

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application for a Certificate )  
of Convenience and Necessity to Operate as a )  
Public Utility Rendering Water Service to IRON )  
TOWN PROPERTY OWNERS' )  
ASSOCIATION, Applicant )

DOCKET NO. 01-2364-01  
REPORT AND ORDER  
CERTIFICATE NO. 2364

ISSUED: April 5, 2001

SYNOPSIS

Applicant having demonstrated its fitness to serve, and no opposition to the application appearing, we grant the certificate.

By The Commission:

PROCEDURAL HISTORY

The instant application for water utility authority was filed January 24, 2000. Since no other provider operates in the proposed service area, the matter appears ripe for adjudication without hearing; accordingly we choose to convert the matter to an informal proceeding. The Administrative Law Judge, having been fully advised in the premises, now enters the following Report, containing proposed findings of fact, conclusions of law, and the Order based thereon. As our findings of fact, we adopt the Memorandum filed by the Division of Public Utilities, Utah Department of Commerce (DPU), March 23, 2001, annexed hereto and incorporated herein by this reference. The DPU recommends granting the Application, with which recommendation we concur and conclude, as a matter of law, that the Application should be granted. Accordingly, we enter the following

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- This matter be, and it hereby is, converted to an informal proceeding pursuant to §§ 63-46b-4 and 63-46b-5, U.C.A. 1953, as amended.
- IRON TOWN PROPERTY OWNERS' ASSOCIATION be, and it hereby is, granted Certificate of Convenience and Necessity No. 2364 as follows:

To operate as a water corporation serving the Old Irontown Subdivision, according to the official plat thereof of record in the County Records of Iron County, State of Utah.

- On or before October 1, 2001, Applicant shall improve its system so as to qualify for an "approved" rating from the Utah Division of Drinking Water.
- Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure so to do will forfeit the right to such review as well as the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 5th day of April, 2001.

/s/ A. Robert Thurman

Administrative Law Judge

Approved and Confirmed this 5th day of April, 2001, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

[DPU LETTERHEAD]

## MEMORANDUM

**Date:** March 22, 2001

**To:** Utah Public Service Commission

**From:** Division of Public Utilities

Lowell Alt

Division Director

Wes Huntsman

Manager, Customer Service and Water

Bary M. Golding

Utility Analyst

**Subject:** Iron Town Property Owners' Association

### RECOMMENDATION

That Iron Town Property Owners' Association (Iron Town) be issued a Certificate of Convenience and Necessity with a provision that the company be ordered to bring its water system into compliance with the Division of Drinking Water (DDW) standards for an "approved rating" by October 1, 2001.

### DISCUSSION

The Division of Public Utilities (DPU) has received an application for a Certificate of Convenience and Necessity (attached) from the Iron Town Property Owners' Association to operate as a public utility. The Developer, Linda Russell, and her relatives currently own the majority of the lots and control voting rights for the majority of the shares. A non-profit water company has been formed and will take control of the water company when the majority of the proposed lots and water company shares are owned by private individuals who are not related to the developer. Until that time the water company will operate as a regulated public utility. Both the Public Service Commission (PSC) and the DPU have determined that any mutual company should be regulated as a public utility until the transfer of ownership and control to the homeowners is complete.

The Division has reviewed the application and the additional information requested and makes its recommendation based on the following:

1. A Sanitary Survey of the system was performed by DDW on July 5, 2000 (attached). The system has not received DDW approval of its water system, however, the company is currently working with a private engineer and DDW personnel to make the necessary improvements to bring the system up to an "approved" rating.

2. The company will charge the following initial rates:

Non-User Lots	\$60.00 per year, billed annually in January
Partial User Lots	\$15.00 per month, billed quarterly (\$45.00)
Full User Lots	\$30.00 per month, billed quarterly (\$90.00)
Water Connection Fee	\$1,400 for a single residential connection

The Division does not find the proposed rates to be unreasonable .

3. There is no other water system in the area that could serve this area so no opposition to the application is anticipated.

Since no lots can be sold until the water company is approved as a public utility and no other water company is in a position to object to this company serving this area, there appears to be no reason for a public hearing to be held. The DPU therefore recommends that a Certificate of Convenience and Necessity be granted to Iron Town Property Owners' Association by summary procedure.