

Agenda Date: December 31, 2003
Item Number: A2

Docket: UW-031782
Company Name: Oasis Water Corporation

Staff: Jim Ward, Regulatory Analyst

Recommendation:

Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Oasis Water Corporation, in Docket UW-031782, accept substitute tariff filing and allow tariff to become effective January 1, 2004.

Discussion:

On November 4, 2003, Oasis Water Corporation, (Company) filed for general rates in the amount of approximately \$38,400 (26 percent) of additional revenue per year. On December 29, 2003, the Company filed revised rates that would instead generate an additional \$5,200 (6%) of revenue annually. The company serves approximately 160 residential customers near Benton City, in Eastern Washington. The Company's last rate change was June 1999.

On November 26, 2003, the Commission heard this matter. At that open meeting the Commission suspended the filing.

The Company stated it is filing to increase rates to recover the increasing costs needed to operate the water system, such as electricity. The Company has completed several capital projects and is working on additional projects to improve water service.

In the original filing, the Commission received three letters opposing the rate increase. One customer believes that a 23.3 percent increase after only three years of operation is not reflective of the interests of the people. Another customer thought the conditions of the 1999 increase included the improvements that will be performed after this proposed rate increase. The Commission received one inquiry, regarding water pressure. The customer had not yet addressed the issue with the company.

The annual per customer impact of the revised rates would be a \$32.40 increase from current tariff rates. A comparison of current, original proposed, and revised rates are provided below:

<u>Monthly Rate</u>	<u>Current</u>	<u>Proposed</u>	<u>Revised</u>
Flat Rate Service	\$ 50.00	\$ 63.00	\$ 52.70
3/4 inch Meter Service	\$ 35.00	\$ 45.00	\$ 37.10
1 inch Meter Service	N/A	\$ 76.80	\$ 63.07
2 inch Meter Service	N/A	\$278.50	\$196.63
Usage for all meter sizes:			
0 to 600 cu. ft.	N/A	\$ 1.35	\$ 1.35
600 to 2,000 cu. ft. per 100 cu. ft.	\$ 1.00	\$ 1.50	\$ 1.50
over 2,000 cu. ft. per 100 cu. ft.	\$ 1.50	\$ 1.80	\$ 1.80
Ready To Serve	N/A	\$ 23.00	\$ 23.00

Currently the water system is still on a moratorium for new connections, while the Company works to comply with the Department's of Health (DOH) requirements. In June of 2000, the Company obtained a loan through the state drinking water revolving fund (SRF) to test one well; drill a new well (which has been done and tested) and purchase a 76,000-gallon storage tank, pump house, and booster station, including purchasing the lot they sit on. In addition, the loan covers engineering for a new water system plan (which has been approved by the DOH), upgrading of the present water distribution system, connecting the storage tank, and installing meters. The recently purchased storage tank will be placed on-line as soon as the purchase agreement is closed and the work can be put out to bid and completed. The Company hopes DOH will lift the moratorium shortly. The previous storage tank was taken out of the system in May 1999, by court order, to avoid easement problems with the property owner at that time. An 8-inch line routed the water system around the storage tank. DOH placed the water system on a moratorium for new connections due to past lack of compliance under the previous owner and the current need for storage capacity.

In the last rate case data showed the average winter usage to be 1,745 cubic feet per month and average summer usage to be 6,657 cubic feet per month. The Company indicates this is still correct and the Company plans to install meters as soon as other projects are completed.

Conclusion

Staff's review of the Company's books and records show the Company has now demonstrated that it requires additional revenue and Staff believes the revised rates are fair, just, and reasonable. Therefore, Staff recommends that the Commission Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Oasis Water Corporation, in Docket UW-031782, accept substitute tariff filing and allow tariff to become effective January 1, 2004.