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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. 22-540-01**, In the Matter of Application of Lakeview Water 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) approve the requested interim rates and fees as filed in Lakeview Water Corporation's (Company or Lakeview Water) Application for Interim Rate Increase. The requested interim rate increase is reasonable and is more likely to reflect actual costs than current rates. Lakeview Water 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 interim rates within 90 days after the day it "files a complete filing for a general rate

Division of Public Utilities

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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 Lakeview Water 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 Lakeview Water’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> *Lakeview Water’s Application for General Rate Increase, Docket No. 22-540-01, pages 3-4.*

<sup>3</sup> *Lakeview Water’s Application for Interim Rate Increase, Docket No. 22-540-01, pages 2-3.*

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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>
<b>Water Usage Rates</b>			
Base Rate (Minimum Fee)	\$35.00	\$60.00	\$73.57
≤ 12,000 gallons	Included	Included	\$3.00 per 1,000 gallons
Tier 1 12,001 to 15,000 gallons	\$3.25 per 1,000 gallons		
12,001 to 20,000 gallons		\$2.00 per 1,000 gallons	\$4.49 per 1,000 gallons
Tier 2 15,001 to 40,000 gallons	\$3.75 per 1,000 gallons		
20,001 to 40,000 gallons		\$4.50 per 1,000 gallons	\$6.74 per 1,000 gallons
Tier 3 40,001 to 60,000 gallons	\$4.25 per 1,000 gallons	\$6.75 per 1,000 gallons	\$10.11 per 1,000 gallons
Tier 4 60,001 to 80,000 gallons	\$5.50 per 1,000 gallons	\$10.13 per 1,000 gallons	\$15.17 per 1,000 gallons
Tier 5 ≥ 80,000 gallons	\$7.00 per 1,000 gallons	\$15.19 per 1,000 gallons	\$22.75 per 1,000 gallons
<b>Connection Fees</b>			
Single Family Dwelling Unit (Developments) ¾ inch	\$3,500	\$1,495	\$1,495
Other Single Family Dwelling Unit ¾ inch	\$4,000	\$1,495	\$1,495
Multiple Family Dwellings (on single connection)	\$3,000	\$1,495	\$1,495
<b>Stand-By Fee</b>			
Single Connection	\$10.00	\$30.00	\$41.33

In Docket No. 06-054-T01, Lakeview Water's last base rate increase to \$35 per month became effective in 2010 after a three year phase-in.<sup>4</sup> Since the Company's last rate

<sup>4</sup> In the Matter of the Application of Lakeview Water Corporation for Approval of its Proposed Water Rate Schedules and Water Service Regulations, Docket No. 06-540-T01, Report and Order issued on Nov. 29, 2007.

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increase in 2010, the inflation rate was approximately 34.2%.<sup>5</sup> The Company's aging infrastructure requires increased maintenance and replacements to avoid water main breaks, equipment failures, and potential emergencies which necessitates an interim rate increase.

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 water 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 costs than current rates.

## **Conclusion**

The DPU recommends that the PSC approve the Company's requested interim rates and fees as filed in Lakeview Water'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>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/)

<sup>6</sup> CONFIDENTIAL Direct Testimony of Ray Bowden for Lakeview Water, Docket No. 22-540-01, January 30, 2023, at line 31.

<sup>7</sup> CONFIDENTIAL Direct Testimony of William Duncan for Lakeview Water, Docket No. 22-540-01, January 30, 2023, at line 125.