

Agenda Date: December 19, 2019  
Item Number: A3

**Docket:** UW-190945  
**Company:** Company Seventy-Nine d/b/a Red Mountain Water Association

**Staff:** Benjamin Sharbono, Regulatory Analyst  
John Cupp, Consumer Protection Staff

**Recommendation**

Take no action, allowing the tariff revisions and rates, filed on November 14, 2019, as revised on December 11, 2019, to go into effect January 1, 2020, by operation of law.

**Discussion**

On November 14, 2019, Company Seventy-Nine d/b/a Red Mountain Water Association (Red Mountain or company) filed with the Washington Utilities and Transportation Commission (commission) a general rate increase. The proposed increase would generate approximately \$2,484 (4 percent) additional annual revenue.

Red Mountain serves 85 customers in Benton County. Their last rate increase went into effect October 1, 2019, for \$8,136. Red Mountain is filing this follow-up general rate increase due to discovery of miscalculations of federal income taxes and a contributed asset amortization. Additionally, the company is also seeking to increase several ancillary charges that reflect more current costs.

Commission staff's (staff) review of documentation provided by the company found justification of an increase of \$1,792 (2.6 percent) additional annual revenue. In the previous rate case, staff's review indicated the Block 3 usage rate needed to be increased to encourage water conservation. So, in this filing staff accepts the company proposed increase to Block 3 usage rate, increasing it from \$1.15 per thousand gallons to \$1.23 per thousand gallons.

The revised rate increases will not affect the average customer using 35,934 gallons per month, which is approximately the middle of Block 2.

**Meter Rate Schedule**

<b>Monthly Rate</b>	<b>Current Rate*</b>	<b>Proposed Rate*</b>	<b>Revised Rate*</b>
Base Rate 1-inch meter**	\$21.00	\$21.00	\$21.00
Block 1 – 0 – 8,000 Gallons***	\$0.80	\$0.80	\$0.80
Block 2 – 8,001 – 65,000 Gallons	\$1.00	\$1.00	\$1.00
Block 3 – Over 65,001 Gallons	\$1.15	\$1.23	\$1.23

\* Rates are per 1,000 Gallons

\*\* Other meter size usage blocks are found in the tariff

\*\*\* 1,000 gallons equals approximately 134 cubic feet

Staff finds the rates for Block 3 are not set to encourage substantial conservation, but will examine this in the next filing, after customers have adjusted to the usage blocks set in this and the prior filing.

Staff's review of the proposed increases to ancillary charges found the company provided adequate support to justify increasing the service connection and late payment charges. The changes bring these charges in line with actual company costs.

Documentation from the company's banking institution did not support the company's proposed increase for non-sufficient funds (NSF) check charges. The company agreed to retain the current tariff rate.

#### **Ancillary Charges**

<b>Rate</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>
Service Connection Charge	\$350	\$1,500	\$1,500
Late Charge	\$3	\$5	\$5
Non-Sufficient Funds (NSF) charge	\$15	\$36	\$15

#### **Customer Comments**

On November 13, 2019, the company notified its customers by mail of the proposed rate increase. The commission received no comments.

#### **Conclusion**

Take no action, allowing the tariff revisions and rates, filed on November 14, 2019, as revised on December 11, 2019, to go into effect January 1, 2020, by operation of law.