

Agenda Date: June 12, 2014
Item Number: A2

Docket: UW-141114
Company Name: Aquarius Utilities, LLC

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by Aquarius Utilities, LLC, on May 20, 2014.

Discussion

On May 20, 2014, Aquarius Utilities, LLC (Aquarius or company), filed a proposed general rate increase that would generate \$72,630 (15.9 percent) additional annual revenue. The company seeks this rate increase to cover increases in operating expenses mainly labor, insurance, property taxes and bank charges – and to recover the cost of capital expenditures not covered by the company’s recent Drinking Water State Revolving Fund (DWSRF) loans. The company also proposes to increase several ancillary charges and to implement a new Service Connection Removal Fee of \$200. The proposed effective date is June 20, 2014. Aquarius provides water service to 916 customers on various water systems located in Mason, Kitsap and Clallam Counties. The company’s last rate change was effective October 13, 2009.

The company has not responded to staff’s data requests. Therefore, the company has not yet demonstrated it needs additional revenue and has not demonstrated the proposed rates are fair, just, reasonable and sufficient.

Customer Comments

On April 17, 2014, the company notified its customers of the proposed rate increase by mail. Staff received four consumer comments, all opposed to the rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission’s website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

General Comments

- One commenter believes rates should be comparable with rates of other companies, and that the company’s costs should be verified. Customers believe the company’s rates for usage are already too high.

Staff Response

The customers were advised that state law requires rates to be fair, just, reasonable and sufficient to allow the company to recover reasonable operating expenses and the

opportunity to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

- A customer commented that the company has co-mingled the costs of daily operations with costs of its DWSRF loan projects; that the company has not filed its Water System Plan with Department of Health; and the company wants to raise rates to meet the goals of the Washington Water Use Efficiency Plan.

Staff Response

Staff has just begun its review and has not had time to look at these issues.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Ready-to-serve Service	\$15.73	\$19.09
Unmetered Service	\$46.38	\$51.52
Base Rate, 3/4-Inch Meter ¹	\$15.73	\$19.09
0 – 461 CF ² , Per CCF ³	\$4.92	\$5.92
462 – 1,125 CF, Per CCF	\$6.13	\$6.13
Over 1,125 CF, Per CCF	\$7.50	\$7.50
SRF Surcharge Rate ⁴	\$8.70	\$8.70

1 – Based on 3/4-inch meter classification, see company's tariff for upsize meter classifications, usage blocks and rates.

2 - CF – Cubic Feet

3 - CCF - 100 Cubic Feet

4 - Expires upon collection of \$2,056,214 or on December 31, 2028, whichever occurs first.

Ancillary Charges	Current Rate	Proposed Rate
Reconnection	\$35.00	\$50.00
Credit Card Transaction fee	\$.75	\$1.00
NSF Check	\$20.00	\$30.00
Service Visit	\$29.00	\$50.00
Service Connection Removal	NA	\$200.00

Monthly Residential Bill Comparison

Monthly Average 540 Cubic Feet	Current Rate	Proposed Rate
3/4-Inch Metered Base	\$15.73	\$19.09
461 Cubic Feet	\$22.68	\$27.29
79 Cubic Feet	\$4.84	\$4.84
DWSRF Surcharge	\$8.70	\$8.70
Water Bill Total	\$51.95	\$59.92
Increase From Current Rates - \$7.97		15.3%

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