



State of Utah
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**Division of
Public Utilities**

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27 April 2005

TO: Public Service Commission of Utah

FROM: Division of Public Utilities
Irene Rees, Director
Kent Evans, Manager, Customer Service and Water Section
Bruce Scott Moio, Utility Analyst

RE: In the Matter of the Application of WaterPro, Inc. For a Certificate of Convenience and Necessity as a Public Utility Rendering Culinary Water Services.
Docket No. 04-2443-01

RECOMMENDATION:

The applicant has submitted sufficient information for the Division to conclude that the Utah Public Service Commission should issue a Certificate of Convenience and Necessity as a Public Utility Rendering Culinary Water Services and recommends that a hearing be scheduled as soon as possible.

EXPLANATION:

The Division has reviewed the application for a Certificate of Convenience and Necessity for WaterPro, Inc. WaterPro, Inc. is a wholly owned subsidiary of Draper Irrigation Company (the Company). The Commission granted Draper Irrigation Company Letter of Exemption #0082 on June 13, 2001. Prior to that time, the Commission found that Draper Irrigation was not a public utility in August 1976, when it dismissed a request to require regulation of four mutual irrigation companies in Docket No. 76-999-01. Since the 1990s the Company has realized tremendous growth of culinary customers. At the time of the application the Company had 6,500 culinary users and 600 irrigation users. WaterPro, Inc. was incorporated in 1997 to takeover the culinary service for the Company's growing customer base. The Company has a franchise agreement

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with the City of Draper to provide culinary water service within an exclusive service area that is detailed in WaterPro's application.

The Company has met with the Division several times over the past few months and has provided all data and documentation necessary for the Division to render its recommendation. The detail of the data provided and the co-operation in working with the Division should be noted. The Company's complete Tariff is found in the Company's application binder in Tab M.

On or about January 27, 2005, Representative LaVar Christensen met with the Division and its attorney to discuss certain concerns about the Company and WaterPro. Mr. Christensen is a developer and attorney as well as a legislator, and stressed that he was not speaking as a legislator during this meeting. Mr. Christensen's concerns largely involved past Company action and management issues. At the meeting, the Division's attorney said that she would consider what additional investigation, if any, by the Division would be appropriate and suggested that Mr. Christensen consider taking individual action, as a shareholder, against the Company if he felt such action was warranted and if such action were permitted by the applicable statute of limitations. After further consideration and Discussion with the Division, the Division's attorney recommends that the Division neither pursue an investigation and action against the Company nor recommend denying WaterPro a certificate.

The Division has completed its evaluation. The Division has evaluated the rates in the Company's proposed tariff and found that they are fair and reasonable. Therefore, the Division is recommending approval of not only the application for certification but also the requested rates. The Division also is satisfied with the engineering and with the financial records provided. The Division therefore recommends that WaterPro, Inc. be issued a Certificate of Convenience and Necessity as a Public Utility Rendering Culinary Water Services.