

Docket No. 12-2443-01  
DPU Exhibit 2.0 Rebuttal  
Mark A. Long  
December 27, 2012

**- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -**

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<b>IN THE MATTER OF THE</b>	)	<b>DOCKET NO. 12-2443-01</b>
<b>APPLICATION OF WATERPRO, INC.</b>	)	
<b>FOR A CULINARY WATER RATE CASE</b>	)	<b>DPU Exhibit No. # 2.0</b>
		<b>Rebuttal</b>

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**REBUTTAL TESTIMONY**

**OF**

**Mark A. Long**

**DIVISION OF PUBLIC UTILITIES  
DEPARTMENT OF COMMERCE  
STATE OF UTAH**

**December 27, 2012**

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION**  
3 **WITH THE DIVISION OF PUBLIC UTILITIES.**

4 A. My name is Mark A. Long. My business address is Heber M. Wells Building,  
5 160 East 300 South, 4<sup>th</sup> Floor, Salt Lake City, Utah. I am employed as a Utility  
6 Analyst in the Telecommunications & Water Section.

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THESE**  
8 **PROCEEDINGS?**

9 A. Yes. I previously filed direct testimony on behalf of the Division of Public  
10 Utilities (DPU) on December 4, 2012.

11 **II. PURPOSE OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN**  
13 **THESE PROCEEDINGS?**

14 A. My rebuttal testimony will address the Supplemental Filing submitted by  
15 WaterPro, to the Utah Public Service Commission (Commission) on or about  
16 December 17, 2012, as well as the Technical Memorandum WaterPro submitted  
17 to the Commission on or about December 12, 2012.

18 **Q. HAVE YOU READ THE SUPPLEMENTAL FILING BY WATERPRO**  
19 **SUBMITTED TO THE COMMISSION ON OR ABOUT DECEMBER 17,**  
20 **2012?**

21 A. Yes.

22 **Q. WHAT IS WATERPRO REQUESTING IN THE SUPPLEMENTAL**  
23 **FILING?**

24 A. WaterPro is requesting an additional fee for a “Private Fire Service User Fee”  
25 (Fee). The Fee would be based upon the pipe size of the private service  
26 connection.

27 **Q. HAVE YOU HAD AN OPPORTUNITY TO REVIEW THE TECHNICAL**  
28 **MEMORANDUM FILING BY WATERPRO?**

29 A. Yes. In addition to reviewing the aforementioned submission by WaterPro on or  
30 about December 17, 2012, I have also reviewed WaterPro’s Technical  
31 Memorandum submitted to the Commission on or about December 12, 2012. To  
32 obtain a better understanding of the Fee in question I have also spoken several  
33 times with WaterPro’s Darrin Jensen, Chief Executive Officer and General  
34 Manager, and Epic Engineering’s Trevor Andra who is assisting WaterPro in this  
35 case.

36 **Q. HAS WATERPRO INDICATED HOW MANY CUSTOMERS, AT**  
37 **PRESENT, THIS FEE WOULD APPLY TO?**

38 A. Yes. WaterPro indicates that, at present, 92 customers are using this service and  
39 would be subject to the Fee.

40 **Q. CAN YOU EXPLAIN WHAT THE FEE IS FOR?**

41 A. Yes. In general, this Fee is requested by WaterPro to offset the additional costs it  
42 incurs associated with maintaining the supply, treatment, pumping, storage, and  
43 distribution capacity that must be sized larger than would be required for non-  
44 firefighting purposes to verify and maintain the customer's building's sprinkler  
45 system used for fire protection. Due to the added expenses, WaterPro is  
46 proposing to charge a Fee to each Private Fire Service User connection to offset  
47 the additional cost WaterPro incurs on their customer's behalf. This Fee does not  
48 address additional capital costs associated with the initial connections and  
49 infrastructure, which WaterPro addresses through its impact fees as set forth in its  
50 tariff.

51 **Q. CAN YOU EXPLAIN THE COMPONENTS THAT MAKE UP THE**  
52 **REQUESTED FEE?**

53 A. Yes. The Fire Protection Fee includes two basic costs.

54 1. Administrative Costs - Portions of annual administrative cost are needed to  
55 maintain the fire services through periodic checks and routine maintenance.

56 2. Capacity Costs - The cost of this part of the Fee is based on the additional system  
57 requirements needed for fire protection.

58 **III. SUMMARY OF EXHIBITS**

59 **Q. WHAT EXHIBITS ARE YOU INCLUDING IN SUPPORT OF YOUR**  
60 **REBUTTAL TESTIMONY?**

61 A. The exhibits referred to in my rebuttal testimony are identified immediately below  
62 and will be discussed in further detail in the body of the testimony. Exhibits 1.1,  
63 1.2 and 1.4 of my direct testimony remain unchanged and are not addressed in this  
64 rebuttal testimony, but they are included as part of the amended exhibits for  
65 continuity and for formulas to work properly.

- 66 • DPU Adjustment 2.1, Private Fire Service User Fee
- 67 • Amended Exhibit 1.3, Income Statement Analysis & Projection
- 68 • Amended Exhibit 1.5, Rate Recommendation

69 **Q. PLEASE EXPLAIN WHY THE DIVISION PREPARED DPU**  
70 **ADJUSTMENT 2.1, “PRIVATE FIRE SERVICE USER FEE.”**

71 A. I prepared DPU Adjustment 2.1, Private Fire Service User Fee to verify and  
72 summarize the data provided by WaterPro in its supplemental filing.

73 **Q. WERE YOU ABLE TO VERIFY THE AMOUNTS?**

74 A. Yes.

75 **Q. DOES THIS EFFECT ANY OF THE EXHIBITS FILED IN YOUR**  
76 **DIRECT TESTIMONY OF DECEMBER 4, 2012?**

77 A. Yes. I changed Exhibit 1.3, Income Statement Analysis and Projection to reflect  
78 the new Fee.

79 **Q. WHAT IMPACT DOES THIS FEE HAVE ON WATERPRO'S OVERALL**  
80 **INCOME?**

81 A. The impact is immaterial. The Fee increases the annual Net Income from the  
82 original recommendation of \$6,962 to \$13,439. This equates to an immaterial  
83 percentage increase of 0.12% of total income.

84 **Q. IF THE COMMISSION APPROVED THE REQUESTED FEE, WOULD**  
85 **OTHER REQUESTED RATES HAVE TO BE CHANGED?**

86 A. No. The amount that would be collected through the Fee would not result in a  
87 material over collection of WaterPro's total administrative costs and would  
88 merely reduce the amount that WaterPro would be subsidized from Draper  
89 Irrigation Company and therefore no other proposed rates would be affected by  
90 approval of this Fee.

91 **Q. ALTHOUGH YOU SAY THAT THE CHANGE TO TOTAL INCOME**  
92 **WAS IMMATERIAL, DID YOU CHANGE ANY OTHER EXHIBITS**  
93 **FILED IN YOUR DIRECT TESTIMONY OF DECEMBER 4, 2012?**

94 A. Yes. I changed Exhibit 1.5 Rate Recommendation to reflect the additional Private  
95 Fire Service User Fee to be included on WaterPro's Tariff No. 2 since this exhibit  
96 lists all of the changes and additions to rates and fees of WaterPro's original tariff.

97 **V. RECOMMENDATION**

98 **Q. BASED ON YOUR ANALYSIS, DO YOU HAVE A RECOMMENDATION**  
99 **REGARDING THE FEE AS REQUESTED BY THE COMPANY?**

100 A. Yes. The Division recommends that the Private Fire Service User Fee requested  
101 by the Company be approved. The Division supports this Fee based on cost-  
102 based rate making since the Fee applies only to those customers benefitting from  
103 the additional costs incurred by WaterPro.

104 The Division recommends that this annual Fee be assessed and due 30 days from  
105 the date of the Commission's Order. The Division also recommends that in the  
106 future, the Fee be due annually at the same time each year, starting in  
107 approximately 13 months from the Commission's Order.

108 **V. CONCLUSION**

109 The Division believes that its recommended rates and Fee set forth in Amended  
110 Exhibit 1.5 are just and reasonable and consistent with the public interest and,  
111 therefore, the Division recommends that the Commission approves these new  
112 rates, which include the requested Fee.

113 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

114 A. Yes it does. Thank you.