

Agenda Date: August 28, 2008  
Item Number: A3

**Docket:** UW-081417  
Company Name: Deer Meadows Water Company, Incorporated

Staff: Amy White, Regulatory Analyst  
Dennis Shutler, Consumer Affairs Specialist

### **Recommendation**

1. Take no action on the proposed rate for a service connection, thereby allowing that rate to become effective September 1, 2008, by operation of law.
2. Issue an Order Granting Exemption from WAC 480-110-375(3) to allow the company to estimate water bills over three consecutive billing cycles.

### **Discussion**

On July 25, 2008, Deer Meadows Water Company, Incorporated (Deer Meadows or company) filed with the Utilities and Transportation Commission tariff revisions to make corrections to and update its initial tariff filing which became effective in November 2007. The company serves 351 customers northwest of Davenport in Lincoln County. The company has another pending matter in Docket UW-081418 that proposes a general rate increase.

Deer Meadows has filed to add a new customer service connection charge (\$5,000) that the company inadvertently omitted from its initial tariff filing in July 2007. The company has also requested an exemption from WAC 480-110-375(3) to allow the company to estimate consumption charges during the winter months should reading the meters not be feasible due to snow covering for an extended period.

WAC 480-110-375(3) requires water companies to estimate water bills over no more than two consecutive billing cycles. The company asks the commission for an exemption to allow it to estimate water bills over three consecutive billing cycles.

Customer notice is not required on either filing. The company does not know the identity of any future new customers to advise them of the new customer service connection charge. The winter meter reading practice results in no economic impact to customers.

Customers commented on both filings by Deer Meadows without respect to the docket number. Two categories of comments were pertinent to this filing.

**Customer Comment** – Customers were skeptical of the company's filing regarding the identity of new customers. Customers felt that the owners of the company must know who customers are.

**Staff's Response** – The filing in UW-081417 adds a connection charge for new customers located outside the area that should have been included in the company's initial tariff filing. The

initial tariff filing establishes the rate structure and charges used by the company at the time the company came under regulation. The company's initial response to the commission's query regarding the company's status clearly indicated this charge was for new customers outside the development. However, the charge was inadvertently omitted from the initial tariff. Because the company does not maintain a list of inquiries regarding water service hookups from callers who contact the company, it does not have a list of potential new customers to contact.

**Customer Comment** – Customers believe the company does not need an exemption.

**Staff Response** – Deer Meadows filed the request for an exemption to allow the company to estimate water use during the winter whenever the meters are covered with snow. Staff advised the company to file this request because this issue has recently come to the commission's attention through rate cases filed by other Eastern Washington water companies. The company will incur higher costs if forced to dig meters out from a heavy covering of snow. Staff does not have any way to determine when or if heavy blankets of snow are present. The request for exemption includes a provision that usage charges will be "true-up" after the next meter reading and billed to customers in monthly installments that do not exceed the monthly base charge.

Consumer Protection and Communication staff considered the potential for hardship on the company's customers if the true-up amount exceeds the monthly base charge and agreed to recommend the commission grant the exemption subject to the following conditions:

The company may defer reading water meters for a third consecutive month, but only if severe weather prevents the company from reading the meters. The company will bill customers only the base charge each month that the company does not read the water meters. Usage charges will be "trued-up" after the next meter reading and billed to customers in monthly installments that do not exceed the monthly base charge.

Staff reviewed the initial questionnaire filed by Deer Meadows at the time the company first came under regulation and both the existence of the charge and the amount of the charge to new customers located outside the Deer Meadows development was documented by the company. The company inadvertently omitted one line from its tariff, the line for new customers outside the development.

Staff requested Deer Meadows file the tariff revision pertaining to the exemption from meter reading because the issue has recently come to the commission's attention through cases filed by other Eastern Washington water companies.

### **Conclusion**

1. Take no action on the proposed rate for a service connection, thereby allowing that rate to become effective September 1, 2008, by operation of law.
2. Issue an Order Granting Exemption from WAC 480-110-375(3) to allow the company to estimate water bills over three consecutive billing cycles.