

J. Craig Smith (4143)
Jennifer Bowen-Crockett (16786)
SMITH HARTVIGSEN, PLLC
257 East 200 South, Suite 500
Salt Lake City, Utah 84111
Phone: (801) 413-1600
Fax: (801) 413-1620

Attorneys for Mountain Sewer Corp.

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH	
IN THE MATTER OF THE APPLICATION OF MOUNTAIN SEWER CORPORATION FOR GENERAL RATE INCREASE	APPLICATION FOR GENERAL RATE INCREASE Docket No. 22-097-01

Mountain Sewer Corporation (“**Mountain Sewer**” or “**Company**”), hereby applies to the Public Service Commission of Utah (“**Commission**”), pursuant to Utah Code Annotated §54-7-12, for an order approving a general rate increase as set forth herein. In support of this Application, Mountain Sewer states as follows:

A. Background

1. Mountain Sewer is a privately-owned public utility that provides sanitary sewer service to residential and other customers near Huntsville, Weber County, Utah.
2. Mountain Sewer was originally established in 1985 to provide sewer service to a new development near Huntsville, Utah. Weber County created the Ski Lake Special Service District (“District”) to act as the body politic for the sewer services within the District. The District entered into a sewer service agreement with Mountain Sewer which allowed Mountain Sewer to own, operate, and maintain the sewage collection and treatment facilities and provide sanitary sewer services within the District.

3. Mountain Sewer has been regulated by the Commission since it first began providing sewer service. On June 11, 1985, the Commission issued a Report and Order granting Mountain Sewer's Certificate of Public Convenience and Necessity ("CPCN") No. 2163. On October 8, 1991, the Commission granted Mountain Sewer's petition to expand its service area, granting Mountain Sewer CPCN No. 2602 to provide sewer service in the expanded service area. A map showing Mountain Sewer's current service area is attached as **Exhibit A**.

4. Mountain Sewer's service area currently includes the following platted and recorded subdivisions:

- Lakeside Village
- Ski Lake Estates
- Edgewater Beach Resort
- The Summit at Ski Lake
- Chalets at Ski lake
- Catholic Church
- Langeland Subdivision
- Schlaf Subdivision
- Samarel Subdivision

Mountain Sewer currently serves 250 connections, with another 100 unconnected lots on standby within its service area. Mountain Sewer's principal place of business is located at 1196 S Old Snowbasin Rd. Huntsville, UT 84317.

5. Mountain Sewer's initial Tariff was issued on October 9, 1986, with an effective date of October 15, 1986. Its last revised fee schedule was issued and became effective on October 30, 2012. As part of that rate case the Commission allowed recovery of extensive legal expenses to be calculated into the increased rate for a term of 5 years. On October 30, 2017, the rate was reduced to no longer include the recovery of legal fees. The Tariff has not subsequently been changed since the reduction in October of 2017. A copy of Mountain Sewer's current Tariff dated October 30, 2017, is attached as **Exhibit B**.

6. Mountain Sewer’s fees and rates have not increased since 2012. The currently approved fee schedule has long been insufficient to meet Mountain Sewer’s ongoing operation and maintenance expenses, pay outstanding obligations, and establish reserves for future maintenance and capital infrastructure replacement. As a result, Mountain Sewer is heavily subsidized by Ray Bowden, its owner. Mountain Sewer has also taken out private loans to meet expenses and continue providing sewer service to its customers.

B. Proposed General Rate Increase

7. Mountain Sewer’s requested general rate increase will allow Mountain Sewer to operate at a net gain, meet all current obligations, be self-sustaining, and build capital reserves for future repairs and replacement of capital facilities. The following requested rate increase is necessary, just and reasonable:

Current Rates		Requested Rates	
Total Monthly Fee (connected customers only)	\$68.00	Total Monthly Fee (connected customers only)	\$98.36
Total Standby Fee equal to Fixed System Fee plus Capital Reserve Fee (unconnected customers only)*	\$24.00	Total Standby Fee equal to Fixed System Fee plus Capital Reserve Fee (unconnected customers only)*	\$55.01
Single Connection Fee	\$5,000	Single Connection Fee	\$1,642
Hookup Fee	\$300	Hookup Fee	\$300
Turn On/Off Fee	\$100	Turn On Fee	\$100
Late Fee	18% per annum	Late Fee	18% per annum

The requested general rate increase is set forth in the revised Proposed Tariff attached hereto as **Exhibit C**.

8. The increased rates will result in a projected increase in revenue from tariff customers of approximately \$ [REDACTED] (about \$ [REDACTED] from an increase in monthly flat-fee

revenue from the connected customers and about \$ [REDACTED] from standby fees charged to owners of currently unconnected lots).

9. The proposed rates are also just and reasonable under standards adopted by the Water Quality Board (“WQB”). The WQB has determined that, for 2022, an “affordable” sewer bill is no more than 1.4% of the of the community’s median adjusted gross income (MAGI). *See* State of Utah Wastewater Assistance Program Intended Use Plan, Federal Fiscal Year 2022, p. 12, *available at* <https://documents.deq.utah.gov/water-quality/board/2022/DWQ-2022-016312.pdf>. The 2020 MAGI for Huntsville, Utah is \$69,500. *See* <https://deq.utah.gov/drinking-water/magi-by-city>. Accordingly, an “affordable” sewer bill is \$973 per year, which equates to a \$81.08 monthly user fee. Mountain Sewer’s proposed monthly user fee of \$98.36 is only slightly above the Water Quality Board’s target “affordable” sewer fee. Given that the sewer fee has been well below this amount for several years the increase is needed to make up for the previous years’ deficit.

10. Mountain Sewer has also filed concurrently herewith an Application for Approval of Interim Rates, pursuant to Utah Code Ann. § 54-7-12(4).

C. Test Year

11. Mountain Sewer has used the calendar year 2021 as the test year. This test year “best reflects the conditions that [Mountain Sewer] will encounter during the period when the rates determined by the commission will be in effect.” Utah Code Ann. § 54-4-4(3)(a).

D. Conclusion

12. This Application for General Rate Increase substantially complies with the minimum filing requirements established by the Commission in Utah Admin. Code R746-700-10, R746-700-50, and R746-700-51 for a general rate case filing. A list of the information

required by the Commission's rules is exhibited at the end of this Application, with a reference to the location in this filing for the required information.

13. For good cause shown in this Application and the Exhibits hereto, Mountain Sewer respectfully requests approval of this General Rate Increase as set forth in the attached revised Proposed Tariff sheets.

14. This Application for General Rate Increase is accompanied by the necessary information and schedules in accordance with Utah Code Ann. § 54-7-12(2) to support a determination by the Commission that the proposed rate increase is just and reasonable.

WHEREFORE, for good cause shown, Mountain Sewer respectfully requests that the Commission:

1. Enter an order approving Mountain Sewer Corporation's Application for General Rate Increase, as outlined herein.

Respectfully submitted this 30th day of January 2023

SMITH HARTVIGSEN, PLLC

/s/ Jennifer Bowen-Crockett

J. Craig Smith

Jennifer Bowen-Crockett

Attorneys for Mountain Sewer Corporation

LIST OF EXHIBITS

EXHIBIT A	Mountain Sewer Service Area Maps
EXHIBIT B	Current Tariff
EXHIBIT C	Proposed Tariff Sheets
EXHIBIT D	General Information – Mountain Sewer Corporation
EXHIBIT E	Engineering Information including System Report from Great Basin Engineering dated September 25, 2020
EXHIBIT F	Financial Information
EXHIBIT G	General Ledger and Check Register
EXHIBIT H	Balance Sheets for 2020-2021
EXHIBIT I	2020 and 2021 Income Statement
EXHIBIT 2.1	Pro Forma Income Statement – Exhibit 2.1 of William Duncan’s Direct Testimony
EXHIBIT J	Billing Documentation / Reports
EXHIBIT 2.7	Information on Utility Plant – Exhibit 2.7 of William Duncan’s Direct Testimony
EXHIBIT 2.7	2020 and 2021 Assets and Depreciation – Exhibit 2.7 of William Duncan’s Direct Testimony
EXHIBIT 2.7	Projected Asset Purchases – Exhibit 2.7 of William Duncan’s Direct Testimony
EXHIBIT K	Customer Notice Information