

–BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH–

In the Matter of Pine Valley irrigation Company's
request for a rate increase

)
)
)
)
)
)
)

DOCKET No. 25-2179-01
Exhibit No. DPU 1.0 DIR
Shauna Benvegna-Springer

Redacted

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

Shauna Benvegna-Springer

August 6, 2026

CONTENTS

Introduction 1

Background 1

Proposed Rate Modifications..... 4

Revenue Requirement 9

Division Adjustments 9

Impact on Customer’s Water Bill 11

Division’s Position 12

Conclusion 13

1 **INTRODUCTION**

2 **Q: PLEASE STATE YOUR NAME, BY WHOM YOU ARE EMPLOYED, AND IN WHAT CAPACITY.**

3 A: My name is Shauna Benvegna-Springer. I am employed by the Utah Division of Public
4 Utilities (Division or DPU) as a Utility Technical Consultant. My business address is the
5 Heber Wells Building, 160 East 300 South, Salt Lake City, Utah 84114.

6 **Q: PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.**

7 A: I have a bachelor's degree in accounting and management from Westminster University of
8 Salt Lake. I am a Certified Government Financial Manager (CGFM). I have seven years of
9 accounting and finance work in the state government, 23 years of government leadership
10 and professional accounting and finance with various State agencies managing
11 budgeting, legislation, purchasing, fixed asset management, contract management,
12 payroll, audits, compliance with state and federal laws, and grant compliance. The past 19
13 years I have worked for the Division in utility regulatory compliance.

14 **Q: HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH BEFORE?**

15 A: Yes, I have testified before the Public Service Commission of Utah (Commission) in various
16 water, telecom and energy dockets.

17 **BACKGROUND**

18 **Q: PLEASE DESCRIBE THE BACKGROUND AND ISSUES OF THIS CASE.**

19 A: On February 11, 2025, the Commission received Pine Valley Irrigation Company's (Pine
20 Valley or Company) notice of intent to file a request for a culinary rate increase. On
21 February 13, 2025, the Company filed with the Commission a request¹ for access to its
22 Capital Reserve Account. The Company intends to use these funds to drill a new culinary

¹ Correspondence from Pine Valley (Feb. 13, 2025)

23 well for the water system and additional improvements to the infrastructure. On March
24 12, 2026, the Company filed its Application for a general rate increase (GRC) (Application).
25 The Division received an Action Request from the Commission on March 12, 2026, to
26 review the Application and make recommendations by March 26, 2026, regarding the
27 Application's completeness. The Division reviewed the comprehensive Application and
28 found it to be complete and submitted a response to the Commission on March 19, 2026. A
29 virtual scheduling conference was held on March 24, 2026, and a scheduling order was
30 issued by the Commission on April 1, 2026. During the next few months, the Division
31 reviewed the Application and initial documentation, which included proposed rate
32 changes, annual reports, and summaries of expenses and revenues. The Division also
33 made phone calls to the Company and its consultants seeking further information and
34 clarification of operations, assets, and expense details. The Company cooperated
35 completely and provided the information and clarification needed. The Company
36 requested interim rates in the Application. On April 3, 2026, the Division filed comments
37 recommending the Commission approve the request for interim rates and fees.

38 **Q: PLEASE EXPLAIN THE HISTORY OF THE WATER COMPANY.**

39 On July 13, 1901, Pine Valley registered as an irrigation non-profit corporation and
40 reincorporated as a non-profit mutual water company in 1948. In 1976, the shareholders
41 converted the water system to a piped underground spring source and added culinary
42 water service for its customers. When the culinary water service was added, surrounding
43 neighbors who were not shareholders or stockholders requested utility services, and the
44 Pine Valley accommodated them.

The Company is in a valley on the south slope of the Pine Valley Mountains in Washington County. Its physical address is 435 East Main Street, Pine Valley, Utah. The service area includes the following designated developments.²

- Town of Pine Valley (22 blocks)
- Pine Valley Meadows
- Pine View
- Mangum Subdivision
- Springer Creek Pines
- Shadow Hills Estate Phase 1
- Mountain View Estates Phase 1
- Pine Tree Subdivision
- Sunflower Acres
- Al Truman's Subdivision
- Deiro Subdivision, and
- Pine Valley Ranchos A-G

The lot sizes range from as small as ¼ acre to 1 acre. Pine Valley is serving 582 metered-customers, and 218 stand-by lots for a total of 800 authorized connections.

On July 26, 1991, the Commission granted Pine Valley a Certificate of Public Convenience and Necessity (CPCN) and approved its tariff in Docket No. 91-2179-01.

In 2002, rates were \$20 per month minimum charge for the first 3,000 gallons, \$.50 per 1,000 gallons for the next 3,000 gallons, \$.75 per 1,000 for the next 3,000 gallons and usage above 9,000 gallons was \$1.00 per 1,000 gallons.

² Pine Valley Irrigation Company, Docket No. 09-2179-01, Division Comments and Recommendation, dated March 8, 2010, page 2., confirmation with Lee Snow on April 7, 2026.

Effective May 1, 2010, rates were \$20.75 per month minimum charge for the first 1,000 gallons, \$.75 per 1,000 gallons for the next 4,000 gallons, \$1.50 per 1,000 gallons for the next 5,000 gallons and usage above 10,000 gallons was \$3.00 per 1,000 gallons.

Fees included a disconnection fee of \$100 per incident, a reconnection fee of \$100 per incident, late fees of \$5 or 1.5% of unpaid balance whichever is greater, system expansion impact fee of \$2,000, hookup fee of \$900, name transfer fee of \$25, returned check/NSF fee of \$25, and an unwarranted service call of \$50.

PROPOSED RATE MODIFICATIONS

Q: PLEASE EXPLAIN THE COMPANY'S PROPOSED RATE CHANGES AND ANY ISSUES WITH THE REQUESTED MODIFICATIONS

A: The Company proposed percentage-of-change varies from no change to 700%. In 2010, the Division calculated its revenue requirement as \$304,404³. The Company's proposed revenue requirement is [REDACTED],⁴ which is a 32% increase overall. The Company is requesting a 139% percent increase to the connected customer base fee which includes 1,000 gallons, from \$20.75 to \$49.50 per month⁵. The Company is seeking five tiers instead of three tiers for each 10,000 gallons of water used each month.⁶ Table 1 compares the

³ Pine Valley Irrigation Company, Docket No. 09-2179-01, Division Comments and Recommendation, dated March 8, 2010, Exhibit 2.1, Line 1.

⁴ Pine Valey Irrigation Company Application, 25-2179-01, Exhibit 1.2.

⁵ Information compiled by the Division from Pine Valley Docket No. 09-2179-01 and Docket No 25-2179-01.

⁶ Comments from Mark Long in Docket No. 25-2179-01.

83 current rates to the Company's proposed rates using 2024 base year.

Table 1 Comparison of Pine Valley Rates			
Item	Current Rate	Proposed Rate	% inc
Base Rate (includes 1K gal)	20.75 per month	49.50 per month	139%
Useage per 1K gal per month			
Tier 1 next 4K gals	\$ 0.75		p/1K gal
Tier 2 next 5K gals	\$ 1.50		p/1K gal
Tier 3 over 10K gal	\$ 3.00		p/1K gal
Tier 1 (1-10K gals)		\$ 1.50	50%
Tier 2 (10,001 to 20K gals)		\$ 3.00	
Tier 3 (20,001 to 30K gals)		\$ 6.00	100%
Tier 4 (30,001 to 40K gals)		\$ 12.00	300%
Tier 5 (> than 40,001 gals)		\$ 24.00	700%
Standby fees*	17.75 per month	22.50 per month	27%
FEES:			
First time service connection hook-up fee	\$ 900.00	\$ 5,000.00	456%
Disconnect fees	\$ 100.00	\$ 120.00	20%
Re-connect fees	\$ 100.00	\$ 120.00	20%
Ownership change fees	\$ 25.00	\$ 50.00	100%
Shut off fee		\$ 150.00	NEW FEE
Late fee on bills 30 or ore days past due	\$5.00 plus interest	\$5.00 plus interest	no change
Interest rate on bills pate due by 30 days	18% per annum	18% per annum	no change
Returned payment fees	\$ 25.00	\$ 50.00	100%
Filing and releasing liens, per occurrence		\$ 150.00	NEW FEE
Unwarranted service call	\$ 50.00	\$ 100.00	100%
Charge for service call to repair customer		Actual cost of repair	
Theft of service charge		\$ 1,000.00	NEW FEE
System Expansion Impact Fee	\$ 2,000.00	\$ 2,000.00	no change

84

85 ANALYSIS

86 Q: HOW DID THE DIVISION EVALUATE THE COMPANY'S APPLICATION?

87 The Division reviewed annual reports for December 31, 2016, through December 31, 2025.

88 The Division reviewed the Company's report filings to verify compliance. All the

89 information provided in the Application was in a usable format. The Division talked with:

- 90 • Lee Snow, President of the Company,
- 91 • Ryon Gardner, the water master, and
- 92 • Janice Gardner, the Billing supervisor

93 • Mark Long, Pine Valley’s consultant.

94

95 They were all very knowledgeable about its respective areas of Pine Valley’s operations
96 and finances. They were very cooperative with the Division during its analysis to gain
97 clarity and understanding regarding the Application and supporting documents. The
98 Division discussed various aspects of the case with the Company throughout the review
99 and the rate design process.

100 **Q: WHAT BASE YEAR WAS USED IN THE COMPANY’S APPLICATION?**

101 A: The Company used the calendar year 2024, which was the most recently completed year
102 prior to its February 2026 filing of the Application of the rate increase. The Company
103 adjusted the base year based on current trends and information the Company had at the
104 time to create its “Proposed Year”. No new growth or connections were anticipated.

105 **Q. WHAT ADJUSTMENTS WERE MADE TO THE REVENUE BY THE DIVISION?**

106 A. The Division used the Company’s “Proposed Year” and made adjustments totaling
107 ██████████ to meet the spending level of the 2025 Annual Report for the calendar year. This is
108 illustrated on Exhibit 1.2. The Division adjusted for missing categories such as
109 transportation expenses, power expenses, etc. Some of the Company’s expense levels
110 were lower than what was reported in the Company’s 2025 Annual Report. Additionally,
111 several expenses were not included in the Application. When all the expenses were
112 included, reviewed and summarized the total revenue requirement for Pine Valley
113 amounted ██████████. The annual report also included expenses and revenue for the
114 Pine Valley Irrigation Company (which is its parent company) and the Pine Valley
115 Cemetery. Therefore, the standby and connected customers increased to \$25.50 per
116 month and \$57.00 per month, respectively. Water usage increased in 2025 from 40 million
117 gallons ██████████ and the variable costs also increased. When the calculation is

118 made at the minimum water usage, Tier 1, \$1 per 1,000 gallons is used per month for
119 water above 1,001 gallons. The Tier 1 revenue is used to cover the variable production
120 costs of testing, purchased power, and purchased water. Metered revenue above Tier 1 is
121 billed, collected, and deposited in the Capital Reserve Fund.

122 **Q: ARE THE PROPOSED RATE CHANGES SUSTAINABLE AND DO THEY SUPPORT THE**
123 **COMPANY'S FINANCIAL STABILITY?**

124 **A:** Yes. Assuming water usage of the customers remains consistent with historical patterns,
125 the proposed rate changes will increase revenue and help the Company to be financially
126 stable.

127 **Q: HOW DOES THE COMPANY FINANCE ITS CAPITAL IMPROVEMENTS AND SYSTEM**
128 **MAINTENANCE?**

129 **A:** The 2010 general rate case order established the Company's Capital Reserve Fund.⁷ Pine
130 Valley's Annual Report for 2025 showed revenue from the depreciation rate was deposited
131 into the Capital Reserve Account in the amount of \$7.16 per customer.⁸ The new reserve
132 amount per customer (included in the base rate) is \$9.68 [REDACTED] / 800 / 12 months). By
133 the end of 2025 there was a balance of [REDACTED]. Materials and Supplies for the same
134 year totaled [REDACTED].⁹ Under normal operations, maintenance expenses are covered by
135 the metered water revenues.

136 General system maintenance is included in the net income projections and is part of the
137 budget and forecasting process. Some years, however, may require extraordinary
138 maintenance and repairs, and/or capital expenditures beyond the normal budget. When
139 this occurs, additional sources of revenue are needed. The Company can utilize the

⁷ Request of Pine Valley Irrigation Company for Approval or a Special Assessment and Rate Increase, Docket No. 09-2179-01, Report and Order (May 11, 2010) 12-14.

⁸ Pine Valley's Annual Report 2026, Capital Reserve Input at 16.

140 Capital Reserve Account for infrastructure replacement. Capital improvements can also be
141 funded by sources such as grants and loans. In addition, Pine Valley has been able to rely
142 on the parent company, Draper Irrigation Company, for cash reserves if needed. If
143 financing is not secured, some scheduled capital improvement projects may be delayed
144 until financing becomes available. The Company is seeking a loan [REDACTED]

145 Pine Valley has demonstrated the ability to manage sufficient monthly cash flows and
146 budget for routine maintenance and has been able to borrow money for capital
147 investment projects when necessary.

148 **Q: DOES PINE VALLEY HAVE A WATER CONSERVATION PLAN AND HOW DO THE PROPOSED**
149 **RATE CHANGES SUPPORT THE PLAN?**

150 **A:** Yes, the Company does have a water conservation plan. The plan incorporates strategies
151 and goals to conserve water and reduce consumption from both the culinary water and
152 pressurized irrigation systems. The plan evaluates the Company's current conservation
153 efforts and discusses ways to improve water conservation. The current volumetric tiers
154 are one way that Pine Valley is attempting to reduce culinary consumption. The base rate
155 for connected customers allows up to 1,000 gallons of water consumption. The Company
156 proposed five new tiered rates to be 1,001 to 10,000 gallons, 10,001 to 20,000 gallons,
157 20,001 to 30,000 gallons, 30,001 to 40,000 gallons and over 40,001 gallons to encourage its
158 customers to conserve water by escalating prices at higher levels of use as illustrated in
159 Table 4. The Company is installing new smart water meters as the old meters are being
160 replaced. This will help the Company keep track of leaks but also allow the customers to
161 see their usage and make sure they are using water wisely.¹⁰

¹⁰ Discussion with Lee Snow, Pine Valley Inc., April 7, 2026.

162 **REVENUE REQUIREMENT**

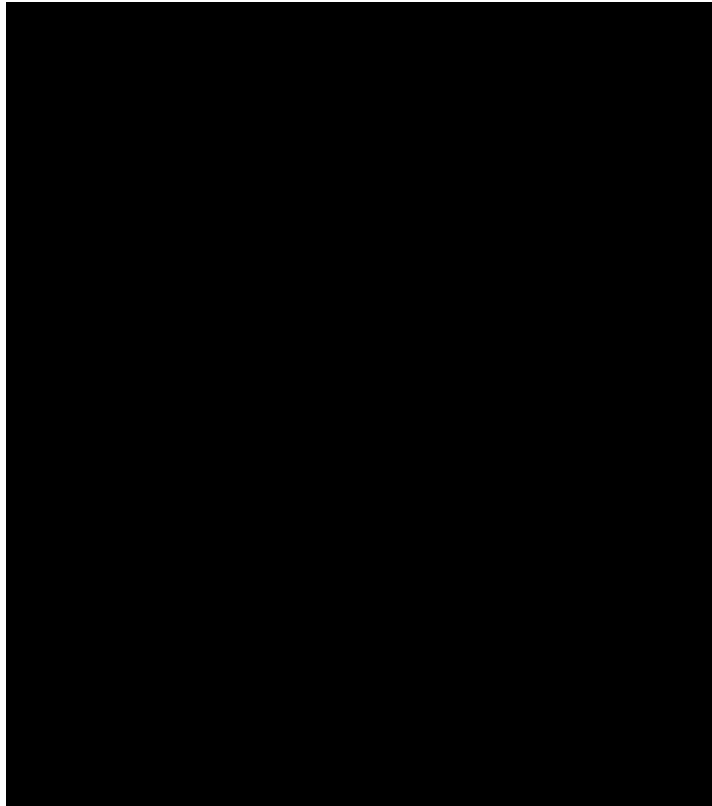
163 **Q: CAN YOU EXPLAIN THE REVENUE REQUIREMENT MODEL USED IN THIS RATE CASE?**

164 A: Yes. The Revenue Requirement shown in Confidential DPU Exhibit 1.3, compiles
165 information from the Company's 2025 Annual Report and compares the Company's
166 proposed revenue requirement. The model considers revenues and expenses, plus any
167 applicable taxes, and calculates the net operating income or loss. The model also
168 calculated a rate of return on the rate base and the estimated revenue needed based on a
169 reasonable rate of return, which the Company has declined to implement in its rates. The
170 model also considers any upcoming known and measurable changes and adjustments
171 that may be needed. A revenue requirement is calculated based on the Company's
172 requested rate increase, and a recommended revenue requirement is calculated based on
173 the Division's analysis and what is considered fair and reasonable.

174 **DIVISION ADJUSTMENTS**

175 **Q: WERE ANY ADJUSTMENTS MADE FOR REVENUES OR EXPENSES?**

176 A: Yes. The Company's expenses were reasonable, but [REDACTED] were not
177 included in the Company's reports. The Division made financial adjustments to include
178 these expenses in the 2025 test year at the 2025 spending level. They are:

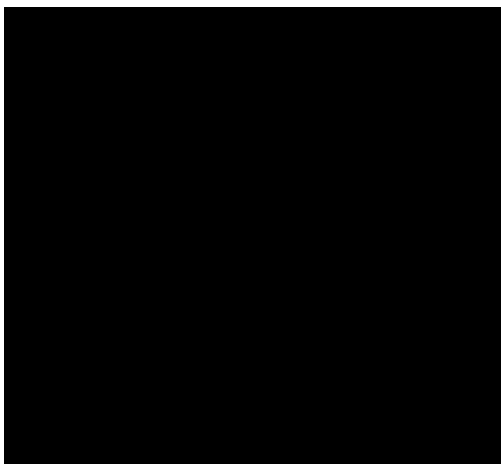


179

180 Total adjustments made by the Division were [REDACTED]

181 **Q: CAN YOU EXPLAIN THE ALLOCATION FACTORS FURTHER?**

182 A: Yes, costs are allocated between the connected customers and standby customers. There
183 are 218 standby customers and 582 connected customers, which represent 27% and 73%,
184 respectively. The costs that all customers pay are the following:



185

186 This results in the standby rate being rounded up to \$25.50 per month and a portion of the
187 connected customers base rate rounded up to \$57.00 per month.

188 **IMPACT ON CUSTOMER’S WATER BILL**

189 **Q: WHAT IS THE IMPACT ON THE CUSTOMERS’ WATER BILL?**

190 A. Utah State University Extension website (USEPA, 2024)¹¹ has determined that the average
191 U.S. resident used 82 gallons of water per day, “the average Utahn uses more than twice
192 that amount”. Less than 50% of the Company’s connected water customers are full-time
193 residents. For a full-time resident, its monthly use would be 5,000 gallons while a part-
194 time would use 3,000 gallons.

Input number of gallons	3,000 gals			
Tier 1	\$ 1.00	1,000 gals	10,000 gals	3.00
Tier 2	\$ 2.00	10,001 gals	20,000 gals	-
Tier 3	\$ 4.00	20,001 gals	30,000 gals	-
Tier 4	\$ 8.00	30,001 gals	40,000 gals	-
Tier 5	\$ 16.00	40,001 gals	Plus	-
			Total Tier	\$ 3.00
			Fixed Rate	49.50
			Total Amount Due	\$ 52.50

195

¹¹ <https://extension.usu.edu/climate/research/reducing-residential-landscape-water-use-in-utah-technologies-and-strategies#:~:text=2024,-,Water%20Use%20in%20Utah> Water Use in Utah; quoted by U.S. Environmental Protection Agency and Division of Water Resources.

196 For a full-time customer, their bill would be:

Input number of gallons	5,000 gals			
Tier 1	\$ 1.00	1,000 gals	10,000 gals	5.00
Tier 2	\$ 2.00	10,001 gals	20,000 gals	-
Tier 3	\$ 4.00	20,001 gals	30,000 gals	-
Tier 4	\$ 8.00	30,001 gals	40,000 gals	-
Tier 5	\$ 16.00	40,001 gals	Plus	-
			Total Tier	\$ 5.00
			Fixed Rate	49.50
			Total Amount Due	\$ 54.50

197

198 For a customer using over 45,000 gallons of water, their bill would be:

Input number of gallons	45,000 gals			
Tier 1	\$ 1.00	1,000 gals	10,000 gals	9.00
Tier 2	\$ 2.00	10,001 gals	20,000 gals	40.00
Tier 3	\$ 4.00	20,001 gals	30,000 gals	96.00
Tier 4	\$ 8.00	30,001 gals	40,000 gals	-
Tier 5	\$ 16.00	40,001 gals	Plus	-
			Total Tier	\$ 145.00
			Fixed Rate	49.50
			Total Amount Due	\$ 194.50

199

200 DIVISION'S POSITION

201 Q: WHAT IS THE DIVISION'S POSITION AFTER REVIEW OF THE COMPANY'S OPERATIONS?

202 A: The Company's request increased rates by 139% for the connected customer's base rates.
 203 Standby rates were proposed to increase by 27% per month. The tier rates were proposed
 204 to increase from three tiers to five tiers with each rate increasing by 50% to 700%. Table 4
 205 shows the Division's recommendation. The Division recommends the connected
 206 customers' base rate be \$57.00 per month which includes 1,000 gallons on water. The
 207 standby customer rate is recommended at \$25.50 per month. The tier rates are
 208 recommended to be \$1 per 1,000 gallons 1,001 to 10,000 gallons, \$2 per 1,000 gallons from
 209 10,001 to 20,000 gallons, \$4 per 1,000 gallons from 20,001 to 30,000 gallons, \$8 per 1,000

gallons from 30,001 to 40,000 gallons, and \$16 per 1,000 gallons over 40,001 gallons. The

collected

Table 4 Comparison of Pine Valley Rates					
Item	Current Rate	Proposed Rate	% inc	Division Recommend	% inc
Base Rate (includes 1K gal)	20.75 per month	49.50 per month	139%	57.00 per month	15%
Useage per 1K gal per month					
Tier 1 next 4K gals	\$ 0.75		p/1K gal		p/1K gal
Tier 2 next 5K gals	\$ 1.50		p/1K gal		p/1K gal
Tier 3 over 10K gal	\$ 3.00		p/1K gal		p/1K gal
Tier 1 (1-10K gals)		\$ 1.50	50%	\$ 1.00	-33%
Tier 2 (10,001 to 20K gals)		\$ 3.00		\$ 2.00	-33%
Tier 3 (20,001 to 30K gals)		\$ 6.00	100%	\$ 4.00	-33%
Tier 4 (30,001 to 40K gals)		\$ 12.00	300%	\$ 8.00	-33%
Tier 5 (> than 40,001 gals)		\$ 24.00	700%	\$ 16.00	-33%
Standby fees*	17.75 per month	22.50 per month	27%	25.5	12%
FEES:					
First time service connection hook-up fee	\$ 900.00	\$ 5,000.00	456%	\$ 5,000.00	no change
Disconnect fees	\$ 100.00	\$ 120.00	20%	\$ 120.00	no change
Re-connect fees	\$ 100.00	\$ 120.00	20%	\$ 120.00	no change
Ownership change fees	\$ 25.00	\$ 50.00	100%	\$ 50.00	no change
Shut off fee		\$ 150.00	NEW FEE	\$ 150.00	NEW FEE
Late fee on bills 30 or ore days past due	\$5.00 plus interest	\$5.00 plus interest	no change	\$5.00 plus interest	no change
Interest rate on bills pate due by 30 days	18% per annum	18% per annum	no change	18% per annum	no change
Returned payment fees	\$ 25.00	\$ 50.00	100%	\$ 50.00	no change
Filing and releasing liens, per occurrence		\$ 150.00	NEW FEE	\$ 150.00	NEW FEE
Unwarranted service call	\$ 50.00	\$ 100.00	100%	\$ 100.00	no change
Charge for service call to repair customer		Actual cost of repair		Actual cost of repair	no change
Theft of service charge		\$ 1,000.00	NEW FEE	\$ 1,000.00	NEW FEE
System Expansion Impact Fee	\$ 2,000.00	\$ 2,000.00	no change	\$ 2,000.00	no change

for metered water remains in the operation of the Company to cover variable costs each month. All metered water revenue collected above , the Division recommends it be deposited into the Capital Reserve Fund and be used for capital infrastructure.

All other fees are recommended as proposed by the Company. Aside from the adjustments noted above, the Division finds the requested increase to be just and reasonable, and in the public interest.

CONCLUSION

Q: WHAT IS THE DIVISION'S RECOMMENDATION?

221 A: The Division recommends the Commission approve the fixed connection rate to be \$57
222 per month, and the standby customer rate to \$25.50 per month. The metered water is
223 used for the tiered volumetric rates as shown in Table 4 in the green highlighted section.
224 All other rates are recommended as proposed. The Division recommends the Commission
225 approve the recommended rates with an effective date of January 1, 2027.

226 Q: **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

227 A: Yes, this concludes my testimony.