

Agenda Date: April 23, 2020
Item Number: A1

Docket: UW-200277
Company Name: Wildwood Water Company LLC

Staff: Tiffany Van Meter, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Allow the tariff pages filed by Wildwood Water Company LLC on March 26, 2020, as revised April 15, 2020, to become effective April 30, 2020, by operation of law.

Background

On March 26, 2020, Wildwood Water Company (Wildwood or company) filed with the Washington Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$19,000 (20 percent) additional annual revenue. The company serves 229 customers on two systems on Whidbey Island in Island County.

Wildwood Water Company LLC is a combination of Crosswoods water system and Shirona water system. Shirona water was purchased by the current owner in 2017 and was brought under regulation at that time. In February 2018, the company applied for and was granted a sale and transfer from the commission after purchasing the Crosswoods water system which was regulated under its previous owner. The company's last rate case became effective September 1, 2018, and brought an additional \$4,100 of annual revenue. The last rate case was submitted four months after the company received approval of the sale and transfer of the Crosswoods system. The company has come back in for a rate increase due to the high cost repairs that were done to the water system in 2019.

The company had contacted staff in November 2019, about filing a surcharge to recover exceptionally high repair expenses from fixing three line breaks that summer. Staff worked with the company to put a general rate case together rather than a surcharge as the company had experienced other cost increases since their prior rate case. The company utilized calendar 2019 as a test year and submitted the filing at the end of March once they had collected all accounting and usage data for the previous calendar year.

After review of the request, commission staff (staff) noted the proposed rates would produce an additional annual revenue that would be excessive. Staff determined that the company's books and records supported a lower requirement of \$9,967 (10.49 percent) additional annual revenue. Staff and the company have agreed to a revised rate design that would generate the agreed upon \$9,967 of additional annual revenue.

Rate Comparison

Monthly Rate	Current Rate	Company Proposed Rate	Staff Revised Rate	Percentage Rate Increase
Base Charge*	\$ 23.00	\$ 30.00	\$ 24.50	6.5%
Block 1	\$ 1.50**	\$2.00**	\$ 1.85**	23.3%
Block 2	\$ 1.90**	\$3.00**	\$ 2.75**	44.7%
Block 3	\$ 2.40**	\$4.00**	\$ 3.25**	35.4%
Usage Blocks	Current	Proposed	Revised	
Block 1	0-500	0-500	0-500	
Block 2	501-1,000	501-1,000	501-1,000	
Block 3	>1,000	>1,000	>1,000	

* For 3/4-inch connection

** Per 100 cubic feet

Average Residential Monthly Bill Comparison***Average Monthly Usage – 594 cubic ft/month**

Monthly Rate	Current Rate	Company Proposed Rate	Staff Revised Rate	Percentage Increase
3/4 Inch Base Charge **	\$ 23.00	\$30.00	\$ 24.50	6.5%
594 cubic ft/month usage	\$ 8.91	\$12.81	\$ 11.83	32.8%
Total Average Monthly Bill	\$ 31.91	\$42.81	\$36.33	13.9%

*Company bills customers bi-monthly in arears

**Other meter sizes available in the tariff.

Customer Comments

On March 30, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns.

Staff received one comment. The customer questioned the quality of the water on the Shirona system and feels this is a bad time to raise rates.

Neither the company nor Washington Department of Health (DOH) has received water quality complaints on the Shirona system in the past year. Staff instructed the customer to contact the company and DOH with future water quality concerns.

Staff informed the customer that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. The customer was also told that commission staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

Conclusion

Commission staff has completed its review of the company's supporting financial documents, books, and records. Staff's review shows that the revised rates are reasonable and required as part of the company's operations. The customer comment does not change staff's opinion that the company's financial information supports the revised revenue requirement, and therefore the rates and charges are fair, just, reasonable, and sufficient.

Therefore, staff recommends the commission allow the tariff pages filed by Wildwood Water Company LLC on March 26, 2020, as revised on April 15, 2020, to become effective April 30, 2020, by operation of law.