

1 **Q. Please state your name and business address.**

2 A. My name is Trevor Andra and my business address is 3341 South 4000 West, West
3 Valley City, Utah.

4 **Q. Briefly describe your educational and professional background.**

5 A. I am a civil engineer employed by Epic Engineering, P.C., which provides consulting
6 engineering services to WaterPro Inc., (the “Company”), a wholly-owned subsidiary of
7 Draper Irrigation Company. I have a Bachelor’s Degree in civil and environmental
8 engineering from the University of Utah, and a certificate in on-site wastewater system
9 programs. I am a member of the American Society of Civil Engineers and Utah Onsite
10 Wastewater Association.

11 **Q. What services does Epic Engineering perform on behalf of the Company?**

12 A. Epic Engineering has assisted the Company with the development and updating of its
13 Master Plan, the determination of its impact fees, which are not addressed in this rate
14 case application, and the performance of water rate studies each year.

15 **Q. What is the purpose of your testimony?**

16 A. My testimony is intended to explain the basis for and the calculation of the rate increase
17 requested by the Company. In so doing, I will explain the relevant documents attached to
18 the Company’s Application for a Culinary Water Rate Case filed with the Utah Public
19 Service Commission on July 2, 2012 (the “Application”).

20 **Q. You stated earlier that impact fees are not addressed in this rate case application.**

21 **Can you explain what you meant by that?**

22 A. This rate case application is based upon Epic Engineering’s annual review of the
23 Company’s culinary water rates and proposed system improvements. That review is

24 completed in order to determine when rate increases are necessary to maintain the
25 existing level of service in the Company's culinary water system and ensure adequate
26 funds are available to complete system improvements necessary to continue providing
27 service to the Company's existing customers. That is distinct from the imposition of
28 impact fees, which are intended to apportion the cost of constructing facilities required by
29 new development, so that existing customers are not forced to subsidize the construction
30 of new facilities or infrastructure.

31 **Q. Can you briefly explain Exhibit B to the Application?**

32 A. I can. Exhibit B is really the core of the Application. Exhibit B is an Excel workbook.
33 The first worksheet in that workbook is labeled Culinary Water Rate Analysis. Page one
34 of that worksheet shows the Company's actual expenses and income for 2009 through
35 2011 and projected expenses and income from 2012 through 2017, assuming that the 4%
36 rate increase requested by the Company is approved.

37 **Q. Can you identify the assumptions that were used in preparing the projected
38 expenses and income?**

39 A. Yes. In the expense section, direct costs and the system rental are projected to increase at
40 3% per year, while contract operating expenses are projected to increase at 4% a year.
41 The 3% and 4% increases are projections based on comparing past years' data and trends.
42 In the income section, beginning in January 2013, this projection includes the 4% rate
43 increase requested. The number of connections is projected to increase based on
44 historical patterns that take into account the slower growth that has resulted from our
45 economic situation over the last several years.

46 **Q. What do these projections show would be the result of the 4% increase in rates?**

47 A. For the year ended December 31, 2012, which is the last year without the 4% rate
48 increase, the projections show a loss of \$656,480. In the year ended December 31, 2013,
49 which the first year that takes the proposed increase into effect, that loss is reduced to
50 \$21,346, and for 2014 a gain of \$150,542 is projected. That is followed by a projected
51 loss of \$256,622 in 2015, a loss of \$363,129 in 2016, and a loss of \$29,818 in 2017.

52 **Q. What about page 2 of the first worksheet?**

53 A. Page two of the first spreadsheet shows the effect of a 4% increase on the base water rate
54 and on the four tiers of overage rates.

55 **Q. What is the second worksheet in the workbook?**

56 A. The second worksheet in the workbook shows the system replacements and
57 improvements that are projected to be required between now and 2019. The
58 replacements include mostly water pipes that will need to be replaced together with
59 filtering membranes for the water treatment. The improvements are things that will need
60 to be done in order to continue providing the most cost-effective and efficient service to
61 the Company's existing customers. Again, none of these items are related to new
62 customers or expansion of the existing system – these are all things that will need to be
63 done in order to maintain the current system.

64 **Q. That worksheet shows certain expenses occurring in certain years. Are those**
65 **expenses certain to occur in those years?**

66 A. No. All of those replacements and improvements are things the Company knows will
67 need to be done within this period of time, but there is typically some flexibility. For
68 many of the water pipe replacements, for instance, the Company will try to time those
69 replacements so that they are done in concurrence with other projects by the city or state

70 that require the road to be excavated. That allows the Company to do the work at a lower
71 cost and minimizes the disruption to traffic.

72 **Q. And what is the third worksheet in that workbook?**

73 A. This worksheet shows the loan payments due from the Company in connection with the
74 loan for the reconstruction of the water treatment plant. As you see, those payments are
75 between \$457,000 and \$460,000 from the current year through 2018 at which time the
76 company will have paid off the entirety of the loan.

77 **Q. Does this conclude your direct testimony?**

78 A. Yes.