

Agenda Date: September 25, 2002
Item Number: A6

Docket: UW-020846
Company Name: Marvin Road Water Company

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Affairs Specialist
Penny Hansen, Public Involvement Coordinator

Recommendation:

Dismiss the Complaint and Order Suspending the Tariff Revision by Marvin Road Water Company, in Docket UW-020846, and approve the revised tariff to become effective October 1, 2002.

Discussion:

On June 28, 2002, Marvin Road Water Company, (Marvin Road Water or Company) filed for a general rate increase of \$26,625 (38 percent) of annual revenue. Marvin Road Water received its last increase in June 2001 for general rates and October 2001, for a capital improvement surcharge. Marvin Road Water has revised its filing to \$13,750 (17.9%) of annual revenue. Marvin Road Water serves approximately 238 customers on three water systems (Hawk Acres 118, Ridgewood 71, Horsfall 49). All water systems are located in Thurston County.

On July 26, 2002, the Commission suspended the proposed tariff pending further review of the company's books and records. The Company states that the increase is to help recover the expenses of wages, repairs, testing, office rent and office supplies, and Satellite Management services.

The Commission received 11 letters opposed. The customers stated that this is the third increase in a year and are concerned the Company will continue to increase rates. Customers believe the Company should look for methods to cut its operating costs.

The Commission received three informal complaints regarding low water pressure. Only one complaint could be substantiated, where low pressure was found for a half hour period. The Company has committed to fixing pressure problems by adding a pump to the system by the end of October.

Staff has found that the Company incurred a large amount of repair expenses and booking miscalculations while organizing and preparing the Company's water system plan (WSP) as required by the Department of Health. The Company now has an approved WSP and is planning to start capital improvements in accordance with the WSP and reduce repair expenses.

Based on the current average monthly use of 703 cubic feet water and with the surcharge added the average monthly bill will go from \$28.18 to approximately \$32.94. This reflects a rate of return on equity of 12 percent, as established in a recent Commission rate case. The current, proposed and revised rates are provided below:

<u>Monthly Base Rate</u> (zero allowance)	<u>Current</u>	<u>Proposed</u>	<u>Revised</u>
Metered Rate Service	\$ 19.00	\$ 26.35	\$ 22.00
<u>Monthly Usage Rate</u>			
0 – 1,000 cu. ft. (per 100 cu. ft.)	\$ 1.10	\$ 1.40	\$ 1.35
> 1,000 cu. ft. (per 100 cu. ft.)	\$ 1.25	\$ 1.60	\$ 1.60
Water System Plan Surcharge Expires November 15, 2007	\$ 1.45	\$ 1.45	\$ 1.45

The Company has now demonstrated that the revised rates are fair, just, and reasonable. Therefore, Staff recommends that the Commission Dismiss the Complaint and Order Suspending the Tariff Revision by Marvin Road Water Company, in Docket UW-020846, and approve the revised tariff to become effective October 1, 2002.

Attachment