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## UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

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### Action Request Response

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director  
Brenda Salter, Assistant Director  
Abdinasir Abdulle, Utility Technical Consultant Supervisor  
Mark Long, Utility Technical Consultant  
Joanna Matyjasik, Utility Analyst  
Stefanie Liebert, Office Specialist

**Date:** February 22, 2023

**Re:** **Docket No. 22-097-01**, In the Matter of Application of Mountain Sewer Corporation for a General Rate Increase – Interim Rate Increase Request.

### Recommendation (Approve)

The Division of Public Utilities (DPU) recommends that the Public Service Commission (PSC or Commission) approve the requested interim rates and fees as filed in Mountain Sewer Corporation's (Company or Mountain Sewer) Application for an Interim Rate Increase. The requested interim rate increase is reasonable and is more likely to reflect actual costs than current rates. Mountain Sewer requested that its proposed interim rates take effect no later than 45 days after the date of filing its Application for Interim Rate Increase.

### Background

On May 12, 2022, the Company filed notice that it anticipated filing an Application for Approval of a General Rate Increase. On January 31, 2023, the Company filed its Application for General Rate Increase, which includes its Application for Interim Rate Increase. Under Utah Code Subsection 54-7-12(4), a public utility may file a request for

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interim rates within 90 days after the day it “files a complete filing for a general rate increase...” Utah Code Subsection 54-7-12(4)(a)(ii) provides that the PSC may, after a hearing, allow a rate increase “on an interim basis within 45 days after the day on which the request is filed, subject to the [PSC’s] right to order a refund or surcharge.” The Company must present evidence that establishes an “adequate prima facie showing that the interim rate increase... is justified.”<sup>1</sup>

## **Discussion**

The DPU has performed a preliminary review of the rate increase and interim rate request applications, including exhibits, and believes that Mountain Sewer meets its obligation under Utah Code Subsection 54-7-12(4) for approval of its request for interim rates. Although the DPU has performed a broad review of the current filing, it makes no judgment regarding the entirety or accuracy of the information the Company has provided. The DPU will complete a more comprehensive review of the Company’s filing during its general rate case analysis.

In Chart 1 below, Column A<sup>2</sup> shows Mountain Sewer’s current rates and fees, Column B<sup>3</sup> shows the requested interim rates, and Column C<sup>2</sup> shows the rates the Company has requested in its Application for General Rate Increase. As Chart 1 shows, the Company’s requested interim rates are lower than the Company’s requested final rates.

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<sup>1</sup> Utah Code Ann. § 54-7-12(4)(a)(iii).

<sup>2</sup> *Mountain Sewer’s Application for General Rate Increase*, Docket No. 22-097-01, page 3.

<sup>3</sup> *Mountain Sewer’s Application for Interim Rate Increase*, Docket No. 22-097-01, page 2.

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Chart 1

	<b>Column A</b>	<b>Column B</b>	<b>Column C</b>
	<b>Current Rates</b>	<b>Requested Interim Rates</b>	<b>Requested Final Rates</b>
Connected Customers	\$68.00 monthly	\$86.00 monthly	\$98.36 monthly
Standby Customers	\$24.00 monthly	\$46.00 monthly	\$55.01 monthly
Single Connection Fee	\$5,000	\$1,642	\$1,642
Hookup Fee	\$300	\$300	\$300
Turn On/Off Fee	\$100	\$100	\$100
Late Fee	18% per annum	18% per annum	18% per annum

Mountain Sewer’s last rate increase became effective on October 30, 2012, per Docket Nos. 11-097-01, 11-097-02, and 11-097-03. In the Company’s last rate case, the Commission’s Order included, as part of Mountain Sewer’s rates, the recovery of litigation expenses related to the rate case over a five-year term. On October 30, 2017, the rate was reduced to no longer include the recovery of these legal fees.<sup>4</sup>

Since the Company’s last rate increase, the inflation rate was approximately 27.5%.<sup>5</sup> Inflation alone would account for the need to increase Mountain Sewer’s rates. In addition, the Company’s aging infrastructure requires increased maintenance and replacements to avoid contamination, line breaks, equipment failure, and potential emergencies which necessitates an interim rate increase.

<sup>4</sup> *In the Matter of Mountain Sewer Corporation’s Filing to Comply with the Commission’s Order Issued on October 30, 2012, in Docket No. 11-097-03, Application of Mountain Sewer Corporation for a General Rate Increase, Tariff Approval Letter, Docket No. 17-097-T01.*

<sup>5</sup> U.S. Inflation Calculator. The U.S. Inflation Calculator used the latest U.S. government CPI data to calculate the cumulative inflation rate through December 2022. [Inflation Calculator | Find US Dollar's Value from 1913-2022 \(usinflationcalculator.com\)](https://www.usinflationcalculator.com/)

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Mr. Ray Bowden<sup>6</sup> and Mr. William Duncan<sup>7</sup> testified that the Company is averaging approximately a [REDACTED] loss per year over the past three years, creating the need for an immediate increase until the final rates are approved.

Based on the overall body of information filed, the Company has made an adequate prima facie showing that the existing sewer fees are inadequate, and the proposed interim rates are necessary. The Company's requested interim rate increase is reasonable and is more likely to reflect actual sewer costs than current rates.

## **Conclusion**

The DPU recommends that the PSC approve the Company's requested interim rates and fees as filed in Mountain Sewer's Application for an Interim Rate Increase. If approved, the effective date of the interim rates would be no later than March 17, 2023, 45 days after the Company's filing date.

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<sup>6</sup> CONFIDENTIAL Direct Testimony of Ray Bowden for Mountain Sewer, January 30, 2023, Docket No. 22-097-01, at line 71.

<sup>7</sup> CONFIDENTIAL Direct Testimony of William Duncan for Mountain Sewer, January 30, 2023, Docket No. 22-097-01, at line 121.