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State of Utah
Department of Commerce
Division of Public Utilities

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Director, Division of Public Utilities

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

William Duncan, Manager

Paul Hicken, Technical Consultant

Date: August 7, 2018

Re: **WATERPRO TARIFF REVISION** - 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).

Recommendation (Approval)

The Division of Public Utilities (DPU) has reviewed the tariff revision as requested by WaterPro, Inc. (the "company") and found the request to be in order and based on cost increases to company operations. The fee increases are determined to be just and reasonable and in the public interest. The Division recommends the Commission approve the tariff revision as requested

Issue

On July 18, 2018, the Commission issued an Action Request due by August 2, 2018 to the Division for a review and recommendations regarding a request for WATERPRO'S TARIFF REVISION. An extension of time was allowed to complete the review with recommendations due by August 16, 2018.

Background

In March 2018, the DPU reviewed WaterPro's Tariff Applicable to Culinary Water Service, approved by Commission Order on August 8, 2017, and found several fees had been changed without proper scrutiny or authorization by the Commission. The changes were made because of

a misunderstanding between the DPU and the company regarding whether the culinary rate increase approved in August 2017 order allowed for other miscellaneous fees to be changed. The company has since reversed the unauthorized fee changes to amounts that were authorized previously and effective on February 2015. On July 18, 2018, the company submitted a request to the Commission for various fee changes due to cost increases for supplies and operations.

Discussion

All of the requested fee changes are pertinent to the connection fees for the Main System and the Little Valley System and are detailed on page 3 of WaterPro's Culinary Water Tariff No. 2. The overall effect to connection fees on the main system is 12.25% increase for ¾ inch and 11.52% increase to 1 inch connections. For the Little Valley system, the proposed connection fee changes represent an overall effect of 4.68% increase for ¾ inch connections and 5.69% increase to 1 inch connections. The projected revenue from all connection fee changes is about \$52,155 annually and is within the revenue requirement for the company. The fee changes are as follows:

- Existing Facility fee - page 3. This fee of \$700 and \$1,115 to ¾ and 1 inch connections respectively, was eliminated in the proposed tariff. The company has collected all of the necessary funds to payback this fee and no more collection is needed.
- Meter Set fee – page 3. A \$100 increase to ¾ inch connections and \$50 increase to 1 inch connections is proposed for this fee based on price increases from suppliers. This was reviewed and verified with source documents.
- Impact fee – page 3. An increase to this fee for ¾ inch connections from \$1,813 to \$2,776, and for 1 inch connections from \$3,022 to \$4,627 is proposed based on analysis of costs and long-term service demands through the year 2035. This analysis was detailed and reviewed in the August 2017 Draper Irrigation Culinary Master Plan.
- Improvements fee – page 3. This fee of \$4,800 for ¾ and 1 inch connections on the Little Valley system remains the same. No change is proposed.

Conclusion

The Division has reviewed all of the proposed fee changes and finds them to be appropriate and warranted for the increased cost of operations to provide culinary water service. The Division recommends the proposed fees be approved and effective no later than August 24, 2018.

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