

Agenda Date: June 27, 2003
Item Number: A1

Docket: UW-030774
Company Name: Kayak Point Water Co., Inc.

Staff: Jim Ward, Regulatory Analyst

Recommendation:

Allow the Tariff Revisions filed by Kayak Point Water Co., Inc., in Docket UW-030774 to take effect by operation of law on July 1, 2003 and issue an Order directing the Company to provide monthly reports of meter usage and revenue by customer, for a period of one year after the effective date of the allowed rate.

Background:

On May 23, 2003, Kayak Point Water Co., Inc., (Kayak Point or Company) filed to start a metered rate for water service and to add a late payment charge. Kayak Point water system serves approximately 341 active customers, with 43 ready to serve customers and is located south of Stanwood in Snohomish County.

The shift to metered rates should benefit both the customers and company. The company has metered all of its existing customers and with metered rates, all customers will pay only for what they use. Currently the flat rate charged is \$25 per month. The Company reports that the current average monthly usage per customer is about 1,071 cubic feet based on wellhead readings and allowances for flushing and losses.

By applying metered rates the company is hoping to reduce peak demand and help provide consistent water service. In reviewing a change to metered rates, the Commission generally expects that the metered rate will be revenue neutral. That is, the metered rates should generate the same revenue to the company as the current flat rates. (Attachment 1) Because the individual customer water usage history has not been monitored in the past, Commission Staff requests that the company be required to report the meter usage and revenue data by month, by customer, for a period of twelve months after the metered rates go into effect.

The company sent a second notice to customers informing them that the Company was committed to reading the meters for at least all months other than December, January and February. On June 20, 2003 the Company amended its filing to provide for monthly meter reading and billing. Customers are currently billed once every two months.

The Commission has received ten letters opposed. Customers believe the company needs to improve the quantity and quality of water provided. Customers stated they have been on water restrictions for two years. Customers stated the water company should do a better job to maintain the water system. Customers believe there is adequate water available for use; however, there isn't a good enough water system to supply the necessary waters hence the low-pressure problems. Customers state that not all customers are metered. Consumer Affairs received one call regarding water quality, company and DOH have been notified. Also received was one complaint regarding billing & water quality, the Company will credit the customer. Customer is working with DOH on water quality issue. The current and proposed rates are provided below:

<u>Rates</u>	<u>Current</u>	<u>Proposed</u>
Flat Rate Service	\$25.00	Meters
Base Rates	N/A	\$ 17.00
Usage (per 100 cubic feet or portion thereof)		
0-1,000 Cubic Feet	N/A	\$.75
1,000 – 2,000 Cubic Feet	N/A	\$ 1.50
Over 2,000 Cubic Feet	N/A	\$ 3.00
Late Payment Charge	N/A	\$ 2.00

Conclusion

The Company has demonstrated that the proposed rates are fair, just, and reasonable. Therefore, Staff recommends that the Commission Allow the Tariff Revisions filed by Kayak Point Water Co., Inc., in Docket UW-030774 to take effect by operation of law on July 1, 2003, and issue an Order directing the Company to provide monthly reports of meter usage and revenue by customer, for a period of one year after the effective date of the allowed rate.

Attachment (1)