

<b>BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH</b>	
APPLICATION OF MOUNTAIN SEWER CORPORATION FOR GENERAL RATE INCREASE	Docket No. 22-097-01 SETTLEMENT STIPULATION

**SETTLEMENT STIPULATION**

This Settlement Stipulation ("Stipulation") is entered into in Docket No. 22-097-01 by and among Mountain Sewer Corporation ("Mountain Sewer" or "the Company") and the Division of Public Utilities ("Division"), the parties whose signatures appear on the signature page(s) hereof (collectively referred to herein as the "Parties" and individually as a "Party").

1. On May 12, 2022, Mountain Sewer filed with the Public Service Commission of Utah ("Commission") its Notice of Intent to File an Application for Approval of General Rate Increase.
2. On January 31, 2023, Mountain Sewer filed its applications seeking an interim rate increase and a general rate increase. The Commission approved interim rates on March 14, 2023.
3. Over the past few months, the Parties have discussed the matters presented below and recently entered into settlement discussions.
4. There have been no requests to intervene in this docket.
5. The Parties recommend and request that the Commission approve the Stipulation and its terms and conditions. The Parties request that the Commission make

findings of fact and reach conclusions of law based upon the evidence filed in this proceeding and upon this Stipulation and issue an appropriate order.

BACKGROUND

6. Mountain Sewer is a for-profit corporation that provides sanitary sewer services with a Certificate of Public Convenience and Necessity issued by the Commission on June 11, 1985.<sup>1</sup> The Company's last rate increase became effective in 2012.

7. On January 31, 2023, the Company filed its Application for Interim Rate Increase, Application for General Rate Increase, and supporting direct testimony. The Commission held a scheduling conference on February 7, 2023, and issued a Scheduling Order on February 9, 2023.

8. On March 7, 2023, the Commission held a hearing on interim rates.

9. The Commission approved the interim rates on March 14, 2023, setting an effective date of March 17, 2023. The approved interim rates are presented in Table 1, below.

Table 1

	<b>Commission Approved Interim Rates</b>
Connected Customers	\$86.00 monthly
Standby Customers	\$46.00 monthly
Single Connection Fee	\$1,642.00
Hookup Fee	\$300.00
Turn On/Off Fee	\$100.00
Late Fee	18% per annum

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<sup>1</sup> Docket No. 84-097-01.

10. Pursuant to the Scheduling Order, Joanna Matyjasik, Utility Analyst, filed direct testimony on behalf of the Division on June 29, 2023.

11. After the Division's review of the application, informal data responses from the Company, and discussions among the Parties, the Parties entered into settlement discussions.

12. The settlement discussions resulted in the preparation and execution of this Stipulation now presented to the Commission. The Parties request that the hearing and the public witness hearing on the Stipulation be held on August 23, 2023, the hearing date established by the Scheduling Order.

#### SETTLEMENT TERMS

For purposes of this Stipulation, the Parties agree and recommend that the Commission approve the following:

##### Specific Terms

13. Rate Increase. The Parties agree that, effective October 1, 2023, the Company's rate structure and fees will be as shown in Table 2, below.

Table 2

	<b>Division Recommended Rates</b>
Connected Customers	\$106.00 monthly
Standby Customers	\$32.00 monthly
Single Connection Fee	\$1,642.00
Hookup Fee	\$300.00
Turn On/Off Fee	\$100.00
Late Fee	18% per annum

14. Billing Error. The Company incorrectly started billing customers the interim rates on March 1, 2023, rather than on March 17, 2023, the effective date approved by the Commission. This billing error resulted in overbilling the connected customers \$9.29 and the standby customers \$12.11.

15. Underbilling Connected Customers. As a result of the approved interim rates for connected customers being lower than the rates recommended by the Division, each connected customer will be underbilled by \$129.68 from March 17, 2023, through September 30, 2023.

16. Overbilling Standby Customers. As a result of the approved interim rates for standby customers being higher than the rates recommended by the Division, each standby customer will be overbilled by \$90.77 from March 17, 2023, through September 30, 2023.

17. Resolution of Billing Errors for Connected Customers. Due to the aforementioned billing issues, each connected customer is required to pay an additional \$120.39 (\$129.68 minus \$9.29). Therefore, an additional \$120.39 will be billed to each connected customer through the standard billing mechanism in the first billing cycle following the effective date of the Commission's order. This amount shall be payable over three months if requested by the customer. Please note that this assumes that the Commission's order will have an effective date of October 1, 2023. If the effective date differs, then the Company should adjust its total surcharge accordingly.

18. Resolution of Billing Errors for Standby Customers. Due to the aforementioned billing issues, each standby customer will overpay by \$102.88 (\$12.11 plus \$90.77). Therefore, a credit of \$102.88 shall be issued to each standby customer through the



standard billing mechanism in the first billing cycle following the effective date of the Commission's order. Please note that this assumes that the Commission's order will have an effective date of October 1, 2023. If the effective date differs, then the Company should adjust its total refund accordingly.

19. Updated Tariff Sheets. In addition to the revised rates, fees, and charges shown in Table 2, the Parties have agreed on several additions and changes to Mountain Sewer's tariff. These changes are primarily housekeeping matters. The resulting tariff is the third revision of Mountain Sewer's tariff since becoming regulated by the Commission. The revised Tariff No. 3 is provided in both redline and clean form and made part of this Stipulation as Attachment A (formerly Mountain Sewer's Exhibit C1) and Attachment B (formerly Mountain Sewer's Exhibit C2) hereto, respectively.

20. Resolution of Notes Payable of [REDACTED]. The Company's testimony supporting its Application for General Rate Increase indicated that Mountain Sewer owes Mr. Ray Bowden [REDACTED].<sup>2</sup> In response to the Division's first data request, Mr. Bowden acknowledges that the [REDACTED] is best characterized as a subsidy, and Mountain Sewer is not responsible for repaying Mr. Bowden this subsidy.<sup>3</sup>

21. Notice to Customers of Stipulation, Hearing, and Public Witness Hearing. The Company has provided or will provide the following notices to customers:

- a. On July 20, 2022, a letter was sent to all customers via U.S. Mail providing notice of Mountain Sewer's intent to file a rate case. This correspondence referenced the Commission's website, listed the docket

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<sup>2</sup> Confidential Direct Test. of Ray Bowden, January 30, 2023, lines 38 and 39.

<sup>3</sup> Mountain Sewer's responses to DPU Data Request 1.3 through 1.9, May 4, 2023.

number, and indicated that this matter will be available for "public inspection" on the Commission's website.

- b. On February 24, 2023, Mountain Sewer notified all customers via a letter sent by U.S. Mail that Mountain Sewer filed an Application for Approval of General Rate Increase and Interim Rate Increase. This notice included a copy of the scheduling order which indicated the dates and times of the hearing and public witness hearing in this docket. Also, the Company provided a direct link to the Commission's website for Docket No. 22-097-01, encouraging its customers to view the docket and contact Mountain Sewer if they have any questions.
- c. Customers were notified of a proposed settlement agreement on July 28, 2023. This notice indicated that the hearings are scheduled for August 23, 2023. Also, the Company provided a direct link to the Commission's website for Docket No. 22-097-01, encouraging its customers to view the docket and contact Mountain Sewer if they have any questions.
- d. Also, on August 2, 2023, the Division filed a motion to suspend the schedule, except for the hearing dates. Mountain Sewer supported the motion.

### General Terms

22. No Precedent. The Parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same, or a Commission order approving the same, shall in any manner be argued or considered as precedential in

any future case except with regard to issues expressly called-out and resolved by this Stipulation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to, any issues not specifically called-out and settled herein.

23. Stipulation Taken as a Whole. Not all Parties may agree that each aspect of this Stipulation is supportable in isolation. Utah Code Annotated Section 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties may not be able to agree that each specific component of this Stipulation is just and reasonable in isolation, all Parties agree that this Stipulation as a whole is just and reasonable in result and is in the public interest.

24. Confidentiality. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

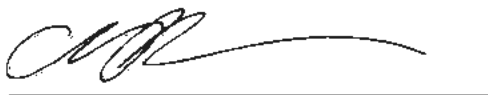
25. Witnesses. The Company and the Division will each make one or more witnesses available at the hearing to explain and offer further support for this Stipulation. As applied to the Division, the explanation and support shall be consistent with its statutory authority and responsibility.

26. Execution. This Stipulation may be executed by individual Parties through two separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

DATED this 11<sup>th</sup> day of August 2023.

Ray Bowden  
Ray Bowden (Aug 9, 2023 12:52 MDT)

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