

In the Matter of the Audit by the Division )  
of Public Utilities of SILVER SPRINGS )  
WATER COMPANY )

DOCKET NO. 96-570-03

REPORT AND ORDER

ISSUED: June 15, 1998

SYNOPSIS

The parties having achieved a stipulation regarding a plan for upgrading the utility's system, and said plan appearing to be reasonable, the Commission approved the same and the surcharge to finance it.

Appearances:

Edwin C. Barnes For Silver Springs Water Company

J. Craig Smith " Silver Springs Master Homeowners Association

Laurie L. Noda " Division of Public Utilities, Utah Assistant Attorney General Department of Commerce

By the Commission:

PROCEDURAL HISTORY

Pursuant to our second interim Order in this matter issued October 1, 1997, the parties have achieved a stipulation agreeing to a plan, and the financing thereof, for rendering Silver Springs Water Company's system (hereafter "the System") fully metered. 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

1. We hereby confirm and incorporate herein by this reference all findings made in our previous interim Orders in this matter.
2. The parties' stipulation (hereafter "the Stipulation") provides for financing the re-metering of the System over five years by means of a \$7.82 per month surcharge to customers' bills. Other details of the plans are set forth in the Stipulation and are incorporated herein by this reference.

DISCUSSION

The Stipulation appears to conform to our previous Orders, and appears to be just and reasonable.

CONCLUSIONS OF LAW

The stipulation should be approved and the surcharge incorporated therein be implemented.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

The stipulation of the parties in this matter be, and it is, approved.

The rates heretofore implemented on an interim basis be, and they are, made permanent, subject to the addition of a monthly surcharge in the amount of \$7.82, to extend no longer than FIVE (5) YEARS from the date of implementation; all proceeds from said surcharge shall be treated as set forth in the parties' stipulation dated May 13, 1998, and incorporated herein by this reference.

SILVER SPRINGS WATER COMPANY be, and it is, authorized to publish its tariff implementing said surcharge on one-day's notice.

This Order is effective the date of its issuance.

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 appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 15th day of June, 1998.

/s/ A. Robert Thurman

Administrative Law Judge

Approved and Confirmed this 15th day of June, 1998, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

## **Stipulation**

### **Meter Changeover Surcharge**

### **Silver Springs Water Company**

### **Docket No. 96-570-03**

In compliance with the Commission's Second Interim Order in this docket issued October 1, 1997 Silver Springs Water Company (Company) has submitted its plan for the changeover of its unmetered customers to fully metered service. The Company solicited bids and has selected a plumbing contractor and an excavation contractor to complete the project.

After meetings between the Division of Public Utilities (Division), the Company and representatives of the Silver Springs Master Homeowners Association (Homeowners) the parties submit the following recommendation regarding the amount of the surcharge to be assessed to customers for recovery of the cost of the changeover of all unmetered connections to fully metered service.

### **Costs and Surcharge Amount**

The total cost of the project, including interest on the debt to finance the project, is projected to be \$297,099. Based on 633 customers as of December 31, 1997, the proposed monthly surcharged is \$7.82. The surcharge will be collected for a period not to exceed five years, or until the Company has recovered its actual costs, whichever is less.

The surcharge will be assessed each month on all customer bills, including customers who connect to the Company's water system after the implementation date of the surcharge. The surcharge will not be billed to stand-by customers or to connections held by condominium associations which are used exclusively for outdoor watering of common areas. The individual condominium owners will, however, be billed for the surcharge on their individual water bills.

The total cost of the changeover project cannot exceed \$297,099. If the Company's actual costs are expected to exceed this amount the Company must notify the Division of the expected extra costs. The Division will then meet with the Homeowners and the Company and make a recommendation to the Commission regarding costs in excess of \$297,099.

## **Revenue Reporting**

The Company will track all surcharge income in a separate revenue account. The Company will file a quarterly report with the Division providing a monthly summary of revenue, the current number of customers connected to the Company's water system, and the total surcharge revenue collected to date. While the Conversion of connections is in progress the Company's quarterly report will also include the number of connections converted during the quarter and total expenditures to date. The quarterly report will be submitted to the Division by the 10<sup>th</sup> day of the first month of each calendar quarter, beginning on September 10, 1998.

The Division will conduct an audit of all surcharge revenue records annually, beginning in January of 1999. The Division's annual audit will also include a review expenditure records relating to this project during the time that the conversion of connections is in progress. The Division will also conduct a final audit of expenditures at the conclusion of the project.

## **Changeover to Fully Metered Billing**

The annual irrigation flat rate of \$241 will be billed monthly during the months of May, June, July and August of 1998 at a rate of \$60.25 per month. Customers will be changed to fully metered billing effective the day that conversion of their connection is completed. Any amount already paid for flat rate billing which would have covered water used after the date of conversion will be credited to the customer's account on a prorated basis.

## **Access to Customer Facilities**

The Company will call customers three weeks in advance to schedule the conversion of their connection. The Company will place a written reminder on the customer's door and call to remind them the day before the appointment.

Any customer who refuses to schedule an appointment and allow the Company access to their meter and related plumbing will be subject to disconnection of service. In such cases the customer will be given a shut-off notice in compliance with procedures set forth in Commission rules. In order to have service reconnected the customer will have to allow the Company access and pay a disconnection fee as set forth in the Company's tariff. Disconnection of service will only be used as a last resort after reasonable efforts to obtain access have been exhausted.

## **Timetable**

The Company's proposal anticipated completion of the changeover of all connections during 1998. However, delays in starting the project may mean that some connections will not be completed until 1999. In any case all connections will be converted before July 1, 2001.

**Recommendation**

We recommend that the Company be allowed to bill a monthly meter surcharge of \$7.82 beginning with the Company's June 1998 billing. The surcharge will remain in effect for a period not to exceed five years or until the Company has recovered its actual costs, up to a total of \$297,099, which ever occurs first.

Dated this 8th day of May 1998.

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Laurie L. Noda

Assistant Attorney General

Utah Division of Public Utilities

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Edwin C. Barnes

Attorney

Silver Springs Water Company

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J. Craig Smith

Attorney

Silver Springs Master Homeowners Association