

Agenda Date: June 6, 2007
Item Number: A4

Docket: UW-070944
Company Name: Rosario Utilities, LLC

Staff: Jim Ward, Regulatory Analyst
John Cupp, Regulatory Analyst
Lynda Johnson, Consumer Program Specialist

Recommendation

Take no action on this filing at this time.

Discussion

Today's presentation is to allow customers and 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 June 27, 2007.

Background

In December 2006, Rosario Utilities, LLC, (Rosario Utilities or company) and Washington Water Service met with commission staff for discussions. Rosario Utilities was proposing to file for general rates and noted the capital improvement surcharge would be expiring in January 2007. Washington Water Service was also interested in buying Rosario Utilities. Several discussions have occurred over the last several months regarding the rate filing.

On April 2, 2007, Rosario Utilities and Washington Water Service held a public information meeting on Orcas Island. Commission staff participated by conference call from Olympia. The meeting was held to discuss a proposed general rate increase and to introduce personnel from Washington Water Service, who is negotiating to purchase the water company. Rosario Utilities provided backup financial documents to show customers the sources of the need for a rate increase. The rate filing process and sale and transfer process were explained to the customers. Customers asked several questions about the former capital improvement surcharge and capacity of the water treatment system. The meeting was attended by about 60 people.

On May 11, 2007, Rosario Utilities filed for general rates for \$148,095 (62 percent) of additional revenue per year. Rosario Utilities serves 508 customers near Eastsound, on Orcas Island in San Juan County. The company made the filing to offset higher operating costs and to capitalize capital improvements completed, but not totally paid by the surcharge, which expired in January 2007. Improvements were needed to meet increasingly stringent water quality standards. Additionally, the company replaced aging plant to improve the reliability of the water system. The rate design will remain with the same usage blocks to help encourage water conservation. The company's last general rate increase was August 2002.

On May 23, 2007, the commission heard this item at its open meeting. Four customers attended and participated in person, and another group participated via the conference bridge line. To date, 38 customers have voiced opposition the company's proposal. The main issue remains the amount the company seeks to increase its rates.

One concern many customers voiced is they want to make sure everyone gets an opportunity to comment. In addition to the May 23, 2007, open meeting and the meeting with customers that immediately followed, and today's meeting, staff will attend a meeting in the company's service area on June 14, 2007, to answer questions and address concerns. Rosario Utilities sent a bill insert in its most recent bills, informing customers of the June 14, 2007, meeting, which Washington Water Service will also attend.

The customers were notified of this increase in a mailing on May 10, 2007. The current and proposed rates are provided below:

Monthly Rate	Current Rate	Proposed Rate
Orcas Highlands & Otter's Lair per ERU		
Bulk Meter Zero Allowance	\$25.00	\$38.45
Residential & Commercial Customers per ERU		
Base Meter Zero Allowance	\$29.75	\$43.20
Water Usage for all Customers		
0-3,000 gallons, per gal	\$0.0022	NA
3,001-7,500 gallons, per gal	\$0.0034	NA
7,501 or more gallons, per gal	\$0.0047	NA
0-3,000 gallons, per 100 gal	NA	\$0.52
3,001-7,500 gallons, per 100 gal	NA	\$0.55
7,501 or more gallons, per 100 gal	NA	\$0.66
Ready to Serve Customers	\$12.00	\$24.00
Average Residential Bill	\$39.85	\$65.15
Average Bulk Customer/ERU Bill	\$49.71	\$80.14

ERU = Equivalent Residential Unit
 gal = gallon of water (7.48 gallons of water = 1 cubic foot)

Commission staff is reviewing the company's supporting financial documents, books and records.

Conclusion

Take no action on this filing at this time.