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Comments

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
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Date: April 2, 2026

Re: **Docket No. 26-097-01**, Mountain Sewer Corporation's Application for Approval to Expand its Service Area.

Recommendation (Approval)

The Utah Division of Public Utilities (Division or DPU) recommends that Mountain Sewer Corporation's (Mountain Sewer or Company) request for an expansion of its service area be approved by the Public Service Commission (Commission or PSC).

Issue

On March 2, 2026, the Company applied to expand its service area. The Commission issued an Action Request, which was superseded by a March 5, 2026, Notice of Filing and Comment Period due April 2, 2026. Mountain Sewer seeks to expand its sewer service area to include two residential connections and two accessory dwelling units (ADU) within the Smith Creek Subdivision (SCS).

Background

Mountain Sewer is a regulated sewer corporation located south of Pineview Reservoir in Ogden Valley City, Utah. It was constructed in 1983 and has undergone several system upgrades since its inception. A Certificate of Public Convenience and Necessity (CPCN)



Division of Public Utilities

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No. 2163 was issued June 11, 1985, in Docket No. 84-097-01. On October 8, 1991, the Commission approved the Company's request to expand its service area. The Commission issued CPCN No. 2602 in Docket No 91-097-01 for the expanded service area. Following its most recent service area expansion in 2022,¹ Mountain Sewer serves 282 active connections. The Division notes that the Company's current filing is substantively similar to its 2021 expansion request under Docket No. 21-097-01, which the Commission subsequently approved. Like the previous expansion, this request involves contiguous territory, is developer-funded, and relies on the same engineering standards for system sufficiency.

SCS is a proposed subdivision located south of Pineview Reservoir and adjacent to Mountain Sewer's service area. Its expansion request is comprised of two sewer connections to serve two single-family residential dwellings and up to two ADUs. The developer of SCS has agreed to construct and fund all necessary additional infrastructure to connect and serve the SCS lots. Additionally, SCS has agreed to pay incidental costs incurred by Mountain Sewer, related to the expansion of the current service area. Current Mountain Sewer customers will not bear any expansion costs.

SCS's expansion request necessitates the addition of 6.954 acres of platted land to Mountain Sewer's current service area. The Company has provided a "metes and bounds" description in Exhibit C of its application. The sewer system currently operates at 22% or less for the Winter Storage Pond's capacity. The treatment facility has sufficient storage capacity to add the desired connections.

Discussion

Under Utah Code Ann. § 54-4-25(1), a sewerage corporation is generally required to obtain a CPCN before extending its system. However, Utah Code Ann. § 54-4-25(2)(b) provides an exception for extensions into territory "contiguous to its line, plant, or system that is not served by a public utility of like character." SCS is directly adjacent to Mountain Sewer's current service area, and no other sewer utility serves the area. Mountain Sewer's request

¹ See *Mountain Sewer Corporation's Application for Approval to Expand its Service Area*, Docket No. 21-097-01, Report and Order (Utah PSC March 3, 2022) (concluding that expansion into adjacent, unserved territory was in the public interest and met the requirements of Utah Code Ann. § 54-4-25).

constitutes a logical extension under this statutory exception. Furthermore, pursuant to Utah Admin. Code R746-330, the Division has reviewed the Company’s detailed service area maps, Division of Water Quality’s (DWQ) approval certificate, and other technical exhibits. The Division has verified that the existing infrastructure possesses sufficient facility capacity to accommodate the additional connections without degrading service to existing customers. As illustrated in Table 1 below, the current application is procedurally and substantively consistent with the expansion approved by the Commission in 2022. The 2026 request is a de minimis addition that utilizes existing system capacity. In both instances, the Division confirmed that the requirements of Utah Code Ann. § 54-4-25 were satisfied without adversely impacting the rates of existing customers.

Table 1

	2022 Approved Expansion (Docket 21-09 -01 ²)	2026 Proposed Expansion (Docket 26-097-01 ³)
Development Name	Legacy Mountain Estates (LME)	Smith Creek Subdivision (SCS)
Territory Status	Contiguous / Adjacent	Contiguous / Adjacent
New Connections	60 ERCs ⁴	4 ERCs
Housing Type	52 Single-Family; 8 ADUs	2 Single-Family; 2 ADUs
Infrastructure	Existing Underused Capacity	Existing Underused Capacity
Cost to Ratepayers	None	None
Statutory Basis	Utah Code § 54-4-25	Utah Code § 54-4-25

² See *Mountain Sewer Corporation’s Application for Approval to Expand its Service Area*, Docket No. 21-097-01, Report and Order at p. 4-5 (Utah PSC March 3, 2022) (finding that because expansion costs were developer-funded, “the proposed expansion will not result in a rate increase for Mountain Sewer’s existing customers”).

³ See *Mountain Sewer Corporation’s Application for Approval to Expand its Service Area*. Docket No. 26-097-01, Expansion of Service Area, page 4, February 27, 2026.

⁴ See *Mountain Sewer Corporation Tariff No. 3*, Section 2.1 (defining an Equivalent Residential Connection (ERC) as a unit of measure used to represent the service capacity required by a single-family residential connection, typically used to evaluate the impact of new developments on the sewer system’s collection and treatment capacity).

The following five points included in Mountain Sewer's Application further support its request to expand its service area:

1. Existing Mountain Sewer customers will not bear expansion costs, nor will they experience any decline or reduction in the quantity or quality of the sewer service currently provided by Mountain Sewer, as the Company's sewer system is more than sufficient to provide sewer services for SCS lots with its four new connections.
2. The Company's sewer system has sufficient treatment facilities and capacity to provide additional service connections, specifically for four new connections within the proposed expansion area.
3. Adding the SCS lots to the current service area will not detrimentally affect Mountain Sewer's existing customers. The sewer system's underused capacity aids in the avoidance of any reduction or impairment in the quality and efficiency of treatment services currently provided to existing customers. Therefore, the expansion of the current service area to include the SCS lots will not be a disadvantage, inconvenience, or burden to Mountain Sewer's existing customers.
4. The expansion of the service area to include the SCS lots will not adversely impact Mountain Sewer's current rates under MS Tariff No. 3. Because the system possesses sufficient underused capacity to accommodate these new connections, the expansion can be completed without increasing costs for existing customers or requiring a change to the Company's approved rate schedule.
5. In line with economies of scale, Mountain Sewer's customers are likely to benefit from the revenue generated from the expansion of Mountain Sewer's current service area and the addition of four new connections are expected to provide.

Conclusion

Based on its review, the Division finds that the Company's application meets the requirements of Utah Code Ann. § 54-4-25 and the technical standards of Utah Admin.

Code R746-331. The Division concludes that the expansion is in the public interest and recommends that the Commission approve Mountain Sewer's request to expand its service area.

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