



ATTORNEY GENERAL OF WASHINGTON

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April 7, 2022

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Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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UTIL. AND TRANSP.
COMMISSION

Re: *Camano Hills Water Company*, Docket UW-220157

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office ("Public Counsel") respectfully submits these comments in advance of the April 14, 2022 Open Meeting. These comments are in response to Camano Hills Water Company's (the "Company") general rate increase request filed on March 8, 2022.

Public Counsel Recommendation

Public Counsel recommends that the Commission (1) reject the Company's requested increase to base rates from \$30 to \$47 or significantly reduce the increase; (2) reject the Company's proposed reduction in block size for $\frac{3}{4}$ inch meters and spread the increase over six phases instead of four phases, or in the alternative, require the Company to provide information about non-discretionary usage to set the first block at a level that aligns with non-discretionary usage; (3) reject the increases sought for disconnection and reconnection charges, and (4) require the Company to provide adequate cost information for the remaining ancillary services.

Camano Hills Water Company filed a general rate case with the Washington Utilities and Transportation Commission ("Commission") seeking a rate increase of \$106,405, or over 50 percent, from its approximately 229 customers. The Company proposes to implement rate increases on April 15, 2022, October 1, 2022, April 1, 2023, and October 1, 2023. While Camano Hills proposes to spread the rate increase over two years, Public Counsel has concerns about the impact to customers, and believes that customer impact should be mitigated.

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Rate Design

The Company’s proposed rate design increases the base rate and reduces the block sizes for ¾ inch meters over four phases. The Company proposes to increase base rates from \$30 to \$47. This is a significant increase that customers will not be able to mitigate through conservation. Any increases to base rates should be more gradual to minimize the impact on customers. In this case, Public Counsel recommends that the Commission reject the increase to base rates or significantly reduce it.

Reducing the base rate increase could place more of an approved increase on volumetric rates, but customers may be able to mitigate the impact of volumetric increases through their individual usage. However, the Company is also proposing to reduce the usage blocks significantly without proper rationale. This hinders customers’ ability to mitigate negative impacts through conservation. The usage blocks are reduced by about half by October 1, 2023. The first block is reduced from 0-950 to 0-500 cubic feet. The second block is reduced from 951-2,200 to 501-1,000 cubic feet. The third block is reduced from 2,201+ to 1,001+ cubic feet.

Public Counsel asked the Company about the basis for decreasing the block sizes. The Company’s rationale was not related to conservation goals or customer usage, i.e., sizing the first block to align with non-discretionary usage. Instead, the Company stated that the reduced block sizes would allow it to spread the rate increase over four phases instead of six phases. If this is the sole rationale for decreasing block sizes, the impact will continue to negatively affect customers even after the proposed phased rate increase. Reducing the block sizes significantly as proposed in this case will amplify the effect of the proposed rate increase on customers because non-discretionary usage may be captured in Blocks 2 or 3, which carry higher rates than Block 1.

Public Counsel recommends that the Commission reject modification to the current rate blocks for ¾ inch meters and phase any resulting rate increase over six phases. In the alternative, the Commission should require the Company to provide additional information regarding non-discretionary usage levels, and the first block should be set to align with non-discretionary usage.

Ancillary Charges

The Company stated in its customer notice, “Additionally, the company will be adjusting some of the ancillary charges to help recover the cost directly incurred by customers.” In particular, Camano Hills proposes the following increases to ancillary services:

Rule	Description	Current Charge	Proposed Charge	Percentage Change
Rule 5	Disconnection Visit Charge (per visit)	0	\$25	
Rule 6	Reconnection Charge (per visit)	\$30	\$50	66 percent

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Rule 11	Service Visit Charge	\$25/hour	\$65/hour	160 percent
Rule 14	Late Payment Charge	\$2 plus 2 percent Unpaid Balance or a Minimum of \$5	\$6 Minimum or 2 percent Unpaid Balance	200 percent
Rule 20	Account Set-up Charge	\$50	\$50	n/a
Rule 21	NSF Charge (per check)	\$30	\$35	17 percent
Rule 22	Water Availability Letter	\$10	\$50	400 percent
Rule 24	Backflow Assembly Inspection	0	Time and Material	
Rule 25	Seasonal Turn off/on (per visit)	0	\$25	
Rule 28	Damage and Repair Clause	0	Time and Material	

Public Counsel asked the Company for additional information regarding the costs to provide the ancillary services. Initially, Camano Hills stated that the Company uses a contracting service company, which charges \$85 per hour, to perform the ancillary services. Public Counsel requested that the Company provide more detail, including whether the same company provided all of the ancillary services and the average cost of providing each service.

Camano Hills uses a contracting service company to perform the services in Rules 5 (disconnection), 6 (reconnection), 11 (service visit), 24 (backflow assembly inspection), and 25 (seasonal turn off/on). How much time is spent on each activity varies, but the Company did not provide any further detail. From the information provided, it is unclear whether the proposed charges align with the cost of the service. Moreover, disconnection and reconnection fees tend to only make it harder for a disconnected customer to reconnect, increasing the cost to re-establish service. The Commission should reject the increases sought for Rule 5 and Rule 6, and the Commission should require the Company to provide adequate cost information for the remaining ancillary services.

Conclusion

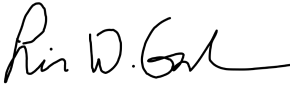
Public Counsel recommends that the Commission (1) reject the Company’s requested increase to base rates from \$30 to \$47 or significantly reduce the increase; (2) reject the Company’s proposed reduction in block size for ¾ inch meters and spread the increase over six phases instead of four phases, or in the alternative, require the Company to provide information about non-discretionary usage to set the first block at a level that aligns with non-discretionary usage;

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(3) reject the increases sought for disconnection and reconnection charges, and (4) require the Company to provide adequate cost information for the remaining ancillary services.

Public Counsel appreciates the opportunity to file these comments. Questions should be directed to Lisa Gafken, Lisa.Gafken@atg.wa.gov, or Shay Bauman, Shay.Bauman@atg.wa.gov. Ms. Bauman will be present at the April 14, 2022, open meeting.

Sincerely,

/s/ 

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