

Agenda Date: February 28, 2008
Item Number: A4

Docket: UW-080178
Company Name: Oasis Water Corporation

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Affairs Specialist

Recommendation

Take no action, thereby allowing the proposed rates to become effective March 1, 2008, by operation of law.

Discussion

On January 30, 2008, Oasis Water Corporation (Oasis or company) filed with the Washington Utilities and Transportation Commission (commission) tariff revisions that would generate \$46,005 (43.5 percent) in additional revenue per year. Oasis serves 168 customers near Benton City located in Benton County. The proposed revisions are prompted by additional capital costs associated with a Drinking Water State Revolving Fund (DWSRF) loan that funded repairs to water mains, the purchase of land for a well house and storage tank and installation of a booster pumping station equipped with an emergency generator.

The proposed \$22.82 surcharge would be in addition to the monthly flat rate service. Only new customers connecting to the water system for the first time would pay the proposed \$3,103.20 facilities charge. This charge would be in addition to the company's service connection charge and any other fees that may apply at the time of connection.

This surcharge expires March 31, 2028, or upon the combined (surcharge and facilities charge) collection of \$1,070,740 in principal, plus interest and taxes, whichever occurs first.

The company notified its customers of this rate increase by mail on January 30, 2008. The commission has received five customer comments on this filing as of February 21, 2008. A summary of the customer comments received by the commission follows:

The Size of the Increase – Although staff understands the customers' concerns regarding the amount of the increase, staff does not explicitly consider the amount of the increase in preparing recommendations. Staff's goal is to recommend the "right" rates that will allow the company to recover additional capital costs associated with a Drinking Water State Revolving Fund (DWSRF) loan that funded repairs to water mains, purchase of land for a well house and storage tank and installation of a booster pumping station equipped with an emergency generator.

Poor Water Quality – A customer commented about poor water quality. The customer stated that the water smells and has sand in it. The customer added filters in an effort to remove the sand. The customer does not believe the company has done what it should to flush or

maintain the system for what it already receives in revenues. Staff appreciates the customer's concerns, however, the Department of Health (DOH) has primary jurisdiction over water quality. Staff contacted the DOH engineer responsible for this water system and he was unaware of sand in the water. DOH will follow-up with the company. The DOH engineer stated that the company has recently started preventative chlorination and chlorine has an odor to it. Consumer Affairs staff has referred the customer to DOH. The commission did not receive customer comments on these issues prior to the rate case.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
DWSRF Surcharge	NA	\$22.82
DWSRF Facilities Charge	NA	\$3,103.20

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are for items that are part of Oasis's Water System Plan and the expenses are reasonable. The company's financial information supports the proposed revenue requirement and the surcharge and facilities charge are fair, just, reasonable, and sufficient.

Conclusion

Take no action, thereby allowing the proposed rates to become effective March 1, 2008, by operation of law.