

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
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Date: August 31, 2026

Re: **Docket No. 24-010-01**, Highlands Water Company Inc (HWC). – Tariff Compliance Filing – Application for a Rate Increase.

Recommendation (Approval)

The Public Service Commission's (Commission) August 17, 2026, Action Request seeks: (1) an evaluation and recommendation on which billing cycle, the bi-monthly or monthly tariff billing option should be approved; and (2) verification that the proposed tariff sheet complies with the rates, fees, and terms established in the Commission's July 31, 2026, Order for Highlands Water Company Inc ("HWC" or "Company").

The Division of Public Utilities (DPU) recommends approving *Attachment 3 – Monthly Option Final, Schedule of Rates, Rules, and Regulations, Tariff No. 5*. Following its evaluation, the DPU concludes that this tariff sheet complies with the July 31, 2026, Order.

Issue

Two versions, a monthly General Rate and a bi-monthly General Rate, tariff sheet were filed by the Company on August 13, 2026. HWC's prior tariff No. 4 approved August 5, 2009, had a monthly general rate and bi-monthly usage rates, accompanied by the historical practice to bill bi-monthly. The Tariff 4 accompanying rules and regulations refer to the



monthly and/or bi-monthly activities in both the Reading of Meters section 11 and the Billing and Payments section 12.

The Company has recently made changes by installing electronic meter reading and new billing software, which gave it the ability to read meters and bill monthly all year. In the past, the Company did not have the ability to read the water meters electronically and most winter months the weather interfered with reading the meters manually.

With the very recent new meter reading and billing capabilities, the Company moved to the more accurate and efficient monthly meter reading and billing all year round. As the new rates and fees are a substantial increase; moving to a monthly billing is more convenient and affordable for many customers.

The Company did not want to delay further the implementation of the new rates. It filed both a monthly and bi-monthly tariff sheet version, hoping the process would not be delayed further.

Background

The following timeline provides insight into the GRC process for this docket.

- On February 23, 2024, the Commission received notice of intent from Highlands Water Company, Inc. (Highlands Water or Company) to file a petition for a general rate increase (rate modification) of culinary water rates.
- On November 24, 2025, the Commission received a comprehensive application from Highlands Water Company (dated November 7, 2025). The Division received an action request from the Commission on November 24, 2025, to review the application and make recommendations by December 8, 2025, regarding the application's completeness. The Division reviewed the application and found it to be substantially complete and submitted a response to the Commission on December 8, 2025.

- The Commission issued the Scheduling Order, Notice of Hearing, and Notice of Virtual Public Witness Hearing on December 10, 2025.
- April 10, 2025, DPU submitted Tamra Dayley's Direct Testimony for the Division with exhibits 2.1 through 2.13. The exhibits included a summary table of the Tariff multi-year gradual phase-in rates for calendar years 2026, 2027 and 2028.
- Next on June 9, 2026, a Joint Motion to Vacate the Scheduling Order for a Hearing Date and for Expedited Treatment. This Motion was granted June 11, 2026 and to Convert Existing Hearing Date to Consider Settlement Stipulation.
- June 18, 2026, the Settlement Stipulation was put forth by HWC and DPU. The Order Approving Settlement Stipulation and Associated Tariff Revisions was issued July 31, 2026.
- August 13, 2026, HWC submitted the Tariff Compliance Filing with a request for clarification regarding the timing of a multi-year gradual phase-in rate. The filing consisted of the following:
 - Highlands Water Company, Inc.'s Tariff Compliance Filing (Notes)
 - Attachment 1 – Bi-Monthly Option Final
 - Attachment 2 – Bi-Monthly Option Redline
 - Attachment 3 – Monthly Option Final
 - Attachment 4 – Monthly Option Redline

Discussion

DPU evaluated the submitted tariff sheets and redline versions. A summary of the impacted rates between monthly and bi-monthly billing is shown below. The summary compares the usage tiers for each option.

Bi- Monthly Billing Usage					One Month Billing Usage					Two Month	
					First Month					Second Month	
										Cumulative	
	Description	Rate*	Beg. Gal. Range	End Gal. Range	Description	Rate*	Beg. Gal. Range	End Gal. Range	Beg. Gal. Range	End Gal. Range	End Gal. Range
Base	First 12,000		0	12,000	First 6,000		0	6,000	0	6,000	12,000
Tier 1	Next 38,000	\$1.50	12,001	50,000	Next 19,000	\$1.50	6,001	25,000	6,001	25,000	50,000
Tier 2	Next 50,000	\$2.00	50,001	100,000	Next 25,000	\$2.00	25,001	50,000	25,001	50,000	100,000
Tier 3	Over 100,000	\$3.50	100,001	∞	Over 50,000	\$3.50	50,001	∞	50,001	∞	∞

To assess the impact of converting from bi-monthly to monthly tier rates, DPU gathered monthly usage data for both residential and commercial customers. The analysis indicated that customers generally remained within the same tier from month to month, apart from residential outdoor watering during a few select summer months. Ultimately, shifting to the next tier or tiers, at the beginning of summer and then down in the fall, resulted in no material differences when comparing the monthly to bi-monthly billing. In any event, the monthly billing sends a timelier signal to the Company and the customer about a customer's usage and bill.

Conclusion

The DPU's analysis confirms that converting from bi-monthly to monthly tier rates does not result in material differences for residential and commercial customers, as usage remains generally consistent across billing cycles. It also provides for a better-timed signal to the Company and user alike. Therefore, approval of Attachment 3 – Monthly Option Tariff sheet complies with the PSC's Order of July 31, 2026.

cc: Marjalee Smith, President Highlands Water Company Inc.