

Agenda Date: April 30, 2008
Item Number: A4

Docket: UW-080631
Company Name: H&R Waterworks, Inc.

Staff: Chris Mickelson, Regulatory Analyst
Dennis Shutler, Consumer Affairs Specialist

Recommendation

Take no action on this filing at this time to allow for customer comments.

Discussion

On April 14, 2008, H&R Waterworks, Inc., (H&R or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$225,839 (14 percent) in additional revenue per year. The company serves 3,602 customers located in Thurston, Mason, Lewis, and Pierce Counties. The proposed rates are prompted by increases in labor, benefits, fuel, insurance and new plant (pumps and pipes) costs.

Today's presentation allows customers or other parties to make comments to the commission. No action is required by the commission. Staff will make its recommendation to the commission at the open meeting on May 28, 2008. The company's last general rate increase became effective on October 1, 2005.

On March 31, 2008, the company notified its customers of the rate increase by mail. The commission has received 15 customer comments on this filing as of April 28, 2008. The following statements summarize the customers' comments: (1) the requested rate increase is out of proportion to area wages and inflation, excessive when the company had a rate increase two years ago, and unjust to retired citizens living on limited and fixed incomes, (2) the reasons the company stated in its notice to customers for changing the water usage blocks do not justify the proposed changes, (3) it is unjust for the company to have a monopoly on backflow assembly testing, which should be open to market competition, and (4) the amount of the increase should be based on usage, not the size of the customer's water meter.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Flat Rate (Unmetered)	\$36.85	\$42.25
Flat Rate (Apartments)	\$18.50	\$21.00
Base Rate (¾-inch meter)	\$23.55	\$27.80
0 – 650 cubic feet	\$1.25	\$1.20
651 – 1,000 cubic feet	\$1.25	\$1.80
Over 1,000 cubic feet	\$1.65	\$1.80

Ancillary Charges (monthly)	Current Rate	Proposed Rate
Backflow Assembly Test - Applies only to customers with a backflow assembly.	N/A	\$2.25

Average Bill Comparison

Average Monthly Usage 1,040 cubic feet	Current Rate	Proposed Rate
Base Rate (¾-inch meter)	\$23.55	\$27.80
0 – 650 cubic feet	\$8.13	\$7.80
651 – 1,000 cubic feet	\$4.38	\$6.30
1,001 – 1,040 cubic feet	\$0.33	\$0.72
Average Monthly Bill	\$36.38	\$42.62

Commission staff has not yet completed its review of the company's supporting financial documents, books and records.

Conclusion

Take no action on this filing at this time to allow for customer comments.