

Agenda Date: April 10, 2008
Item Number: A5

Docket: UW-080562
Company Name: Roche Harbor Water System

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Affairs Specialist

Recommendation

Take no action on this filing at this time to allow for customer comments.

Discussion

On March 31, 2008, Roche Harbor Water System (Roche Harbor or company) filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$154,960 (50 percent) in additional revenue per year. The company proposes to increase general rates for water service that would generate \$123,460 (80 percent of \$154,960) and start a capital upgrade reserve of \$31,500 (20 percent of \$154,960) in additional revenue per year. Roche Harbor serves 525 customers on San Juan Island located in San Juan County. The proposed increased rates for water service are prompted by higher costs for gasoline, water testing and an additional employee.

This proposed \$5.00 per month capital upgrade reserve, which the company calls a Distribution System Maintenance Charge, would be used to fund replacements for portions of the company's distribution system. Customer payments would be contributions in aid of construction. Expenditures would only take place if approved by a newly created Consumer Board consisting of five consumer representatives from various portions of the water system. This is the first time a company has proposed this type of capital financing, to staff's knowledge.

Today's presentation allows customers or other parties to make comments to the commission. No action is required by the commission. Staff will make its recommendation to the commission at the open meeting on April 30, 2008. All customers receive metered service. Roche Harbor's last general rate increase became effective in April 2006.

On March 28, 2008, the company notified its customers of this rate increase. The commission has received two customer comments on this filing as of April 4, 2008. The commenting customers believe the requested rate increase is: (1) excessive and (2) water quality is bad.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Base Charge 5/8 inch	\$25.00	\$30.00
0 – 5,000 Gallons	\$1.80 per 1,000 Gallons	\$3.50 per 1,000 Gallons
5,000-10,000 Gallons	\$5.10 per 1,000 Gallons	\$7.50 per 1,000 Gallons
> 10,000 Gallons	\$7.90 per 1,000 Gallons	\$10.50 per 1,000 Gallons
Maintenance Charge	N/A	\$5.00
Base Charge 1 inch	\$41.75	\$50.10
Base Charge 1 1/2 inch	\$83.25	\$99.90
Base Charge 2 inch	\$133.25	\$159.90
Base Charge 3 inch	\$250.00	\$300.00
Base Charge 4 inch	\$417.00	\$501.00

Average Customer Charge Comparison

Average Monthly Usage 4,956 Gallons	Current Rate	Proposed Rate
Base Charge	\$25.00	\$30.00
4,956 gallons	\$8.92	\$17.35
No average usage	\$0.00	\$0.00
No average usage	\$0.00	\$0.00
Maintenance Charge	N/A	\$5.00
Capital Plant Surcharge	\$8.42	\$8.42
Average Monthly Bill	\$42.34	\$60.77

Commission staff has not yet completed its review of Roche Harbor's supporting financial documents, books and records.

Conclusion

Take no action on this filing at this time to allow for customer comments.