

Agenda Date: May 27, 2016
Item Number: A1

Docket: UW-160379
Company Name: Suncadia Water Company, LLC

Staff: Tiffany Van Meter, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Allow the tariff pages filed by Suncadia Water Company, LLC on March 29, 2016, and revised on May 19, 2016, to become effective June 1, 2016, by operation of law.

Background

On March 29, 2016, Suncadia Water Company (Suncadia or company) filed with the Utilities and Transportation Commission (commission) a tariff revision that would generate approximately \$288,300 (31 percent) additional annual revenue. The company serves 521 customers in Kittitas County.

Over the last 5 years, the company has experienced increased power rates and increased costs of treating water from the city of Cle Elem. It has also added 200 homes and several small commercial connections to its water system since its last rate case in 2011.

The company also charges commercial customers an additional tariff rate for dedicated fire mains to recognize the larger storage capacity in the reservoirs that fire protection requires for commercial structures. Staff and the company agreed on a methodology to remove half of the expense of fire protection assets from the total company rate base and calculate a separate cost recovery, including a return on a separate rate base, solely for those fire protection assets.

Staff examined the company's financial and usage data and supporting records and the company agreed upon a revised revenue requirement that will generate approximately \$241,000 (25 percent) of additional annual revenue.

Customer Comments

The company notified its customers by mail of the proposed 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. Staff received three comments from customers about the increase.

General Comments

- One customer asked to see Suncadia’s income and expense statements.

Staff Response

Staff advised the customer how to file a request for public records.

- Two customers stated the increase to the Ready-to-Serve rate is unreasonable, and did not understand why they should pay when they are not receiving water.

Staff Response

Staff explained the purpose of the Ready-to-Serve charge and that state law requires rates to be fair, just, reasonable and sufficient allowing the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Percentage Increase
Base Charge *	\$ 36.00	\$ 38.00	5.6%
Block 1: 0 – 8,000 gallons	2.00**	2.20**	10.0%
Block 2: 8,001 – 28,000 gallons	3.80**	4.30**	13.2%
Block 3 >28,001 gallons	5.60**	7.43**	32.7%

Average Residential Monthly Bill Comparison

Average Monthly Usage – 8,300 gallons/month

Monthly Rate	Current Rate	Proposed Rate	Percentage Increase
Base Charge *	\$ 36.00	\$ 38.00	5.6%
8,300 gallons/month	17.14	18.89	10.2%
Total Average Monthly Bill	53.14	56.89	7.1%

* 1 inch connection; (other base rates available in tariff).

** Per 1,000 gallons.

Commission staff has completed its review of the company's filing, supporting financial documents, books, and records. Staff's review shows, and the company's financial information supports, the agreed upon revenue requirement, and that the proposed rates and charges are fair, just, reasonable, and sufficient.

Recommendation

Allow the tariff pages filed by Suncadia Water Company, LLC on March 29, 2016, and revised on May 19, 2016, to become effective June 1, 2016, by operation of law.