

In the Matter Of:

In Re: WaterPro Inc. - Rates

HEARING- DOCKET NO. 16-2443-01

August 07, 2017

Job Number: 372748

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of)	Docket No. 16-2443-01
WaterPro Incorporated)	
Application For Culinary)	HEARING AND
Water Rate Increase.)	PUBLIC WITNESS HEARING

August 7, 2017
10:00 a.m. and
12:00 noon

Location: Public Service Commission
160 East 300 South, 4th Floor
Salt Lake City, UT 84111
(801) 530-6769

Reporter: Teri Hansen Cronenwett
Certified Realtime Reporter, Registered Merit Reporter

Job No. 372748

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A P P E A R A N C E S

Presiding Officer:	Jennie Jonsson
For the Division of Public Utilities:	Patricia E. Schmid Assistant Attorney General 160 East 300 South, Fifth Floor Salt Lake City, Utah 84114
For WaterPro Inc.:	Darrin L. Jensen-Peterson WaterPro Inc. 12421 South 800 East Draper, Utah 84020 (801) 571-2232 jensen@waterpro.net

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1 August 7, 2017

10:00 a.m.

2 P R O C E E D I N G S

3 JUDGE JONSSON: All right. For the record,
4 today is Monday, August 7th, 2017. It is ten o'clock in
5 the morning. This is the date and the time set for the
6 hearing in the matter of WaterPro Incorporated
7 Application for Culinary Water Rate Increase. This is
8 Docket No. 16-2443-01.

9 Let's get appearances on the record, beginning
10 with WaterPro. Go ahead.

11 MR. JENSEN-PETERSON: So I am Darrin
12 Jensen-Peterson, general manager and CEO of WaterPro.

13 JUDGE JONSSON: Okay.

14 MR. ANDRA: I'm Travo Andra, engineer with
15 EPIC engineering.

16 MR. GARDNER: David Gardner with WaterPro.

17 JUDGE JONSSON: Mr. Andra, would you spell
18 your last name for me.

19 MR. ANDRA: A-N-D-R-A.

20 JUDGE JONSSON: Thank you. Okay. And for the
21 division.

22 MS. SCHMID: Patricia E. Schmid with the
23 Attorney General's office for the division, and with me
24 as the division's witness is Paul Hicken, H-I-C-K-E-N.

25 JUDGE JONSSON: Thank you. All right. This

1 case has been resolved through stipulation between
2 WaterPro and the division. So the purpose of this
3 hearing is simply to make a record of the stipulation,
4 and then we have a public witness hearing scheduled for
5 12:00 o'clock.

6 I doubt that it will take us a full two hours
7 to make us a record of the stipulation, so we'll have
8 something of a break and then come back at noon. I also
9 don't anticipate that we will have many public
10 witnesses, if any, so that will not take very long
11 either.

12 But let's go ahead with this matter today. So
13 WaterPro, this is your application. So this is your
14 opportunity to put on the record whatever you would like
15 the Public Service Commission to consider.

16 MR. JENSEN-PETERSON: Perfect. Thank you very
17 much. And just also wanted to give you notice that our
18 attorney, Kevin Timken, with Kruse Landa Maycock and
19 Ricks is also available by phone if we need him.

20 JUDGE JONSSON: Thank you.

21 MR. JENSEN-PETERSON: Okay. So we filed in
22 February of 2007 seeking a 5 percent increase for four
23 of our zones. We-- 2017. I am sorry, 2017. For four
24 of our zones. We have a total of five zones within that
25 area. One of our zones, what we refer to Little Valley,

1 is actually receiving a higher increase. And I'd like
2 to explain why.

3 JUDGE JONSSON: Okay.

4 MR. JENSEN-PETERSON: So currently what --
5 going back --

6 JUDGE JONSSON: Just one minute.

7 Mr. Peterson, is your microphone on?

8 MR. JENSEN-PETERSON: It is now.

9 JUDGE JONSSON: Thank you. Go ahead.

10 MR. JENSEN-PETERSON: Okay. So in, in 2012
11 when we had our last increase, we -- it was a 4 percent
12 increase across the board, including Little Valley. And
13 unfortunately, when the paperwork was sent to the
14 division, that one zone was not changed. And it
15 reflected back to the 2006, 2007 rates, showing that
16 there was no increase happening in that zone.

17 When the rates were approved on our end,
18 inside the billing office, we were aware that Little
19 Valley was to receive this 4 percent increase. And we
20 made an adjustment, and we were charging our customers
21 that 4 percent, as we were with all our other residents
22 within our community.

23 It was not until 2000 -- the end of 2014 when
24 the division called and just asked for an updated
25 tariff, and we sent that. Well, our updated tariff did

1 not match their tariff, given our last 2012 rate
2 increase. And it was brought to our attention at the
3 time what had happened with Little Valley.

4 So we met with the division. We met with
5 administrative law judge to see what was going to be
6 very -- you know, what was going to be best. In this
7 area currently today there's 130 residents. Back then
8 there were approximately 113 residents. But we had to
9 go in. Some people had moved. We had to go in and now
10 issue credits for about a total of a little over \$14,000
11 that had been billed out to these residents prior to.

12 We issued credits and went back to the
13 original 2006 and 2007. When I say 2006, we filed in
14 2006 and we finished in 2007, and went back to those
15 initial rates. And at the time we thought, well, now
16 let's go back in and we're correct and move forward for
17 that one tier.

18 Because it's such a small pocket of a
19 community and we're only talking, you know, 100 plus
20 residents, we chose to wait to bring them up to where
21 they should be so they are being charged for the water
22 that they are using and the expenses that are being
23 incurred to pump it up into that higher area.

24 So we decided to wait until at this time. And
25 so as we look through, and that's what's causing them to

1 receive a higher increase versus just the 5 percent that
2 the remainder of our customers are receiving. So just
3 give clarification on that.

4 JUDGE JONSSON: Thank you.

5 MR. JENSEN-PETERSON: We believe that our
6 proposed rates that we have filed and was also entered
7 into a stipulation, settlement stipulation on June 20th,
8 to be fair, equitable and just and reasonable. To each
9 of our customers -- at WaterPro we work extremely hard
10 to provide our customers with the best quality water and
11 at the lowest price possible.

12 We have made notice of this meeting and also
13 our rates being increased in our July 1 newsletter that
14 goes out to all of our customers in their bills. If
15 they receive an electronic, then an electronic copy is
16 sent, also referring them to go to our website that
17 would give in detail. We also gave them a second notice
18 in August 1st, again reminding them of the meeting that
19 we first notified them of July 1st.

20 And at the current time we have had no one
21 contact the office regarding any of the proposed rates
22 and also that's been entered into the settlement
23 stipulation. And that's all I have.

24 JUDGE JONSSON: Any questions?

25 MS. SCHMID: No questions.

1 JUDGE JONSSON: Thank you. Go ahead.

2 MS. SCHMID: The division would like to call
3 Mr. Paul Hicken. May he please be sworn.

4 PAUL ALLEN HICKEN,
5 called as a witness, having been first duly sworn, was
6 examined and testified as follows:

7 EXAMINATION

8 BY MS. SCHMID:

9 Q. Please state your full name for the record.

10 A. Paul Allen Hicken.

11 Q. And your business address and by whom you are
12 employed?

13 A. Business address is 160 East 300 South, Suite
14 400. Employed by the Division of Public Utilities.

15 Q. On behalf of the division have you
16 participated in this docket?

17 A. Yes. I was a full participant.

18 Q. Do you have a summary statement to give today?

19 A. I do.

20 Q. Please proceed.

21 A. Thank you. On or about December 12th, 2016,
22 WaterPro Inc. submitted a letter of intent to the
23 commission to file a petition for a general rate
24 increase of culinary water rates. On January 18th,
25 2017, the commission received a comprehensive

1 application from WaterPro, and a docket number was
2 assigned.

3 The division reviewed the application and
4 found it substantially complete. During the next few
5 months the division reviewed the application and initial
6 documentation, which included proposed increases of
7 approximately 5 percent to overall rates. The division
8 also reviewed annual reports, consolidated audit
9 reports, and summaries of expense and revenues.

10 Several data requests were sent to the company
11 in February, March and April seeking further information
12 and documentation, which were followed with phone calls
13 and e-mails to clarify the responses. The company was
14 cooperative, and the responses were timely and helpful.
15 The division also made a site visit at the end of April
16 to inspect plant facilities and further review
17 operations, assets and expense details.

18 The division notes that base rates and tier
19 rates vary between service areas. This is due primarily
20 to added costs of pumping and distributing water uphill
21 from the treatment plant. In the case of Little Valley
22 on South Mountain, as already explained by Mr. Jensen,
23 there were some -- the rates at Little Valley were
24 significantly higher because of errors made in 20 --
25 February 2015 rate review.

1 The rate increases at the time should have
2 been about 5 percent, but incorrect adjustments were
3 presented to the division, and the rate adjustments were
4 actually lowered instead of raised. The current
5 proposed rates for Little Valley will bring the base
6 rate and tier rates up about 5 percent from the pre-2015
7 rates and an additional 5 percent to get them on par
8 with increases in other service areas.

9 Based on the completed reviews of expense,
10 revenue, depreciation, and other operations, the
11 division concludes that the company's proposed rate
12 increases are just and reasonable and in the public
13 interest. The division recommends the commission accept
14 the settlement stipulation as filed with the commission
15 on June 23rd, 2017.

16 JUDGE JONSSON: Thank you.

17 MS. SCHMID: Mr. Hicken is now available for
18 cross-examination and questions from the ALJ.

19 JUDGE JONSSON: Any questions from WaterPro?

20 MR. JENSEN-PETERSON: None.

21 JUDGE JONSSON: All right. I do have just one
22 question, and it's really for both parties. The
23 stipulation states that the revised tariff pages are
24 included, but I didn't actually receive them. Have
25 those tariff pages been prepared?

1 MR. JENSEN-PETERSON: We have them prepared.

2 I do not have them. I was unaware that you needed
3 those.

4 JUDGE JONSSON: Well, I don't need them --

5 MR. JENSEN-PETERSON: Okay.

6 JUDGE JONSSON: -- today.

7 MR. JENSEN-PETERSON: Okay.

8 JUDGE JONSSON: I was just a little bit
9 confused, since the stipulation said that they were
10 attached and --

11 MR. JENSEN-PETERSON: Oh.

12 JUDGE JONSSON: -- I didn't see them there.
13 But you will need to file those. So my question, I
14 guess, would be, do you object to a deadline for filing
15 be included -- being included in the order?

16 MR. JENSEN-PETERSON: Not at all.

17 JUDGE JONSSON: Do you have a deadline to
18 suggest?

19 MR. JENSEN-PETERSON: You could have them as
20 early as the end of today. You could have them as early
21 as the end of the week, whatever works best for you.

22 JUDGE JONSSON: Okay. So I can just pick.

23 MR. JENSEN-PETERSON: Yes. Because they're
24 ready. It's just a matter of sending them
25 electronically.

1 JUDGE JONSSON: All right. Very good. And
2 then is there anything that either party would like to
3 put on the record as we conclude here? All right.
4 Thank you. I do believe I have what I need to put
5 together the order. It should come out very quickly,
6 although not prior to the public witness hearing at
7 noon. So we will reconvene then and see if anybody
8 comes to comment on this application. Thank you.

9 MS. SCHMID: Thank you.

10 MR. JENSEN-PETERSON: Thank you.

11 (Recess from 11:09 a.m. to 12:00 noon.)

12 JUDGE JONSSON: For the record, today is
13 Monday, August 7th, 2017. It's 12:00 p.m., and this is
14 the date and time set for the public witness hearing in
15 the matter of WaterPro Incorporated Application For
16 Culinary Water Rate Increase. This is Docket No.
17 16-2443-01.

18 At this time there are -- is no one here in
19 the room who is a public witness or who is here to make
20 comments. So what I think we'll do is just go ahead and
21 go off the record, and we can wait for 10 minutes or so.
22 If nobody is here at that point, then we'll go ahead and
23 close the public witness hearing. Does that meet with
24 your expectations?

25 MR. JENSEN-PETERSON: Yes.

1 MS. SCHMID: Yes.

2 JUDGE JONSSON: The parties. Okay. Thank
3 you. We'll go off the record.

4 (Recess from 12:00 noon to 12:10 p.m.)

5 JUDGE JONSSON: All right. We are back on the
6 record. It is now about 12:10, maybe 12:11, and no one
7 has appeared to provide comments as a public witness or
8 otherwise. So I am going to find that this stipulation
9 is uncontested and issue an order accordingly. Thank
10 you all very much.

11 MR. JENSEN-PETERSON: Thank you.

12 MS. SCHMID: Thank you.

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14 (The proceedings in this matter concluded at
15 12:11 p.m.)

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C E R T I F I C A T E

STATE OF UTAH)
COUNTY OF SALT LAKE)

THIS IS TO CERTIFY that the foregoing proceedings were taken before me, Teri Hansen Cronenwett, Certified Realtime Reporter, Registered Merit Reporter and Notary Public in and for the State of Utah.

That the proceedings were reported by me in Stenotype, and thereafter transcribed by computer under my supervision, and that a full, true, and correct transcription is set forth in the foregoing pages, Volume 2, numbered 2 through 156 inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

WITNESS MY HAND and official seal at Salt Lake City, Utah, this 16th day of August, 2017.



Teri Hansen Cronenwett, CRR, RMR
License No. 91-109812-7801

My commission expires:
January 19, 2019

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