

<b>BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH</b>	
IN THE MATTER OF WATERPRO INC.'S APPLICATION FOR A CULINARY WATER RATE CASE (RATE INCREASE)	Docket No. 16-2443-01

**SETTLEMENT STIPULATION**

This Settlement Stipulation ("Stipulation") is entered into in Docket No. 16-2443-01 by and among WaterPro Inc. ("WaterPro" or "the Company") and the Division of Public Utilities ("Division"), the parties whose signatures appear on the signature page(s) hereof (collectively referred to herein as the "Parties" and individually as a "Party").

1. On December 12, 2016, WaterPro filed its Notice of Intent to File Application for a Culinary Water Rate Case. On January 18, 2017, the Company filed its application for a rate increase of approximately 5% and subsequently filed supplemental documents February 2, 2017.

2. Over the past few months, the Parties have discussed the matters presented below, and have recently entered into settlement discussions. There have been no requests to intervene in this docket.

3. The Parties recommend that the Public Service Commission of Utah ("Commission") approve the Stipulation and all of its terms and conditions. The Parties

request that the Commission make findings of fact and reach conclusions of law based on the evidence filed in this proceeding and on this Stipulation, and issue an appropriate order thereon.

## BACKGROUND

4. Draper Irrigation Company (“DIC”) was established in 1888 and later became a Utah non-profit irrigation company.

5. Much more recently, WaterPro was “created to perform the management and operations of DIC as well as the regulated culinary water distribution system that WaterPro refers to as Draper Water Services (“DWS”).”<sup>1</sup> WaterPro allocates its expenses between DWC and DIC.<sup>2</sup>

6. WaterPro sought and received a certificate of public convenience and necessity in 2005. WaterPro sought a rate increase in 2006, which was granted in 2007.<sup>3</sup> On July 2, 2012, WaterPro filed an application for a rate increase requesting a 4 percent increase for all rate classes and requesting the establishment of a Fire Service User Fee. In successive hearings, the Commission approved the requested 4 percent increase for all rate classes and established a Fire Service User Fee.<sup>4</sup>

7. A scheduling conference was held February 6, 2017 in this docket. Pursuant to the scheduling order, on March 9, 2017, Mr. Darrin Jensen-Peterson and Mr. Trevor Andra filed direct testimony on behalf of WaterPro.

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<sup>1</sup> See In the Matter of the Application of WaterPro Inc. for a Culinary Water Case, Report and Order Granting Rate Increase, Docket No. 12-2443-01 (“Order”), at p. 3.

<sup>2</sup> *Id.*

<sup>3</sup> WaterPro also filed a rate case in 2009, but later withdrew the application.

<sup>4</sup> See, generally, Docket No. 12-2443-01.

8. After the Division's review of the application, the supplemental documents, data responses from the Company, and discussions among the Parties, the Parties entered into settlement discussions, causing the Division, with WaterPro's concurrence, to request that the schedule in this docket be suspended except for the hearing date. The Order Staying Pre-Hearing Filing Deadlines was issued May 26, 2017.

9. The settlement discussions resulted in the preparation and execution of this Stipulation now presented to the Commission.

SETTLEMENT TERMS

For purposes of this Stipulation, the Parties agree and recommend that the Commission approve the following:

Specific Terms

10. Revenue Requirement Increase. The Parties agree effective October 1, 2017, that the Company's revenue requirement will be increased \$288,717 from the revenue requirement ordered by the Commission in Docket No. 12-2443-01, the Company's last rate case.

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11. Rate Increase. The Parties agree effective October 1, 2017, there will be a Base Fee Residential rate increase of approximately 5% for Main Residents, South Mountain (Country Club), South Mountain (Zone 5) and Cove at Bear Canyon; and a Base Fee Residential rate increase of 5% and approximately a 21.5%, 12%, 7% and 9% increase for Tiered Rates 1 thru 4 respectively for Little Valley at South Mountain, which increases shall be collected through WaterPro charging the following rates:

**Main Resident Usage (All Other Residents)**

Base Fee Residential \$19.66/Month

Tier 1 \$1.34/1000 gallons 0-18,000 gallons

Tier 2 \$2.06/1000 gallons 18,001-57,000 gallons

Tier 3 \$2.83/1000 gallons 57,001-150,000 gallons

Tier 4 \$3.99/1000 gallons >150,001 gallons

**South Mountain (Country Club)**

Base Fee Residential \$19.66/Month

Tier 1 \$1.49/1000 gallons 0-18,000 gallons

Tier 2 \$2.21/1000 gallons 18,001-57,000 gallons

Tier 3 \$2.97/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.13/1000 gallons >150,001 gallons

**South Mountain (Zone 5)**

Base Fee Residential \$19.66/Month

Tier 1 \$1.43/1000 gallons 0-18,000 gallons

Tier 2 \$2.15/1000 gallons 18,001-57,000 gallons

Tier 3 \$2.92/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.07/1000 gallons >150,001 gallons

**Cove at Bear Canyon**

Base Fee Residential \$19.66/Month

Tier 1 \$1.52/1000 gallons 0-18,000 gallons

Tier 2 \$2.24/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.00/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.07/1000 gallons >150,001 gallons

**Little Valley at South Mountain**

Base Fee Residential \$19.66/Month

Tier 1 \$1.68/1000 gallons 0-18,000 gallons

Tier 2 \$2.32/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.00/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.24/1000 gallons >150,001 gallons

12. No Other Rate or Tariff Changes. The Parties agree that with the exception of tariff sheet changes to reflect the increased rates, no other rate or tariff changes are requested or required.

13. Updated Tariff Sheets. The Parties agree that WaterPro has reviewed and revised its tariff to reflect the rate increase set forth above and the Parties seek approval of those updated tariff sheets provided here as Attachment 1 to this Stipulation. Once approved, the revised tariff sheets will be available along with the rest of the Company's tariff for public viewing at its offices in Draper, Utah.

## General Terms

14. No Precedent. The Parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same, or a Commission order approving the same, shall in any manner be argued or considered as precedential in any future case except with regard to issues expressly called-out and resolved by this Stipulation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to any issues not specifically called-out and settled herein.

15. Stipulation Taken as a Whole. Not all Parties may agree that each aspect of this Stipulation is supportable in isolation. Utah Code Annotated Section 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties may not be able to agree that each specific component of this Stipulation is just and reasonable in isolation, all Parties agree that this Stipulation as a whole is just and reasonable in result and is in the public interest.

16. Confidentiality. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgement by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other

purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

17. Witnesses. If requested by the Commission, the Company and the Division will make one or more witnesses available to explain and offer further support for this Stipulation. As applied to the Division, the explanation and support shall be consistent with its statutory authority and responsibility.

18. Execution. This Stipulation may be executed by individual Parties through two separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

DATED this 20 day of June 2017.



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Darrin L. Jensen-Peterson  
C.E.O./General Manager  
WaterPro Inc.  
12421 South 800 East  
Draper, UT 84020



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Chris Parker  
Director  
Division of Public Utilities  
160 East 300 South, 4th Floor  
Salt Lake City, UT 84111

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DOCKET NO. 16-2443-01

CERTIFICATE OF SERVICE

I CERTIFY that on June 23, 2017, a true and correct copy of the foregoing was delivered by electronic mail upon the following as indicated below:

WATERPRO, INC.

Darrin L. Jensen-Peterson  
[jensen@waterpro.net](mailto:jensen@waterpro.net)

Kevin Timken, Esq.  
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DIVISION OF PUBLIC UTILITIES

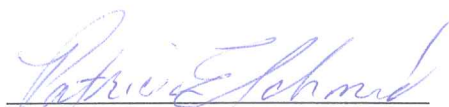
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