



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

REF:031671

December 5, 2003

Dear Interested Person:

Thank you for contacting the Commission to express your views on the proposed rate increase requested by Tall Timber Water System, LLC (Tall Timber or Company). The request will return for Commission consideration at a special open meeting on **December 18, 2003, at 9:30 a.m. in Olympia**. The meeting will be held in the Commission Hearing Room at 1300 South Evergreen Park Drive, S.W., Chandler Plaza Building, in Olympia.

On November 26, 2003, the Commission suspended (placed on hold) the Company's proposal to allow the Staff more time to investigate the proposal. Staff has concluded its investigation and has found that the Company has justified the need for additional revenue. The Commission will not take any action on Staff's findings until December 18, 2003, when the results are presented to the Commission and public comment is taken.

Staff has reviewed the company's books and records and found that the Company justified \$54,800 of its requested \$97,902 increase. The Company has filed the appropriate substitute tariff pages containing revised rates.

Commission Staff reviewed in detail 1) the Company's costs of providing service based on 12 months of financial information (power, phone, labor, testing, etc.), excluding items that cannot be recovered from its customers such as lobbying expenses; 2) the Company's investment in plant and equipment used to provide service, referred to as the company's rate base; 3) the appropriate profit level or the rate of return allowed the Company.



Staff Revised Rates and Recovery

The average monthly residential customer, using 966 cubic feet of water, would have an impact of the proposal by approximately \$5.50 per month. The current, proposed, and Staff revised rates are provided below:

<u>Monthly Rate</u>	<u>Current</u>	<u>Proposed</u>	<u>Revised</u>
Flat Rate Service	\$ 32.00	\$ 42.50	\$ 37.50
Metered Rate Service	\$ 28.50	\$ 30.47	\$ 26.00
Per 1 cubic foot up to 766 cu ft	Included	\$ 0.0157	\$ 0.0100
Per 1 cubic foot 766 to 5,000 cu. ft.	\$ 0.01	\$ 0.0195	\$ 0.0165
Per 1 cubic foot over 5,000 cu. ft.	\$ 0.01	\$ 0.0225	N/A
<u>Ancillary Charges:</u>	<u>Current</u>	<u>Proposed</u>	<u>Revised</u>
Late Payment Charge	N/A	\$ 3.50	\$ 3.50
New Account Setup Charge	N/A	\$ 15.00	\$ 15.00
NSF Check Charge	N/A	\$ 15.00	\$ 15.00
Ready To Serve Charge	\$ 8.52	\$ 9.27	\$ 9.27
State Public Utility Tax	N/A	5.029%	5.029%

Additionally, all customers pay a basic treatment surcharge of \$5.60 per month that will expire on or before December 31, 2006, and the customers of Cedar Shores water system located in Thurston County pay an additional \$13.25 per month that will expire in 2011.

The Commission Staff's memo will be available in the afternoon on **December 16** on the Commission's website at www.wutc.wa.gov.

Prior to the open meeting, the Commissioners receive a summary of all written comments on the proposal. The summary includes the number of comments received both in favor and opposition, and the types of issues and concerns raised in customer letters. A further opportunity for public comment is provided during the open meeting.

Based upon this information, the Commission may choose to approve the filing as proposed, approve Staff recommended rates, or set it for a formal hearing.

If you have further questions about the Commission open meeting process, or you plan to attend, please call our Public Affairs office toll-free voice messaging system at 1-800-562-6150 and choose option number two. Please leave a voice mail and your call will be returned as soon as possible.

Thank you again for contacting the Commission. We value your comments and

appreciate your participation in the rate making process.

Sincerely,

A handwritten signature in black ink that reads "Penny Hansen". The signature is written in a cursive, flowing style.

Penny Hansen

Public Involvement Coordinator