

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF WYOMING**

APPLICATION OF VISTA WEST WATER)
COMPANY FOR AUTHORITY TO INCREASE) DOCKET NO. 80007-XX-WP-XX
RATES BY \$40.72 PER MONTH FOR DRY FEE) RECORD NO. _____)
CUSTOMERS AND \$44.87 PER MONTH FOR)
DEMAND CUSTOMERS (\$315,282.84 PER YEAR))

APPLICATION FOR RATE INCREASE

Vista West Water Company (“Vista West”), by and through its attorneys, Dray, Dyekman, Reed & Healey, P.C., hereby submits this Application for a Rate Increase pursuant to Wyo. Stat. § 37-3-101 et seq. and Chapter 3, Section 21(h) of the Rules and Regulations of the Wyoming Public Service Commission (“Commission”).

1. Vista West is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(E) and is in the business of the supply, storage, distribution and sale of water for residential and commercial uses. The address of Vista West’s principal place of business is:

Vista West Water Company
1115 Maple Way, Suite B
P.O. Box 14760
Jackson, WY 82604

2. Vista West is a Wyoming corporation and Paul Lowham is the sole shareholder. Mr. Lowham is also the President and Manager of Vista West. The company has seven employees, including 2 part-time backup system operators.

3. Vista West owns the infrastructure and facilities necessary to furnish water to commercial and residential users within its certificated area as approved by the Wyoming Public

Service Commission. The Vista West system is comprised of Vista West I, Vista West II, Vista West III, Vista West IV, Westgate Park I, Westgate Park II, Westgate Park III and additional adjoining areas within its certificated area. A component system replacement program was undertaken for Vista West I in 2014 and 2015. Vista West seeks this rate increase to enable it to replace the Vista West II, Vista West III and Vista West IV water system components. A map of the Vista West system is attached hereto as Exhibit 1.

4. Vista West has 596 customers, of which 299 are active metered residential customers, 184 are active metered commercial customers and 113 are inactive or “dry” metered customers. The customers use an average annual amount of approximately 30,000 gallons of water. All customers have been notified by Vista West of its request to seek a rate increase, including the amount of the increase. A meeting of the Vista West water users was held on June 6, 2017 to discuss the condition of the system and the rate increase, and approximately 70 customers of Vista West attended that meeting.

5. Vista West’s present rates and charges are set forth in its Tariff - Wyo. P.S.C. No. 6, First Revised Sheet No. 3, a true and accurate copy of which is attached hereto as Exhibit 2 (the “Vista West Tariff”). Vista West seeks approval of the following increase in its rates:

Dry Meter Customers - From \$26.74 to \$67.46 per month;

Demand Charge – From \$33.43 to \$78.30 per month;

6. A true and accurate copy of Vista West’s proposed Tariff in legislative format, designated as P.S.C. Wyo. No. 6, Second Revised Sheet No. 3 is attached hereto as Exhibit 3.

7. The rate increase will result in an annual increase in revenue of \$315,282.84. The proposed rate will enable Vista West to begin to replace Vista West’s priority five (the most critical) components of the system. The total cost of replacing the priority five equipment is

5,063,999.13. The revenue from the rate increase will contribute to Vista West's ability to attract additional equity capital and service debt that will be used to pay for the upgrades to a portion of Vista West's priority five components. The estimated cost of the portion of the priority five equipment to be replaced immediately is \$1,930,770.22.

8. The overall operation of the Vista West system, the condition of the system and the need for the rate increase is set forth in the sworn testimony and attachments of Mr. Lowham attached hereto and identified as Exhibit 4. In support of the requested rate increase, Mr. Lowham explains the need for Vista West to generate more revenue in order to raise capital and service debt with the ultimate objective of maintaining clean, safe and reliable water service.

9. The requested rate increase is supported by the budget and revenue requirement analysis conducted by Karol Brewer. Ms. Brewer's analysis and conclusions are set forth in her sworn testimony and attachments submitted herewith and labeled as Exhibit 5. The revenue requirements were developed by utilizing a base year (2016) and adding the cost of system repairs and replacements deemed by Vista West's Chief Operator and outside consultants (WLC Engineering), the cost of debt, and a return in investment for investors. Ms. Brewer's testimony provides the details of the analysis. She concludes that the total revenue requirement is \$650,380.18. Without a rate increase adequate to generate revenue sufficient to attract capital and service additional debt to replace the priority 5 components, Vista West's rates are not just and reasonable as required by Wyo. Stat. § 37-3-101. Vista West is entitled to charge rates which "will be productive of a proper return of investment and which will assure confidence in the financial integrity of the enterprise so as to maintain its credit and to attract capital." *Application of Northern Utilities Co.*, 70 Wyo. 255, 247 P.2d 767 (1952). The reliability of

Vista West's system components as well as its financial soundness will be severely impacted if it is not allowed the requested rate increase.

10. Ms. Brewer demonstrates the need for the proposed rate increase through her calculation of Vista West's operating ratio found in Attachment A and comparing that result with the operating ratios for comparable water companies operating in Wyoming. For 2016, Vista West's operating ratio was 94.79% using revenues generated under the current rates. This is compared to an average operating ratio of 87% (median of 88%) for other Wyoming water utilities.

11. Vista West's current rates have been in effect since 2015 and are insufficient to allow Vista West to continue to provide reliable public utility service.

WHEREFORE, by this Application, Vista West respectfully requests that its proposed rate increase be found just and reasonable and this Application for a Rate Increase be approved with an effective date of January 1, 2018.

Respectfully submitted this 6th day of December, 2017.



W. Perry Dray – Wyo Bar. No. 4-0957
Randall B. Reed – Wyo. Bar. No. 5-2863
Dray, Dyekman, Reed & Healey, P.C.
204 E. 22nd Street
Cheyenne, WY 82001
(307) 634-8891 – Telephone
(307) 634-8902 – Facsimile
Randy.Reed@Draylaw.com
Attorneys for Vista West Water Company