

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH	
IN THE MATTER OF WATERPRO INC.'S APPLICATION FOR A CULINARY WATER RATE CASE (RATE INCREASE)	Docket No. 21-2443-01

SETTLEMENT STIPULATION

This Settlement Stipulation ("Stipulation") is entered into in Docket No. 21-2443-01 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 as the "Parties" and individually as a "Party").

1. On November 9, 2021, WaterPro filed its Notice of Intent to File Application for a Culinary Water Rate Case. On March 31, 2022, the Company filed its application dated March 30, 2022, for a rate increase of approximately 5% for each rate zone and then filed supplemental documents on March 31, 2022.

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 and request that the Public Service Commission of Utah ("Commission") approve the Stipulation and its terms and conditions. The Parties request that the Commission make findings of fact and reach conclusions of law based upon the evidence filed in this proceeding and upon this Stipulation and issue an appropriate order.

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")."¹ WaterPro allocates its expenses between DWS and DIC.²

6. Certain prior Commission proceedings are highlighted here. WaterPro sought and received a certificate of public convenience and necessity in 2005.³ WaterPro sought a rate increase in 2006, which was granted in 2007.⁴ On July 2, 2012, WaterPro filed an application for a rate increase requesting a 4% increase for all rate classes and requesting the establishment of a Fire Service User Fee. In successive hearings, the Commission approved the requested 4% increase for all rate classes and established a Fire Service User Fee.⁵ On January 17, 2017, the Company filed an application for a rate case, culminating in an August 8, 2017, Commission order approving a stipulation.⁶ On March 6, 2020, the Company filed an application for a 5%

¹ See, e.g., 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, February 22, 2013.

² Id.

³ See order In the Matter of the Application of WaterPro, Inc., for a Certificate of Public Convenience and Necessity to Operate as a Public Utility Rendering Culinary Water Service, Docket No. 04-2443-01 (November 7, 2005).

⁴ WaterPro also filed a rate case in 2009, but later withdrew the application.

⁵ See In the Matter of the Application of WaterPro Inc. for a Culinary Water Rate Case, Docket No. 12-2443-01 (January 9, 2015).

⁶ See In the Matter of WaterPro Inc.'s Application for Culinary Water Rate Case, Docket No. 16-2443-01 (August 8, 2017).

rate increase, culminating with a Commission order approving a stipulation on August 28, 2020.⁷

7. On March 31, 2022, the Company filed its application for a rate increase of approximately 5%. A scheduling conference was held, and a scheduling order was issued on April 11, 2022. Pursuant to the scheduling order, on April 12, 2022, Mr. Darrin Jensen-Peterson and Mr. Joshua Bean filed direct testimony on behalf of WaterPro.

8. After the Division's review of the application, data responses from the Company, and discussions among the Parties, the Parties entered settlement discussions.

9. The settlement discussions resulted in the preparation and execution of this Stipulation now presented to the Commission. The Parties request that the hearing and the public witness hearing on the Stipulation be held on August 4, 2022, the hearing date established by the Scheduling Order.

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, 2022, that the Company's revenue requirement will be increased approximately 5% from the revenue requirement ordered by the Commission in Docket

⁷ Order Approving Stipulation and Associated Tariff Changes, Docket No. 20-2443-01 (August 28, 2020).

No. 20-2443-01, the Company's last rate case. The total revenue requirement, including the proposed increase and the recommended rate of return of 8.62% based upon the average weighted cost of capital, established by this Stipulation is approximately \$921,594.

11. Rate Increase. The Parties agree effective October 1, 2022, 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 Little Valley at South Mountain, and approximately a 5% increase for Tiered Rates 1 thru 4 for each of the mentioned zones, which increases shall be collected through WaterPro charging the following rates:

Main Resident Usage (All Other Residents)

Base Fee Residential \$21.67/Month

Tier 1 \$1.48/1000 gallons 0-18,000 gallons

Tier 2 \$2.27/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.12/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.40/1000 gallons >150,001 gallons

South Mountain (Country Club)

Base Fee Residential \$21.67/Month

Tier 1 \$1.64/1000 gallons 0-18,000 gallons

Tier 2 \$2.44/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.28/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.56/1000 gallons >150,001 gallons

South Mountain (Zone 5)

Base Fee Residential \$21.67/Month

Tier 1 \$1.58/1000 gallons 0-18, 000 gallons

Tier 2 \$2.37/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.22/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.48/1000 gallons >150,001 gallons

Cove at Bear Canyon

Base Fee Residential \$21.67/Month

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

Tier 2 \$2.47/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.31/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.48/1000 gallons >150,001 gallons

Little Valley at South Mountain

Base Fee Residential \$21.67/Month

Tier 1 \$1.85/1000 gallons 0-18,000 gallons

Tier 2 \$2.56/1000 gallons 18,001-57,000 gallons

Tier 3 \$3.31/1000 gallons 57,001-150,000 gallons

Tier 4 \$4.67/1000 gallons >150,001 gallons

Lifeline, Multiplex, and Apartment

The Parties further agree that Lifeline, Multiplex, and Apartment base fees also will increase by 5%. Including that increase, those new rates will be as follows:

Residential Monthly Base Fee	\$21.67/Month
Lifeline Monthly Base Fee	\$13.76/Month
Multiplex Monthly Base Fee	\$21.67/Month for First Unit \$15.66/Month for Each Additional Unit
Apartment Monthly Base Fee	\$21.67/Month for First Unit \$15.66/Month for Each Additional Unit

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.

14. Notice to Ratepayers of Pending Rate Increase, Hearing, and Public Witness Hearing. In its billing statement and monthly newsletter, provided via mail or email to ratepayers on approximately July 1, 2022, the Company provided notice of the proposed rate increase, and the dates and times of the hearing and public witness hearing in this docket. The July 1st notice included contact information for WaterPro

and a link to the Commission's docket for this matter. No later than July 30, 2022, WaterPro will provide its customers notice that a stipulation has been reached in this matter, is available for review on the Commission's website (link provided), and that a hearing on the stipulation has been requested for August 4, 2022, the hearing date originally scheduled for this docket.

GENERAL TERMS

15. 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.


16. 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 and in the public interest. 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.

17. 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.

18. Witnesses. The Company and the Division will make one or more witnesses available at the hearing 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, and that hearings on the stipulation are requested to be held on August 4, 2022, the date originally scheduled for hearings in this docket.

19. 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 18 day of July 2022.



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



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

Water RatesLifeline, Multiplex and Apartments

Residential Monthly Base Fee	\$ 21.67 20.64 / Month
Lifeline Monthly Base Fee	\$ 13.76 13.10 / Month
Multiplex Monthly Base Fee	\$ 21.67 20.64 / Month for First Unit \$ 15.66 14.91 / Month for each Additional Unit
Apartment Monthly Base Fee	\$ 21.67 20.64 / Month for First Unit \$ 15.66 14.91 / Month for each Additional Unit

Additional Usage Fees:

Main Resident Usage (All Other Residents)

Base Fee Residential	\$ 21.67 20.64 / Month
Tier 1 \$ 1.48 1.41 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$ 2.27 2.16 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$ 3.12 2.97 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$ 4.40 4.19 per 1000 gallons	150,001 gallons per month and over

South Mountain (Country Club)

Base Fee Residential	\$ 21.67 20.64 / Month
Tier 1 \$ 1.64 1.56 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$ 2.44 2.32 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$ 3.25 3.12 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$ 4.56 4.34 per 1000 gallons	150,001 gallons per month and over

South Mountain (Zone 5)

Base Fee Residential	\$ 21.67 20.64 / Month
Tier 1 \$ 1.58 1.50 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$ 2.37 2.26 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$ 3.22 3.07 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$ 4.48 4.27 per 1000 gallons	150,001 gallons per month and over

Cove at Bear Canyon

Base Fee Residential	\$ 21.67 20.64 / Month
Tier 1 \$ 1.68 1.60 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$ 2.47 2.35 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$ 3.31 3.15 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$ 4.48 4.27 per 1000 gallons	150,001 gallons per month and over

Little Valley

Base Fee Residential	\$ 21.67 20.64 / Month
Tier 1 \$ 1.85 1.76 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$ 2.56 2.44 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$ 3.31 3.15 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$ 4.67 4.45 per 1000 gallons	150,001 gallons per month and over

Pressure Zone 13

Water Rates

Lifeline, Multiplex and Apartments

Residential Monthly Base Fee	\$21.67 / Month
Lifeline Monthly Base Fee	\$13.76 / Month
Multiplex Monthly Base Fee	\$21.67 / Month for First Unit \$15.66 / Month for each Additional Unit
Apartment Monthly Base Fee	\$21.67 / Month for First Unit \$15.66 / Month for each Additional Unit

Additional Usage Fees:

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Tier 4 \$4.40 per 1000 gallons	150,001 gallons per month and over

South Mountain (Country Club)

Base Fee Residential	\$21.67 / Month
Tier 1 \$1.64 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$2.44 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$3.28 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$4.56 per 1000 gallons	150,001 gallons per month and over

South Mountain (Zone 5)

Base Fee Residential	\$21.67 / Month
Tier 1 \$1.58 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$2.37 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$3.22 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$4.48 per 1000 gallons	150,001 gallons per month and over

Cove at Bear Canyon

Base Fee Residential	\$21.67 / Month
Tier 1 \$1.68 per 1000 gallons	0 gallons used up to 18,000 gallons
Tier 2 \$2.47 per 1000 gallons	18,001 gallons up to 57,000 gallons
Tier 3 \$3.31 per 1000 gallons	57,001 gallons up to 150,000 gallons
Tier 4 \$4.48 per 1000 gallons	150,001 gallons per month and over

Little Valley

Base Fee Residential	
Tier 1 \$1.85 per 1000 gallons	
Tier 2 \$2.56 per 1000 gallons	
Tier 3 \$3.31 per 1000 gallons	
Tier 4 \$4.67 per 1000 gallons	

Pressure Zone 13

Base Fee Residential	\$21.67 / Month
0 gallons used up to 18,000 gallons	
18,001 gallons up to 57,000 gallons	
57,001 gallons up to 150,000 gallons	
150,001 gallons per month and over	