

Agenda Date: February 12, 2009
Item Number: A1

Docket: UW-090154
Company Name: South Bainbridge Water System, Inc.

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

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

Background

On January 28, 2009, South Bainbridge Water System, Inc., (South Bainbridge or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$225,804 (47.7 percent) in additional annual revenue. The company serves 1,238 customers on the south end of Bainbridge Island in Kitsap County. The proposed rates are prompted by increases in labor, testing and operating expenses. The proposed effective date is March 1, 2009.

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 scheduled for February 26, 2009. In its notice to customers, the company notes that it is asking for an immediate rate increase of \$5.72. This increase would be added to the current base charge and Ready-to-Serve charge resulting in a proposed Base Meter charge of \$25.72 and proposed Ready-to-Serve charge of \$23.22. These charges would be temporary, while the full rate request is under review. The effective date of this immediate portion of the increase is proposed to be March 1, 2009.

On January 28, 2009, the company notified its customers of the rate increase by mail. The commission has received numerous customer comments on this filing as of February 9, 2009. All customers are opposed to the increase.

Customer Comments

A total of 21 customer comments have been received to date; 19 opposed and 2 undecided. Some comments that may impact the Base Meter charge or consumption rate will not be responded to until the audit is complete. Staff posted all requested materials to the commission's Web site. The results of the audit will be available when the staff recommendation is presented to the commissioners.

Consumer Protection staff advised customers that they have access to all company's documents pertinent to this rate case at www.utc.wa.gov, and www.utc.wa.gov/water and that they may contact Dennis Shutler at 360-664-1108 with questions or concerns.

- **Filing Documents and Methodology Comments**

Two customers questioned a 47.73 percent increase in just one year and the company's lack of details justifying the increase. They feel basing the increase upon inflation would be more reasonable.

Staff Response

Staff conducts an independent audit of the company's financial records. Some comments that may impact the base rate or consumption rate have not been responded to as the audit is not complete.

Staff posted all company provided materials to the commission's Web site and advised customers who have requested that information of its availability. The results of the review will be available when staff's recommendation is presented to the commissioners.

One customer inquired about the duration of this "temporary" increase.

Staff Response

Consumer Protection staff advised this customer that this is not a temporary rate increase but a permanent rate increase. The temporary rates addressed in the customer notice refer to rates requested to operate on until staff finalizes its investigation to determine permanent rates.

- **Business Practices Comments**

One customer asked if the water company can sell more service connections than the system can serve.

Staff Response

Consumer Protection staff advised customers that the Department of Health (DOH) has primary jurisdiction over service connections, water quantity, and water quantity, and provided the DOH's toll-free telephone number, 1-800-521-0323.

- **General Comments**

Two customers believe the amount of the increase is unacceptable and unaffordable.

Staff Response

Consumer Protection staff advised customers that state law requires rates to be fair and reasonable for customers, but sufficient to allow the company the opportunity to recover operating expenses and earn a return on investment.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Residential		
Ready-to-Serve	\$17.50	\$25.85
Base Meter (3/4 Inch Meter, Zero Allowance)	\$20.00	\$29.55
0 - 500 Cubic Feet, Per 100 Cubic Feet	\$0.70	\$1.03
501 – 1,200 Cubic Feet, Per 100 Cubic Feet	\$1.15	\$1.70
1,201 – 1,800 Cubic Feet, Per 100 Cubic Feet	\$3.00	\$4.43
1,801 – 3,200 Cubic Feet, Per 100 Cubic Feet	\$4.00	\$5.90
Over 3,200 Cubic Feet, Per 100 Cubic Feet	\$4.90	\$7.25
Master Metered Units		
Base Meter	\$20.00	\$29.55
Each additional Unit	\$18.00	\$26.60

Average Monthly Bill Comparison, Residential Customers

852 Cubic Feet Estimate		
Base Meter	\$20.00	\$29.55
500 Cubic Feet	\$3.50	\$5.15
352 Cubic Feet	\$4.05	\$5.98
Average Monthly Bill	\$27.55	\$40.68
Increase From Current Rates		(47.7%)

Commission staff has not yet completed its review of South Bainbridge’s supporting financial documents, books and records.

Conclusion

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