

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH	
WATERPRO INC.'S APPLICATION FOR A CULINARY WATER RATE INCREASE	Docket No. 23-2443-01 SETTLEMENT STIPULATION

SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into in Docket No. 23-2443-01 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 “Party”).

1. On March 7, 2023, WaterPro filed with the Public Service Commission of Utah (“Commission”) its Notice of Intent for Rate Increase.
2. On May 9, 2023, WaterPro filed its Application for Rate Increase (“Application”).
3. On May 22, 2023, the Division filed comments indicating the Application was comprehensive and substantially complete.
4. Over the past few months, the Parties have discussed the matters presented below and recently engaged in settlement discussions.
5. There have been no requests to intervene in this docket.
6. The Parties recommend and request that the 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.
7. If the Commission approves the proposed rate revisions, WaterPro requests an

effective date of January 1, 2024, which is 237 days after the Application was filed.

BACKGROUND

8. WaterPro began its culinary water distribution service in 1911. As of December 2022, it serves approximately 8,326 residential and commercial customers within the Draper City boundary. WaterPro is a subsidiary of Draper Irrigation Company (DIC), a non-profit organization owned by its customers.¹ The Commission granted WaterPro a certificate of public convenience and necessity on November 7, 2005, in Docket No. 04-2443-01.²

9. The Commission last granted WaterPro a rate increase on September 1, 2022, in Docket No. 21-2443-01,³ in which it authorized a 5% rate increase to each base and tiered rate.

10. On May 9, 2023, WaterPro filed its Application, which included 17 attachments (Appendices A-Q)⁴ consisting of required and supporting documentation.

11. On May 22, 2023, the Commission held a scheduling conference, and it issued a Scheduling Order on May 23, 2023.⁵

12. On June 2, 2023, WaterPro filed the direct testimony of Darrin Jensen-Peterson, its CEO/General Manager, and the direct testimony of Joshua Bean, the Company's consultant.

¹ Application for Culinary Water Rate Increase at 4 [hereinafter Application].

² *Application of WaterPro, Inc. for a Certificate of Public Convenience and Necessity*, Docket No. 04-2443-01, Report and Order issued Nov. 7, 2005.

³ *WaterPro, Inc.'s Application for a Culinary Water Increase*, Docket No. 21-2443-01, Order Approving Stipulation and Associated Tariff Changes issued Sept. 1, 2022.

⁴ Application and Appendices.

⁵ Scheduling Order, Notice of Hearing, and Notice of Public Witness Hearing.

13. Pursuant to the Scheduling Order, Paul Hicken, Utility Technical Consultant, filed direct testimony on behalf of the Division on October 17, 2023.

14. After the Division's review of the Application, evaluation of the Company's responses to the Division's informal data requests, and discussions with the Company, the Parties entered settlement discussions.

15. On October 27, 2023, the Division filed an Unopposed Motion to Vacate the Scheduling Order Except for the Hearing and Public Witness Hearing Date and for Expedited Treatment.⁶

16. On October 30, 2023, the Commission issued an Order Granting Motion to Vacate the Schedule⁷ to enable the Parties to move forward with a settlement hearing.

17. 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 December 5, 2023.

SETTLEMENT TERMS

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

Specific Terms

18. Revenue Requirement Increase. The Parties agree, effective January 1, 2024, that the Company's revenue requirement will be increased approximately 5.4% from the

⁶ Unopposed Motion to Vacate the Scheduling Order Except for the Hearing and Public Witness Hearing Date.

⁷ Order Granting Motion to Vacate Scheduling Order, Amended Scheduling Order, Notice of Hearing, and Notice of Virtual Public Witness Hearing.

revenue requirement established by the Commission in its Order in Docket No. 21-2443-01, the Company’s last rate case. The total revenue requirement, including the proposed increase of 5.4% and the recommended rate of return of 9.6% based on the rate of return for other regional regulated utilities, established by this Stipulation is approximately [REDACTED].

19. Rate Revisions. The Parties agree that, effective January 1, 2024, the Company’s rate structure will be as shown in Table 1.

Table 1		
	Existing Volume (gallons/month)	Proposed Volume (gallons/month)
Tier 1	0-18,000	0-12,000
Tier 2	18,001-57,000	12,001-30,000
Tier 3	57,001-150,000	30,001-75,000
Tier 4	150,001 and over	75,001 and over

In addition, there will be a slight rate reduction in Tier 2 rates for all tariff zones as shown in Table 2.

Table 2		
Zone	Existing Tier 2 Rate/1,000 gal	Proposed Tier 2 Rate/1,000 gal
General Residents	\$ 2.27	[REDACTED]
South Mountain Upper	\$ 2.44	[REDACTED]
South Mountain Lower	\$ 2.37	[REDACTED]
Bear Cove Canyon	\$ 2.47	[REDACTED]
Little Valley	\$ 2.56	[REDACTED]

The proposed Tier 2 rate would read as follows:

- General Residents - [REDACTED] per 1000 gallons from 12,001 – 30,000 gallons
- South Mountain Upper - [REDACTED] per 1000 gallons from 12,001 – 30,000 gallons
- South Mountain Lower - [REDACTED] per 1000 gallons from 12,001 – 30,000 gallons
- Bear Cove Canyon - [REDACTED] per 1000 gallons from 12,001 – 30,000 gallons
- Little Valley - [REDACTED] per 1000 gallons from 12,001 – 30,000 gallons

20. No Other Rate or Tariff Changes. The Parties agree that except for tariff sheet changes to reflect the increased rates, no other rate or tariff changes are requested or required.

21. Updated Tariff Sheets. The Parties agreed 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.

22. Notice to Customers of Stipulation, Hearing, and Public Witness Hearing. The Company has provided the following notices to customers:

a. On or about November 1, 2023, WaterPro sent a notice in the monthly newsletter to all its customers providing notice of WaterPro's potential rate revisions and current rate case with the Commission.

b. On or about November 1, 2023, WaterPro sent additional notice with the monthly billing statements advising customers of the potential rate revisions and public hearing information.

c. On or about November 1, 2023, WaterPro posted on its website that the Company had entered into a settlement agreement with the Division regarding rate revisions. The Company provided information about the public hearing date, time, and details, along with a link to the Commission's website.

General Terms

23. 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.

24. Stipulation Taken as a Whole. Not all Parties may agree that each aspect of this Stipulation is supportable in isolation. Utah Code 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.

25. 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 acknowledgment 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.

26. Witnesses. The Company and the Division will each 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.

Redacted

27. 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 November 21, 2023.



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