

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Proposed Rate) DOCKET NO. 06-2443-T01
Increase of WaterPro, Inc.) REPORT AND ORDER
)

ISSUED: January 12, 2007

By The Commission:

PROCEDURAL HISTORY

On February 28, 2006, WaterPro, Inc. (“WaterPro” or “Company”) filed for approval a proposed tariff seeking to revise its base rate and tiered usage fee structure, resulting in a proposed increase to some of its current tiered usage rates.

On December 5, 2006, the Division of Public Utilities (“Division”) filed a memorandum recommending the Commission approve the tariff as filed.

On January 10, 2007, hearing in this matter was held before the Administrative Law Judge. Darrin L. Jensen, WaterPro Comptroller/CFO, and David Gardner, Development Manager, appeared on behalf of the Company. Patricia Schmid, Assistant Attorney General, appeared for the Division. Mr. Paul Hicken, Division utility analyst, testified on behalf of the Division.

BACKGROUND AND DISCUSSION

The Division notes the Company received its Certificate of Public Convenience and Necessity to operate as a water utility on November 7, 2005, in Docket No. 04-2443-01. In issuing its recommendation, the Division notes WaterPro’s rates have remained the same since they were set by the Company in 2001. The current rates applicable to this docket are as follows:

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Monthly base rate, usage up to 5,000 gallons	\$24.00
Tier 1 – \$1.21 per thousand gallons for 5,000 to 18,000	
Tier 2 – \$1.80 per thousand gallons for 18,001 to 57,000 gallons	
Tier 3 – \$2.40 per thousand gallons for 57,001 to 150,000 gallons	
Tier 4 – \$3.65 per thousand gallons for 150,001 to 1,000,000 gallons	

The Company's proposed rate structure and rates are as follows:

Monthly fee, per connection	\$18.00
Tier 1 – \$1.23 per thousand gallons for 0 to 18,000	
Tier 2 – \$1.89 per thousand gallons for 18,001 to 57,000	
Tier 3 – \$2.59 per thousand gallons for 57,001 to 150,000 gallons	
Tier 4 – \$3.65 per thousand gallons for 150,001 to 1,000,000 gallons	

Having reviewed the Company's financial data, the Division notes the proposed rates would result in a revenue requirement shortfall of \$94,882 per year based on a rate base of \$19,490,713 and weighted cost of capital of 5.91%. The Division recommends that for purposes of rate regulation, the Company keep a separate record of asset depreciation using the allowable lives, salvage value and depreciation schedules listed in Commission Rule 746-332. The Division does not believe the overall effect of the rate change on Company revenues will be significant. Based on Company projections, the proposed rates would reduce the amount of revenues from base rate fees and increase the amount of revenues from tiered usage fees. The main difference would be that with the new rates, the customer would save \$6 per month on the base rate, but the Company would be able to recover costs on the first 5,000 gallons of usage. The Division concludes the proposed base rate and tiered usage rates are just and reasonable and recommends Commission approval of the same.

We concur with the Division's recommendation and find the proposed base rate and tiered usage rates to be just and reasonable. We therefore approve the proposed rates.

Wherefore, based on the foregoing information, and for good cause appearing, the Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed findings of fact, conclusions of law, and the Order based thereon.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. WaterPro, Inc., is a certificated water corporation operating in the State of Utah, subject to Commission jurisdiction.
2. The rates proposed by the Company are just and reasonable, and in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

WaterPro, Inc.'s proposed rates as discussed herein are approved.

Pursuant to *Utah Code Annotated* §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of *Utah Code Annotated* §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

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Dated at Salt Lake City, Utah, this 12th day of January, 2007.

/s/ Steven F. Goodwill
Administrative Law Judge

Approved and Confirmed this 12th day of January, 2007, as the Report and Order
of the Public Service Commission of Utah.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard,
Commission Secretary
G#52021