



State of Utah
Department of Commerce
Division of Public Utilities

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--= MEMORANDUM =--

TO: Public Service Commission of Utah

FROM: Division of Public Utilities
Chris Parker, Director
William Duncan, Manager, Telecommunication & Water Section *BD*
Mark Long, Utility Analyst *ML*

SUBJECT: In the Matter of the Request of WaterPro, Inc. to Update Page 6 of its Tariff to Reflect Updated Engineering Rates and Fees.

RE: Docket No. 12-2443-01

DATE: January 27, 2015

RECOMMENDATION: APPROVE AS REVISED

The Division of Public Utilities (Division) recommends the Public Service Commission (Commission) approve WaterPro's REVISED proposed changes to page 6 of its current tariff to reflect the actual costs charged to WaterPro by Epic Engineering for Engineering Plan Review Fee and Engineering Fee. WaterPro collects the Engineering Fee from the customer (developer) and passes it through to Epic Engineering. In verifying the fees charged by Epic Engineering the Division noted a transposition error in WaterPro's proposed revised sheets and corrected the revised sheets per Exhibit 3 and Exhibit 4. The Division has reviewed and verified the validity of the proposed fees and has determined that the fees are just and reasonable and in the best interest of the public.

BACKGROUND:

On February 22, 2013, the Commission issued its Order granting WaterPro its requested four percent rate increase and ordering a second hearing to be held regarding the proposed Fire Service User Fees. As a result of the duly noticed second hearing, in an order dated June 13, 2013, the Commission approved WaterPro charging certain Fire Service User Fees. Consistent with Commission procedure, WaterPro later filed tariff sheets to implement the tariff rates and fees approved by the Commission in the two orders. Upon review of the filed tariff sheets, the Division found some discrepancies between the approved tariff rates and fees in this docket and actual rates and fees being charged WaterPro customers. The two discrepancies are described below.

1. It was determined that WaterPro was charging customers in the Little Valley on South Mountain pressure zone different rates than those approved by the Commission since January 2009, which continued until WaterPro was notified by the Division of the error in December 2014. This resulted in an overpayment of \$14,744.50. This overpayment was resolved in a Settlement Stipulation approved by the Commission in January 9, 2015.
2. The Division found that WaterPro was charging larger amounts for Engineering Plan Reviews and Engineering Fees to commercial developers than was approved by the Commission. WaterPro stated that it had inadvertently charged an incorrect Engineering Fee because the previously approved tariff fee contained a typographical error unbeknownst to the Company, and WaterPro had been charging the “correct” amount. WaterPro collects the Engineering Fee from the customer (developer) and passes it through to WaterPro's contracted engineering firm.

PROPOSAL TO UPDATE TARIFF

The remainder of this memo addresses WaterPro's proposal to update its tariff to reflect the accurate and updated engineering related fees as listed on page 6 of its tariff.

On December 18, 2014 WaterPro sent to the Commission its proposed changes to page six of its tariff. In addition to updating the engineering fees this filing also sought to add information regarding water impact and omitted two meter fees that were on its original tariff.

On January 6, 2015 the Commission issued an Action Request to the Division to investigate the proposed request by WaterPro to update its engineering fees as filed. On this same date, upon its initial review the Division contacted WaterPro and explained that the proposed tariff changes cannot add or omit information unless it is ordered by the Commission or evidence provided supporting its inclusion or omission and ruled on by the Commission. WaterPro stated that the aforementioned inclusion and omissions were done unintentionally only wanted to update its engineering fees. The Division suggested that WaterPro refile their proposed updated tariff page using the original tariff page and only update the engineering fees if that is what its intentions are. Additionally the Division requested that WaterPro make the changes per R746-405-2, Format and Construction of Tariffs, which specifies how proposed changes to a tariff sheet must be done.

On January 7, 2015 the Commission issued an Order suspending WaterPro's proposed tariff and informed WaterPro it needed to send evidence that it notified its customers of the proposed changes. On this same date, I contacted WaterPro and explained it needs to send a copy of its notice of the proposed tariff changes it sent to its customers to the Commission.

On January 9, 2015 the Commission issued an Order approving the Stipulation and suspending the proposed updated tariff pending further review.

On or about January 12, 2015 the Commission received from WaterPro the new and revised tariff sheets with the updated engineering fees on it and formatted in accordance with R746-405-2 to the PSC. Also on this date, the Commission cancelled the January 26, 2015 hearing and rescheduled it for February 4, 2015 and issued an Order requiring that WaterPro

provide proof of notice to WaterPro's customers "consistent with the Commissions January 7, 2015 Order that "WaterPro shall file with the Commission a copy of its notice of the proposed rate increase to its affected customers no later than Friday, January 16, 2015.

On January 13, 2015 I spoke with Mr. Darrin Jensen of WaterPro about providing the Commission evidence of notice, who WaterPro notified, and when the notification was sent. The Division also requested that WaterPro provide to the Division an official bid or other suitable documentation from its engineering firm showing that the prices on WaterPro's requested tariff amendment are the fees charged by the engineering firm.

On January 14, 2015 Mr. Jensen provided the Division with a letter from Epic Engineering, see attached Exhibit 3, verifying the Engineering Review Fee and Engineering Fee to be passed through to its customers and consistent with the fees charged on WaterPro's revised tariff. Based on the letter from Epic Engineering the Division noted that WaterPro transposed the amounts for the Engineering Plan Review Fee and the Engineering Fee. The fee amounts charged by Epic Engineering are consistent with the amounts WaterPro is proposing, although the description for the fee amounts are incorrect. Rather than postpone this case and its hearing for revisions by WaterPro, the Division has updated WaterPro's submission of its proposed fee changes on page 6 of its tariff. The update is included in Exhibit 4 and the correct tariff replacement page is included as Exhibit 5.

On January 16, 2015 WaterPro provided to the Commission the copy of its notice of the proposed rate increase to the developers of WaterPro's Service area, its affected customers. Mr. Jensen also provided a list of names of 53 developers that WaterPro has notified. On January 27, 2015 the Division verified that the proposed tariff changes and notice of hearing are on WaterPro's web page.

LIST OF EXHIBITS

Exhibit 1 – WaterPro’s proposed tariff changes as submitted on or about January 12, 2015.

Replaced by Exhibit 4.

Exhibit 2 – WaterPro’s proposed replacement page as submitted on or about January 12, 2015.

Replaced by Exhibit 5.

Exhibit 3 – Letter from Epic Engineering regarding Engineering Fee and Engineering Plan Review Fee.

Exhibit 4 – WaterPro’s updated proposed tariff changes prepared by the Division to accurately reflect the information per the letter from Epic Engineering. Replaces Exhibit 1.

Exhibit 5 – WaterPro’s proposed replacement page prepared by the Division to accurately reflect the information per the letter from Epic Engineering. Replaces Exhibit 2.

CC:

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C.E.O.
WaterPro Inc.

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