

Agenda Date: May 27, 2010
Item Number: A4

Docket: UW-100622
Company Name: South Bainbridge Water System, Inc.

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

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by South Bainbridge Water System, Inc. in Docket UW-100622 on April 16, 2010.

Discussion

On April 16, 2010, South Bainbridge Water System, Inc. (South Bainbridge or company), filed tariff revisions to its currently effective tariff that would generate \$128,500 (20 percent) in additional annual revenue. The proposed effective date is June 1, 2010. The filing was prompted by increases in company costs of operations, such as insurance, property tax, power costs and payroll.

The company proposes to add the increase to the current base charge and Ready-to-Serve charge, resulting in a proposed \$34.18 Base Meter charge and a proposed \$34.18 Ready-to-Serve charge. The usage rates established last year would remain the same under the company's proposal. South Bainbridge serves about 1,250 customers, on the south end of Bainbridge Island in Kitsap County. The company's last rate increase was effective in March 2009.

Customer Comments

On April 16, 2010, the company notified its customers of the proposed rate increase by mail. The commission received 15 customer comments on this filing; 13 oppose, one is undecided and one supports the proposed increase. Please note that customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they may access company documents pertinent to this rate case at www.utc.wa.gov/water, and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- Eight customers believe increasing only the base rate does not encourage conservation. The usage rates should be increased so customers who use more water should pay more.

Staff Response

Staff's rate design ensures that rates are fair, just, reasonable and sufficient.

General Comment

- Eight customers believe the proposed rates are excessive. Two customers believe a smaller rate increase should be considered.

Staff Response

Customers were advised that state law requires rates to be fair and reasonable, and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

A customer using 903 cubic feet of water per month (the calculated company-wide average water usage) would pay \$8.43 (24.2 percent) more per month using the proposed rates as compared to the current rates (see “Average Bill Comparison” table below).

Rate Comparison

Monthly Rate¹	Current Rate	Proposed Rate
Non-Metered	\$29.55	\$37.98
Ready to Serve	\$25.75	\$34.18
Base Rate (3/4 inch meter)	\$25.75	\$34.18
0 – 800 Cubic Feet	\$.94	\$.94
801 – 1,200 Cubic Feet	\$1.55	\$1.55
1,201 – 1,800 Cubic Feet	\$4.04	\$4.04
1,801 – 3,200 Cubic Feet	\$5.39	\$5.39
Over 3,200 Cubic Feet	\$6.61	\$6.61

¹ - Based on 3/4-inch meter classification. The company's tariff also provides upsize meter classifications, usage blocks and rates.

Average Bill Comparison

Average Monthly Usage (903 Cubic Feet Company-Wide Average)	Current Rate	Proposed Rate
Base Rate (3/4 inch meter)	\$25.75	\$34.18
0 - 800 Cubic Feet	\$7.52	\$7.52
801 – 903 cubic Feet	\$1.60	\$1.60
Average Monthly Bill	\$34.87	\$43.30
Increase From Current Rates		24.2 %

The company did not file the documents that are both required and necessary to analyze a request for a general rate increase. Nor has the company completely responded to staff's data requests. Therefore, the company has not demonstrated that it needs additional revenue and has not demonstrated the proposed rates are fair, just, reasonable and sufficient.

Conclusion

Issue a Complaint and Order Suspending the Tariff Revisions filed by South Bainbridge Water System, Inc. in Docket UW-100622 on April 16, 2010.