

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of)
HIGHLANDS WATER COMPANY,)
INC. for an increase in its rates)
and charges for water service,)
addition to its certificated area,)
and certificate to furnish)
irrigation water.)

CASE NO. 5572 SUB 2 and SUB 4

REPORT AND ORDER

Submitted: June 2, 1975

Issued: February 25, 1976

Appearances:

| | | |
|--|-----|--|
| Elliott Lee Pratt | For | Highlands Water Company, Inc. |
| Clair J. Jaussi, Assistant Attorney General | " | Division of Public Utilities, Department of Business Regulation, State of Utah |
| Robert A. Echard | " | Highlands Homeowner's Association |
| Philip C. Patterson | " | Morgan County |

By the Commission:

The above-entitled application of Highlands Water Company for an increase in its rates, for an additional certificated area and for a certificate to serve irrigation water throughout its system to the consumers therein came on for hearing on February 26, 1975, thereafter on March 18 and finally on June 2, 1975. Notice of the hearing was given by mail and by publication.

Based upon the evidence adduced herein, the Commission finds as follows:

FINDINGS OF FACT

1. Highlands Water Company, Inc. is a corporation organized and existing under the laws of the State of Utah with its principal place of business in Mountain Green, Morgan County, Utah. The company was issued its original Certificate of Convenience and Necessity, No. 1520, in Case No. 5572 by order of this Commission dated May 28, 1965, and said certificate was amended August 11, 1966 in Case No. 5572 Sub 1. Thereafter, in Case No. 6328, the applicant was granted a rate increase by order of this Commission dated June 25, 1971, and from that date forward the applicant has been operating under the rates established by such order.

2. In Investigation Docket No. 168 this Commission, by its Report and Order issued November 13, 1974, ordered that the Gordon Creek Springs become the primary water source for the applicant, and that the Pate-Poll Well and Reservoir shall be operated only in emergencies; and the Commission retained further jurisdiction over the operation of the system requiring the system to meet the standards of the State of Utah Division of Health, Department of Social Services.

3. In the present application, Sub 2 and Sub 4, applicant seeks an extension of its certificated area, and extension of its certificate to permit it to furnish irrigation water through a secondary system, and to increase the culinary rates above those rates granted in 1971. The proposed additional area is set out in the attachment hereto, and is shown on the map exhibit submitted in these proceedings. Said additional areas include in Parcel No. 1 a trailer court, known as the Wagon Wheel Trailer Court, together with approximately 50 possible connections, 30 of which are in actual use, and some additional homes along the County Road in the general vicinity of the Wagon Wheel. In the additional areas there are various existing consumers who are now receiving water from applicant, there are consumers who desire to receive water and there are prospective consumers who will require water in the future development of the area.

4. The applications seek to increase the rates as follows:

Raise the rate for 6,000 gallons from \$4.50 to \$6.00, for 14,000 gallons from \$.35 per thousand gallons to \$.90 per thousand gallons, for 30,000 gallons from \$.30 per thousand gallons to \$.80 per thousand gallons, and for all over 50,000 gallons from \$.25 per thousand gallons to \$.70 per thousand gallons. The increase will also raise the minimum from \$4.50 to \$6.00; and the 3/4" connection fee from \$85 to \$300.

5. The applications further seek to obtain approval of the use of secondary water from Gordon Creek to serve the customers in the certificated areas with irrigation water, in addition to the culinary water which is now being served under the appropriate certificates. The Commission finds that as to the secondary irrigation system, that at the present time, and under the engineering studies and testimony adduced at the hearing, that there is presently insufficient need for the additional water in sufficient quantities and for enough

customers, to justify a finding that public convenience and necessity would best be served by the granting of such a certificate. The Commission further finds that due to sub-surface soil conditions and steep slopes, the increased application of surface waters likely to occur should a secondary system be approved would likely cause a serious risk of soil slippage and the secondary system should be disapproved for this reason alone.

6. The Commission finds that as to the additional area sought to be included in applicant's certificated area, that for the most part, the smaller areas are within the overall boundaries and service area presently being served by applicant, that there is a present public convenience and necessity which will be satisfied by granting a certificate to serve said areas. The Commission finds that as to the larger area lying to the north and east of the existing certificated area, that the reasonable and foreseeable development of said area, together with its proximity to the existing area and system of the applicant, justifies a finding that public convenience and necessity will be best satisfied by adding said area to the certificated area of applicant. In this connection the Commission finds that there are no other utilities having water which either at the present time or in the foreseeable future could serve said area; that applicant is the logical company to furnish water to said area; and that public convenience and necessity will best be served by granting said area to applicant.

7. The evidence shows that there is one metering connection at the Wagon Wheel whereby the trailers are all metered through a common meter. The evidence further shows that at the present time only one billing for the water used at the Wagon Wheel is being made by the Company. The Commission finds that such a practice is consistent with public convenience and necessity in this case.

8. The evidence shows that in the general vicinity of the Wagon Wheel, there were several homes which should be served by applicant; and the Commission finds that said homes shall be served and shall be billed and shall pay the same rates as are other customers in applicant's certificated area. In this connection, the evidence shows that some homes have been receiving water without being billed or paying for same; and the Commission finds that such a practice is inconsistent with proper utility regulation and shall cease; and that all water users throughout the entire system shall be billed and shall

| | |
|-------------------------|----------------|
| All over 50,000 gallons | \$.70/thousand |
| Minimum | \$6.00 |
| 3/4" Connection | \$300.00 |

16. The Commission further finds that said rates should be put into effect for all connections made after the date of this order, and shall be effective beginning with the next billing date for all existing consumers now receiving service from applicant.

CONCLUSIONS

The Commission concludes that applicant's application for a certificate to furnish secondary irrigation water should be denied.

The Commission further concludes that the applicant's additional area requested herein should be certificated to applicant and added to its certificated area.

The Commission further concludes that the increase in rates sought herein by applicant should be approved.

The Commission further concludes that the Order herein should be conditioned upon applicant first obtaining all prior approvals required by the Utah State Board of Health and by Morgan County, as said approvals have been described in the Findings of Fact herein.

ORDER

IT IS THEREFORE ORDERED, That applicant's request for a certificate to serve irrigation water through a secondary system is denied.

IT IS FURTHER ORDERED, That applicant's certificated area shall be expanded to include the additional areas described in the attached Exhibit A, conditioned upon applicant first obtaining all prior approvals required by the Utah State Board of Health and by Morgan County.

IT IS FURTHER ORDERED, That the rates of applicant shall be increased in accordance with Finding No. 15 above, and that said rate increase shall be effective as to any new connections made after the date of this Order, and as to existing connections at the beginning of the next billing period.

IT IS FURTHER ORDERED, That applicant shall file with the Public Service Commission, Division of Public Utilities, copies of its operating statement and balance sheet every 90 days for the next year, or until further ordered by this Commission. These

CASE NO. 5572 SUB 2 and SUB 4

-7-

financial records must be in compliance in all respects with the uniform system of accounts and with the regulations of this Commission.

IT IS FURTHER ORDERED, That this Report and Order shall be effective upon the date it bears .

Dated at Salt Lake City, Utah, this 25th day of February, 1976.

/s/ Frank S. Warner, Chairman

(SEAL)

/s/ Olof E. Zundel, Commissioner

/s/ James N. Kimball, Commissioner

Attest:

/s/ Ronald E. Casper, Secretary

The applicant proposed to serve the following area:

1. Parcel 1: A part of the Southwest 1/4 of the Northwest 1/4 of Section 25, and the Southeast 1/4 of the Northeast 1/4 of Section 26, Township, 5 North, Range 1 East, Salt Lake Base and Meridian, described as follows: Beginning at a point on the West Boundry of said Section 25, which bears North $0^{\circ} 16'$ East 299.0 feet from the West 1/4 corner of said Section 25, (said West 1/4 corner is located at a point which bears North 1319.0 feet from Engineers Station 52146+38.0 to the center line of the U.P.R.R. Main line (S.track) angle $88^{\circ} 24'$ right; cantilever signal tower No. 9777 is located at Station 52143+45.8), and running thence South 72° West 114.5 feet; thence South 37° West 135.0 feet; thence South $77^{\circ} 30'$ West 418.0 feet; thence North 19° East 316.0 feet; thence North $53^{\circ} 15'$ East 240.0 feet; thence North 26° East 300.0 feet to the State Highway; thence along Highway North $85^{\circ} 40'$ East 173.5 feet to the Section line; thence North $82^{\circ} 52'$ East 942.0 feet; thence South 242.0 feet; thence South $49^{\circ} 35'$ West 393.5 feet; thence South $69^{\circ} 30'$ West 424.0 feet; thence North $81^{\circ} 10'$ West 242.0 feet to the point of beginning.
2. Parcel 2: A part of the Southwest 1/4 of the Northwest 1/4 of Section 25, and the Southeast 1/4 of the Northeast 1/4 of Section 26, Township 5 North, Range 1 East, Salt Lake Base and Meridian, described as follows: Beginning at a point which bears North $0^{\circ} 16'$ East 155.8 feet from the West 1/4 corner of said Section 25, and running thence West 189.5 feet; thence North 37° East 135.0 feet; thence North 72° East 114.5 feet to the Section line; thence South $81^{\circ} 10'$ East 242.0 feet; thence North $69^{\circ} 30'$ East 424.0 feet; thence North $49^{\circ} 35'$ East 393.5 feet; thence South 293.0 feet to the North bank of an old channel of Cottonwood Creek; thence along the North bank of said old channel South $63^{\circ} 45'$ West 490.0 feet; thence West 497.0 feet to the point of beginning.
3. Parcel 3: Beg. at a point located E. 1167.8 feet; thence N. 430.3 ft; th. S. $85^{\circ} 25'$ W. 136.0 ft; th.S. $63^{\circ} 45'$ W. 106.0 ft. from the W. cor. of Sec. 25, T5N, R1E, SLB&M. said pt. of beg. being the Grantors SW prop. cor. th.N. 535.0 ft. to the S. of-way line of hwy. US 30-S; th. N. $85^{\circ} 30'$ E. alg. said road-way 16.5 ft.; th. S. 528.2 ft. to the Grantors S prop. line; th. S $63^{\circ} 45'$ W. 18.4 ft. to the place of beg.
4. Parcel 4: A part of NW 1/4 of Sec. 25, T5N, R1E, SLM comm. at pt. on S line of Co. Rd. (St. hwy.) 11.50 chs. N. & 242.68 ft. W. 87° E. of SW cor. of SW 1/4 of said Sec. 25; th. S. 10° E. 4.25 chs; th. N 87° E. 20 ft; th. N. 10° W 4.25 chs. more or less to St. Hwy; th. S. 87° W. 20 ft. to place of beg. 0.129 ac.
A part of Sec. 25, T5N, R1E, SLM U. S. Survey des. as fol: Beg. at W1/4 cor. of said Sec. 25, and run. th. E. 40 chs. th. W. 3.82 chs; th. W 56° W 10.08 chs; th. W 1.50 chs; th. S. 4.0 chs; th. N 87° W 5.50 chs; th. W. 3.64 chs; th. S 86° W 18.30 chs; th. S 12 chs. to place of beg. except therefrom however, the fol. tract of land prev. con. to O.W. Pollins; beg. 4.0 chs. E of SW cor. of SE 1/4 NW 1/4 of Sec. 25, & run. th. W 2° W. 13.25 chs; S 37° E. 2.0 chs; th. S 66° E 5.0 chs; th. S 48° E. 12.93 chs; th. S 2.81 chs; th. W. 16 chs. to place of beg. 10.72 acs.