



WATERPRO INC.
A Draper Irrigation Company

March 5, 2020

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114

Phone: 801-530-6716
Fax: 801-530-6796
Email - psc@utah.gov

SUBJECT: WaterPro, Inc.'s Application for Rate Increase (Docket #20-2443-01)

To Whom It May Concern,

We are pleased to submit an application for a culinary water rate increase for WaterPro, Inc. (WaterPro). WaterPro submitted a letter of intent for the proposed rate increase to the Public Services Commission on February 3, 2020.

The accompanying application includes all relevant information required under R746-700-50 to document WaterPro's need for the proposed culinary water rate increase.

To serve all its customer's fairly, WaterPro has six monthly base rate categories. There are also five different service areas that are each charged a different volumetric usage rate due to differing costs to serve each area. You will find WaterPro's existing and proposed rates for all customer categories and service area locations on the enclosed rate table.

The proposed rates show a 5% increase to each base rate and tiered rate. WaterPro has determined this increase is needed to continue to provide its high standards of water service to its customers.



We respectfully request your assistance in the processing the application. If you need additional information, please contact me at 801-571-2232. Or you may contact Josh Bean, our engineer who has assisted in the preparation of the application, at 801-495-2224 (jbean@bowencollins.com).

Sincerely,



Darrin L. Jensen-Peterson
C.E.O / General Manager
WaterPro, Inc.
jensen@waterpro.net

Enclosure - Existing and proposed culinary rates for each service area

Proposed Culinary Rates with a 5% Increase to All Rates					
Year	Existing	Proposed			
Residential Monthly Base Fee	\$ 19.66	\$ 20.64	Monthly Fee		
Lifeline Monthly Base Fee	\$ 12.48	\$ 13.10	Monthly Fee		
Multiplex Monthly Base Fee	\$ 19.66	\$ 20.64	Each Month for First Unit		
	\$ 14.20	\$ 14.91	Each Month for Each Additional Unit		
Apartment Monthly Base Fee	\$ 19.66	\$ 20.64	Each Month for First Unit		
	\$ 14.20	\$ 14.91	Each Month for Each Additional Unit		
Additional Usage Fees:					
All Other Residents	Tier 1	\$ 1.34	\$ 1.41	per 1,000 gallons	0 gallons used up to 18,000 gallons
	Tier 2	\$ 2.06	\$ 2.16	per 1,000 gallons	18,001 gallons up to 57,000 gallons
	Tier 3	\$ 2.83	\$ 2.97	per 1,000 gallons	57,001 gallons up to 150,000 gallons
	Tier 4	\$ 3.99	\$ 4.19	per 1,000 gallons	150,001 gallons per month and over
South Mountain Upper (Country Club)	Tier 1	\$ 1.49	\$ 1.56	per 1,000 gallons	0 gallons used up to 18,000 gallons
	Tier 2	\$ 2.21	\$ 2.32	per 1,000 gallons	18,001 gallons up to 57,000 gallons
	Tier 3	\$ 2.97	\$ 3.12	per 1,000 gallons	57,001 gallons up to 150,000 gallons
	Tier 4	\$ 4.13	\$ 4.34	per 1,000 gallons	150,001 gallons per month and over
South Mountain Lower	Tier 1	\$ 1.43	\$ 1.50	per 1,000 gallons	0 gallons used up to 18,000 gallons
	Tier 2	\$ 2.15	\$ 2.26	per 1,000 gallons	18,001 gallons up to 57,000 gallons
	Tier 3	\$ 2.92	\$ 3.07	per 1,000 gallons	57,001 gallons up to 150,000 gallons
	Tier 4	\$ 4.07	\$ 4.27	per 1,000 gallons	150,001 gallons per month and over
Cove of Bear Canyon	Tier 1	\$ 1.52	\$ 1.60	per 1,000 gallons	0 gallons used up to 18,000 gallons
	Tier 2	\$ 2.24	\$ 2.35	per 1,000 gallons	18,001 gallons up to 57,000 gallons
	Tier 3	\$ 3.00	\$ 3.15	per 1,000 gallons	57,001 gallons up to 150,000 gallons
	Tier 4	\$ 4.07	\$ 4.27	per 1,000 gallons	150,001 gallons per month and over
Little Valley	Tier 1	\$ 1.68	\$ 1.76	per 1,000 gallons	0 gallons used up to 18,000 gallons
	Tier 2	\$ 2.32	\$ 2.44	per 1,000 gallons	18,001 gallons up to 57,000 gallons
	Tier 3	\$ 3.00	\$ 3.15	per 1,000 gallons	57,001 gallons up to 150,000 gallons
	Tier 4	\$ 4.24	\$ 4.45	per 1,000 gallons	150,001 gallons per month and over

R746-700-50. Information for a General Rate Case Application for a Water Corporation

An applicant submitting a general rate case application shall provide the following information with the application:

A. General Information:

1. Most recent Division of Drinking Water certification/report.

See Appendix A for the most recent Division of Drinking Water (DDW) reports documenting WaterPro's compliance with DDW requirements.

2. Certificate of Public Convenience and Need Number granted by the Commission and its date.

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3. Date the utility started operation.

Culinary water deliveries began in 1911.

4. The number of connections approved and current area served, which may be shown by service area map.

There are 8,051 active connections as of December 2019. See Appendix B for a map of the existing culinary water service area.

5. Ownership and officers.

Draper Irrigation Company (which owns WaterPro, Inc.) is a non-profit corporation owned by its customers.

The Board of Directors:

President – Ryan Daw

Vice President – George Greenwood

Secretary – Dale Smith

Director – Kent S. Ware

Director – Greg J. Matis

Director – Tom Ward

Director – Stephen L. Tripp

Executive Officers:

CEO/General Manager – Darrin Jensen-Peterson

Assistant General Manager – David A. Gardner

6. Associated companies (if any).

WaterPro, Inc.

Draper Water Services

7. A copy of its current tariff.

See Appendix C for a copy of the current tariff.

B. Engineering Information.

1. Source of water supply

Water Treatment Plant (treating raw water obtained from multiple mountain runoff intakes)

Water Treatment Plant Well

Hidden Valley Well

Valle Di Villa Well

1300 East Well

Jordan Valley Water Conservancy District Connections

Draper City Connections (emergency connections)

Sandy City Connections (emergency connections)

2. Information for all Wells

The following table summarizes the existing culinary water wells.

Name	Maximum Capacity (gpm)
WTP Well	900
1300 East Well	835
Valle di Villa Well	650
Hidden Valley Well	1,700
Total	4,085

3. Mains and meters information

The following table summarizes the culinary transmission and distribution infrastructure breakdown. Pipe materials include PVC, ductile iron, cast iron, and steel.

Diameter (inch)	Length (feet)	Length (miles)	Percentage of Total System
<=4	47,434	8.98	6.4%
6	211,597	40.08	28.4%
8	269,921	51.12	36.2%
10	38,602	7.31	5.2%
12	45,992	8.71	6.2%
14	50,373	9.54	6.8%
16	48,035	9.10	6.5%
18	1,622	0.31	0.2%
20	9,355	1.77	1.3%
24	21,188	4.01	2.8%
30	231	0.04	0.0%
36	352	0.07	0.0%
Total	744,703	141.0	100%

Of the 8,608 total culinary water connections in WaterPro’s system, there are 8,051 active metered connections as of December 2019.

4. Reservoirs information

The following table summarizes the 8 existing culinary water storage reservoirs.

Tank Name	Volume (MG)
WTP Tank 1	1.0
WTP Tank 2	7.0
Cove at Bear Canyon Tank	0.25
South Mountain Tank	3.0
Traverse Ridge Tank	3.0
Little Valley Tank	0.75
Corner Canyon Tank 1	4.0
Corner Canyon Tank 2	4.0
Total	23.0

5. Storage capacity

As shown in the above table, there are 8 water storage tanks in operation providing a total of 23,000,000 gallons of culinary water storage.

6. Service deficiencies and remedies

See the proposed capital improvement project table in Appendix D for a list of existing system deficiencies and the proposed project to correct each of those deficiencies.

WaterPro is in the process of updating its Culinary Water Master Plan. It is likely that upon completion of that plan, additional system deficiencies could be identified.

7. Service quality

WaterPro continues to work for the welfare of Draper the customers it serves by:

- Building infrastructure to maintain the high quality of water service for Draper residents, including additional system expansion to keep up with the development/population growth rates and replacement of aging infrastructure.
- Upgrading water treatment methods as necessary to comply with continually evolving federal water quality regulations.
- Maintaining compliance with the Utah Division of Drinking Water's standards.
- Making the most of existing assets while minimizing its carbon footprint through hydroelectric power generation, as well as investigating geothermal and other alternative power methods.
- Working cooperatively with other privately owned water companies to establish and protect legislative rights to put WaterPro on par with municipally owned water systems. WaterPro believes this is an important way to serve and protect its customers.

8. Additions or improvements in the last five years

The following table lists the system improvements and additions completed in the last five years.

Year	Project
2015	Vestry Road PRV
2015	Osborne Lane PRV
2015	Pioneer Road Waterline Replacement
2017	Villa de Villa Well Upgrade
2017	13200 S. Highland Dr. PRV Upgrade
2017	12300 S. 1000 E. PRV Upgrade
2018	Culinary Water Meters Upgrade
2019	12000 S. 700 E. Waterline Replacement
2019	11950 S. 150 E. Waterline Replacement
2019	13800 S. Waterline Replacement
2019	Hidden Valley Golf Course Master Meter
2019	Pioneer Rd. Master Meter

9. Any anticipated additions or improvements

There are several additional projects scheduled to add or improve the system. See Appendix D and the culinary rate model for a list of those projects.

10. Efforts to encourage conservation

WaterPro maintains a water conservation plan in accordance with the Utah Water Conservation Plan Act. WaterPro is in the process of updating its current Water Conservation Plan. Additionally, WaterPro provides customers with helpful tips to reduce water usage. Examples of those tips include, checking your home for leaks, changing personal habits to reduce water usage, and changing outdoor irrigation practices to maximize watering effectiveness.

C. Customer Connection Information

10. Identification whether secondary water is distributed through the culinary system.

Draper Irrigation Company operates a secondary water system to provide outdoor irrigation to customers and reduce the burden on the culinary system. The service area of that secondary water system overlaps with much of the culinary water service area.

Based on the 2018 Water Rights Master Plan, there is approximately 31% of the culinary service area that is outside the secondary water service area. Therefore, some culinary water is being used for outdoor irrigation purposes.

D. Accounting and Financial Data, which shall include the prior two complete years and current up to the date of general rate case application, unless otherwise specified:

1. Identification (contact information) for any accountant used by the utility.

Eide Bailly LLP

5 Triad Center, Suite 600

Salt Lake City, Utah 84180-1106

(801) 532-2200

2. Copies of the General Ledger.

WaterPro's 2018 and 2019 general ledgers are included in Appendix E.

3. Copies of the Balance Sheet

WaterPro's 2018 and 2019 balance sheets are included in Appendix F. WaterPro has included a copy of the 2018 balance sheet that was submitted to the PSC (in the specific format required for that annual submission). The 2019 balance sheet has not been

submitted to the PSC as part of that annual requirement; it is expected to be submitted in March 2020. However, the preliminary version of that balance sheet is included in the Appendix. If requested, WaterPro will supplement this application with that final 2019 PSC annually submitted balance sheet.

4. Copies of the Income Statement

WaterPro's 2018 and 2019 income statements are included in Appendix G. WaterPro has also included a copy of the 2018 income statement that was submitted to the PSC (in the specific format required for that annual requirement). The 2019 income statement has not been submitted to the PSC; it is expected to be submitted in March 2020. However, the preliminary version of that balance sheet is included in the Appendix. If requested, WaterPro will supplement this application with that final 2019 PSC annually submitted income statement.

5. Pro Forma Income Statements, categorized by the National Association of Regulatory Utility Commissions, NARUC, System of Accounts, to include:

- a. the prior two years of revenues and expenses, and
- b. the projected revenues and expenses for the next three years, to include the Company's anticipated growth rate and requested rate increase.

See the culinary rate model in Appendix H. The rate model documents the need for the 5% rate increase to all current monthly base rates and volumetric rates.

6. A copy of or the utility's check register

WaterPro's 2018 and 2019 check registers are included in Appendix I.

7. Billing documentation/reports, tied back to the tariff rates

See Appendix J for actual water billings to customers. These water billings are grouped by billing zone to document all the approved rate categories billed to customers. Note that there are no Little Valley tier 4 bill examples. This is because no examples exist due to that zone having a relatively small number of customers (which also typically have smaller lot sizes).

8. Information on the utility plant, including, but not limited to:

- a. Acquisition date,
- b. Acquisition price or cost,
- c. Salvage value,
- d. Expected useful life,
- e. Annual depreciation amount per asset,
- f. Accumulated depreciation per asset and reconciled to the total accumulated depreciation amount to the most recent Annual Report. (If these amounts do not match the most recent Annual Report provide detailed explanations for any needed adjustments),
- g. If an asset was donated, the amount applied to Contribution in Aid of Construction per asset,
- h. If donated, the accumulated amortization of the Contribution in Aid of Construction per asset and reconciled to the total accumulated amortization amount to the most recent Annual Report. (If these amounts do not match the most recent Annual Report provide detailed explanations for any needed adjustments), and
- i. Projected future asset purchases for the next three years, providing the estimated acquisition date and price.

WaterPro's 2018 and 2019 asset depreciation tables are included in Appendix K.

10. Information on all Notes Payable, Loans, and other Obligations, This will include all outstanding and those retired within the past two years, including:

- a. Interest rate,
- b. Beginning date,
- c. Date of last scheduled payment (the Loan pay-off date), and
- d. Amount of payment

WaterPro's obtained a \$8,552,878 loan from American West Bank in 2013. This loan was used to refinance an existing pressure irrigation system debt and to also pay \$4,000,000 toward a new culinary well and pipeline project. Therefore, 47% of the loan repayment schedule should be paid by the culinary system. A copy of the loan is included in Appendix L.

E. Customer Notice Information

1. A copy of any notice sent to customers notifying them that the utility is seeking a rate increase.

Once a public hearing is scheduled with the PSC, WaterPro intends to send a notice to customers in the WaterPro monthly newsletter. That notice will inform customers of the requested rate increase and the date of the scheduled public hearing. Then, upon the PSC's approval of the proposed rate increase, WaterPro will send another notice in the monthly newsletter documenting the rate increase and when it will take effect.

DOCKET NO. 20-2443-01

CERTIFICATE OF SERVICE

I CERTIFY that on March 5, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

Darrin L. Jensen-Peterson (jensen@waterpro.net)
WaterPro, Inc.

Patricia Schmid (pschmid@agutah.gov)
Justin Jetter (jjetter@agutah.gov)
Assistant Utah Attorneys General

Madison Galt (mgalt@utah.gov) Division of Public Utilities

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Bowen Collins & Associates, Inc.



Josh Bean