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Division of Public Utilities

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June 22, 2018

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Chris Parker, Director
Bill Duncan, Manager, Telecommunications and Water
Paul Hicken, Utility Technical Consultant

Re: Utah Docket No. 16-2443-01, UPDATED TARIFF OF WATERPRO, INC:
In the Matter of WaterPro Inc.'s Application for Culinary Water Rate Case
(Rate Increase).

Findings and Recommendations: The Division of Public Utilities (DPU) has reviewed the tariff application of WaterPro and has found the following: Pages 3 and 6 of WaterPro's current published tariff are not in compliance with the PSC's Order of August 8, 2017. The DPU recommends that fees detailed on these pages revert back to the amounts approved in the Tariff No. 2, effective on February 2015. The DPU also recommends that the Public Service Commission (PSC) require WaterPro to submit a request and application to the PSC for tariff revisions for the miscellaneous fees and charges that are needed.

Background

On March 15, 2018 WaterPro, Inc. filed an updated tariff to reflect the changes authorized by the Public Service Commission (PSC) in Docket 16-2443-01. On March 21, the PSC issued an Action Request to the DPU to review the filing for compliance and make recommendations. The DPU reviewed the updated tariff and found WaterPro had included some changes to miscellaneous fees that were not reviewed nor authorized by the Commission in Docket 16-2443-01. The Division issued a memo to the Commission on May 9, 2018 recommending the PSC reject WaterPro's updated tariff. Subsequently, the Commission issued a Notice and Supplemental Action Request on May 18, 2018 for the DPU to investigate further and advise the PSC on

whether or not WaterPro is in compliance with the approved tariff and applicable PSC orders.

Analysis and Review

In March 2018, the DPU reviewed WaterPro's Tariff Applicable to Culinary Water Service, approved by Commission Order on August 8, 2017, and compared it to the Tariff No. 2 Applicable to Culinary Water Service approved April 17, 2015. There were several pages with changes to fees, some that were approved and others that were not authorized nor addressed in the Rate Case application of Docket #16-2443-01. The changes are detailed as follows:

Page 3 – Connection Fees

- Existing Facility fees in 2015 tariff were deleted from the 2017 tariff.
- Meter Set fees were increased from the 2015 version to the 2017 tariff.
- Impact Fees were increased from the 2015 tariff to the 2017 tariff.

Page 4 – Water Rates

- All rate changes to this page in the 2017 tariff were as authorized in the August 2017 Order.

Page 5 - Miscellaneous Fees and Penalties

- There were no changes to this page between the 2015 and 2017 versions of the tariff.

Page 6 – Misc. Fees, continued

- Hot Tap fee in the 2017 tariff was not included in the 2015 tariff.
- Engineering Plan Review fee was reduced in the 2017 version of the tariff.
- Engineering fee was reworded and changed in the 2017 version of the tariff.

There was a misunderstanding between the DPU and WaterPro regarding whether fees not applicable to ratepayers needed PSC approval, which led to the changes. However, the PSC Order on August 8, 2017 specifically states in Item 12, that changes in rates on page 4 of the tariff are authorized but no other tariff changes are requested or required.

WaterPro is willing to work with the DPU to develop a tariff that is in compliance with applicable PSC orders. They have indicated they will go through the proper procedures to request changes to the tariff and they will do what is required to correct any problems that may have occurred with the unauthorized fee changes. The DPU will continue to work with WaterPro to develop a tariff that is in full compliance with the PSC order in this docket.

CC: Darren L. Jensen-Peterson, CEO/General Manager, WaterPro Inc.
Trish Schmidt, Assistant Attorney General, Utah Attorney General's Office
Marialie Wright, Manager, Customer Service, Utah Division of Public Utilities