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Comments

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
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Date: April 2, 2026

Re: **Docket No. 26-540-01**, Lakeview Water Corporation's Application for Approval to Expand its Service Area.

Recommendation (Approval)

The Utah Division of Public Utilities (Division or DPU) recommends that Lakeview Water Corporation's (Lakeview 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 The Commission issued an Action Request to the Division to review and make recommendations on the filing, which was superseded by the Commission's March 5, 2026, Notice of Filing and Comment Period due April 2, 2026. Lakeview seeks to expand its service area to include two residential lots within the Smith Creek Subdivision (SCS). This expansion involves two additional water connections to serve two single-family dwellings and up to two¹ accessory dwelling units (ADUs).

¹ The Lakeview Application stated eight ADUs which was a typographical error and should have been two ADUs per email from Jennifer Bowen-Crocker of March 26, 2026.



Background

Lakeview is a regulated water corporation located south of Pineview Reservoir in Ogden Valley City, Utah. It was constructed in the 1960s and has undergone several system upgrades since its inception. Certificate of Public Convenience and Necessity (CPCN) No. 2080 was issued on April 28, 1982, in Docket No. 82-540-01. Following its most recent service area expansion in 2022,² Lakeview serves 351 equivalent residential connections (ERCs), which includes 94 standby customer connections.³ The Division notes that the Company's current filing is substantively similar to its 2021 expansion request, 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 southwest of Pineview Reservoir and adjacent to Lakeview's service area. Its expansion request is comprised of two water connections from Lakeview to serve two single-family residential dwellings and up to eight ADUs. The owner 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 Lakeview, related to the expansion of the current service area. Current Lakeview customers will not bear any expansion costs.

SCS's expansion request necessitates the annexation of 6.954 acres of platted land to Lakeview's current service area. The water system requirements for the SCS expansion consist of 78.056 gallons per minute (gpm) of developed source, 37,929 gallons of storage, and 180,000 gallons of fire-protection storage.⁴ Currently, Lakeview's water rights and water system have sufficient capacity to serve the SCS lots.

² See *Lakeview Water Corporation's Application for Approval to Expand its Service Area*, Docket No. 21-540-01, 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).

³ See *Lakeview Water Corporation's Application for Approval to Expand its Service Area*, Docket No. 26-540-01, Application, March 2, 2026, page 2, item 4.

⁴ *Ibid*, page 4, Item 22.

Discussion

Under Utah Code Ann. § 54-4-25(1), a water 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 Lakeview’s current service area, and no other water utility serves the area. Lakeview’s request constitutes a logical extension under this statutory exception. Furthermore, pursuant to Utah Admin. Code R746-331, the Division has reviewed the Company’s detailed service area maps, Division of Drinking Water’s (DDW) 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.

Table 1

	2022 Approved Expansion <i>(Docket 21-540-01⁵)</i>	2026 Proposed Expansion <i>(Docket 26-540-01)</i>
Development Name	Legacy Mountain Estates (LME)	Smith Creek Subdivision (SCS)
Territory Status	Contiguous / Adjacent	Contiguous / Adjacent
New Connections	60 ERCs ⁶	10 ERCs
Housing Type	52 Single-Family; 8 ADUs	2 Single-Family; 8 ADUs
Infrastructure	New 250k Gallon Tank	Existing Underused Capacity
Cost to Ratepayers	None	None
Statutory Basis	Utah Code § 54-4-25	Utah Code § 54-4-25

⁵ See *Lakeview Water Corporation’s Application for Approval to Expand its Service Area*, Docket No. 21-540-01, 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 Lakeview’s existing customers”).

⁶ See *Lakeview Water Corporation Tariff No. 3*, Section 2.1 (defining an Equivalent Residential Connection (ERC) as a unit of measure used to represent the water service capacity required by a single-family residential connection, typically based on average daily demand or meter size, used to evaluate the impact of new developments on system pressure and storage capacity).

As illustrated in Table 1 on the previous page, the current application is procedurally and substantively consistent with the expansion approved by the Commission in 2022. While the 2022 expansion required significant infrastructure additions (a 250,000-gallon tank), 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.

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

1. Existing Lakeview customers will not bear expansion costs, nor will they experience any decline or reduction in the quantity or quality of the water service currently provided by Lakeview, as the Company's water rights are more than sufficient to provide water for the SCS lots and its two new connections.
2. Lakeview's water system has sufficient facilities and capacity to provide additional service connections, specifically for two new connections within the proposed expansion area.
3. Adding the SCS lots to the current service area will not detrimentally affect Lakeview's existing customers. The water 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 Lakeview's existing customers.
4. The expansion of the service area to include the SCS lots will not adversely impact Lakeview's current rates under LV 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, Lakeview's customers are likely to benefit from the revenue increase that the expansion of Lakeview's current service area and the addition of two 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 Lakeview's request to expand its service area.

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