWC. CWC has informed the Division that it will not convey any cash holdings, nor any customer receipts, to MRSSD. These funds will be used to pay for CWC's required infrastructure improvements or refunded to customers.

MRSSD is a regional public water supplier and special service district in Summit County, Utah, and is not under the Commission's jurisdiction as defined in Utah Code Title 54-2-1 (35) as follows:

"Water corporation" includes every corporation and person, their lessees, trustees, and receivers, owning, controlling, operating, or managing any water system for public service within this state. *It does not include private irrigation companies engaged in distributing water only to their stockholders, or towns, cities, counties, water conservancy districts, improvement districts, or other governmental units created or organized under any general or special law of this state.*

As MRSSD is a governmental water district, once the CWC system is annexed by MRSSD the system will no longer fit the definition of a public utility regulated by the Commission, and CPCN No. 2171 assigned to the CWC system will no longer be necessary. The proposed annexation by MRSSD is expected to be final on August 31, 2018.

cc: Justin Atwater, Community Water Company
Michele Beck, Committee of Consumer Services