

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Apple Valley Water)
Company Request for Rates, Rules and) DOCKET NO. 06-2178-T02
Regulations for Water Service) REPORT AND ORDER
)

ISSUED: October 2, 2006

By The Commission:

PROCEDURAL HISTORY

On June 7, 2006, Apple Valley Water Company (“Apple Valley” or “Company”) filed for approval by the Commission a proposed tariff seeking to increase its monthly water usage charges and connection fee.

On September 7, 2006, the Division of Public Utilities (“Division”) filed a memorandum recommending the Commission approve the tariff as modified by the Division.

On September 28, 2006, hearing in this matter was held before the Administrative Law Judge. Ted Gubler, President of Apple Valley, represented and testified on behalf of the Company. Patricia Schmid, Assistant Attorney General, appeared for the Division. Mr. Bruce Moio, Division utility analyst, testified on behalf of the Division.

BACKGROUND AND DISCUSSION

The Division notes the Company received its Certificate of Public Convenience and Necessity to operate as a water utility on June 12, 1991, in Docket No. 91-2178-01. In issuing its recommendation, the Division notes Apple Valley is a corporation in good standing and has adequate water rights to serve its current approved connections. Apple Valley’s current rates applicable to this docket are as follows:

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Monthly Usage

Base Charge - up to 15,000 gal. \$25.00

Usage Rates:

 15,001 gal. to 35,000 gal. \$0.75 per 1,000 gal.

 Over 35,000 gal. \$1.00 per 1,000 gal.

Connection Fee \$1,500 for 1" service to property line

The Company proposes the following rates:

Monthly Usage

Base Charge - up to 15,000 gal. \$25.00

Usage Rates:

 15,001 gal. and above \$ 1.00 per 1,000 gal.

Connection Fee \$3,000 for 1" service to property line

Having reviewed the Company's financial data, the Division notes the proposed rates would result in a revenue requirement overage of \$18,117 per year based on a 10.36% rate of return. The Division therefore concludes the proposed changes to the tiered usage rates are not needed by the Company at this time. The Company concurs with this recommendation.

The Division also notes the proposed \$3,000 connection fee reflects the typical connection fee for most water companies in Utah and recommends its approval. If only the proposed connection fee is approved, the Division calculates the Company would experience an annual revenue requirement overage of approximately \$9,000. Thus, the Division believes the proposed connection fee is just and reasonable and recommends Commission approval of the same.

We concur with the Division's recommendation and find the proposed connection fee to be just and reasonable. We therefore approve the proposed tariff with modifications as recommended by the Division and agreed by the Company.

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Wherefore, based on the foregoing information, and for good cause appearing, the Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed findings of fact, conclusions of law, and the Order based thereon.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Apple Valley Water Company is a certificated water corporation operating in the State of Utah, subject to Commission jurisdiction.
2. The rates and fees proposed by the Company, as modified by the Division of Public Utilities, are just and reasonable, and in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Apple Valley Water Company's proposed connection fee is approved.
2. The rates and fees approved herein shall be effective upon Apple Valley Water Company's filing of revised tariff sheets reflecting the new rates with the Division of Public Utilities. The Division of Public Utilities shall review the revised tariff sheets for compliance with this Report and Order.

Pursuant to *Utah Code Annotated* §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the

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Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of *Utah Code Annotated* §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

Dated at Salt Lake City, Utah, this 2nd day of October, 2006.

/s/ Steven F. Goodwill
Administrative Law Judge

Approved and Confirmed this 2nd day of October, 2006, as the Report and Order of the Public Service Commission of Utah.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard,
Commission Secretary
G#50679