DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

STEPHANIE MILLER

DAVE SCHUNKE

TERRI CARLOCK

DON OLIASON

TONYA CLARK

GARY RICHARDSON

WORKING FILE

FROM:WELDON STUTZMAN

DATE:JUNE 16, 1995

RE:CASE NO. WSM-W-95-3; WARM SPRINGS’APPLICATION TO

REVISE AND INCREASE RATES CHARGED FOR WATER SERVICE;

REQUEST FOR POSTPONEMENT.

On April 21, 1995 and April 28, 1995, Warm Springs Mesa, Inc. (Warm Springs or Company) filed two Applications to increase its rates and charges for water utility services.  Warm Springs’ first Application (Case No. WSM-W-95-2) requests approval to increase its rate from $1.06 to $1.52 per 1,000 gallons of water use in excess of 4,000 gallons.  Warm Springs’ second Application (Case No. WSM-W-95-3) seeks approval to increase the same rate from $1.52 to $1.546.  The Company in both cases requested that the new rates be effective May 31, 1995.  On May 17, 1995, the Commission issued Order No. 26017 suspending the effective date of the proposed rates for a period of 90 days from May 31, 1995, or until such time as the Commission may issue an Order accepting, rejecting or modifying the Applications.

On June 13, 1995, Warm Springs submitted a written request (Motion) to the Commission Secretary asking that the proceeding regarding its Application in Case No. WSM-W-95-3 be delayed for a period of up to 90 days.  Warm Springs’ Application in this case is premised on Order No. 25970 in which the Commission authorized Warm Springs to borrow funds from First Security Bank in the amount of $40,300.  Warm Springs contends that loan proceeds in the amount of $12,300 were used to provide replacement parts to the existing 12" well (Well No. 2) and its 75 horsepower turbine pump, and requests that that amount be included in rate base.  In its request to postpone the proceedings, Warm Springs indicated it has been necessary to remove from service Well No. 2 to overhaul the 75 hp turbine pump.  Apparently the rebuilding of Well No. 2 and its pump has not been entirely successful, and Warm Springs stated that it still is investigating the lack of volume being produced by the improved Well No. 2.  Meanwhile, Warm Springs put Well No. 3 into service to provide water to its customers.  Warm Springs apparently plans to continue using Well No. 3, and indicated in its request for postponement that “Well No. 3 should be included in Warm Springs Mesa, Inc. rate base.”  Warm Springs has indicated it plans to amend its Application in Case No. WSM-W-95-3.

Given the uncertainty regarding the refurbishing of Well No. 2 and its pump, Staff supports Warm Springs’ request to postpone proceeding on its Application in Case No. WSM-95-W-3.  Without further evidence that the Well No. 2 rebuild has been successful, Staff cannot recommend that the amount requested by Warm Springs be included in rate base.  Accordingly, Staff recommends the Commission issue an Order continuing suspension of the proposed rates relating to the rebuild of Well No. 2 and its pump, and establish a new comment period following the filing of an amended Application by Warm Springs.

COMMISSION DECISION

Should the Commission issue an Order granting Warm Springs’ Motion and extending  the suspension of Warm Springs’ proposed rate increase in Case No. WSM-W-95-3?  Should the Commission create a new comment period following the filing of an amended Application by Warm Springs?

Weldon B. Stutzman

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