

Agenda Date: January 30, 2002  
Item Number: 2B

**Docket:** UW-011572  
Company Name: Canterwood Water Company

Staff: Jim Ward, Regulatory Analyst  
Chris Vernon, Public Involvement Coordinator

**Recommendation:**

Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Canterwood Water Company, in Docket UW-011572 and grant revised tariff revisions effective January 31, 2002.

**Discussion:**

On November 26, 2001, Canterwood Water Company, (Canterwood Water or Company) filed for general rates in the amount of approximately \$84,497 (55%) of additional revenue per year. On January 25, 2002, the Company revised the tariff for general rates to provide approximately \$63,000 (37%) of additional revenue per year. The Company serves approximately 529 customers east of Gig Harbor in Pierce County. The company's last rate increase was in 1990.

On December 28, 2001, the Commission issued an order suspending the tariff revisions. This filing is made to recover the cost of new capital improvements, update the water system plan, and cover increased operating cost. These costs include increased electrical costs and a new Satellite Management Agency (SMA) agreement with Peninsula Light contract for daily operations and maintenance of the water system.

In addition to reducing the revenue requirement proposed by the company in its filing, the revised tariff will change the rate design by removing the 400 cubic feet allowance previously included in the base charge and adding several increasing cost rate blocks. The company hopes to encourage water conservation with this rate design and should see reduced electrical and maintenance cost with reduced water consumption.

The Commission has received several comments on this proposal. Commission Staff has prepared a summary of review of the issues brought to Commission's attention in the open meeting of December 28, 2001. This summary discusses the hill well and storage tank, well 6 and water consumption data. Staff still believes the inclusion of well 6 in ratebase is appropriate and no adjustment is required for hill well or storage tank as they were not constructed or included in prior rates. Based on the lack of individual consumption records for the test period, Staff has proposed to maintain the proposed rate design used by the company with the exception of zero allowance being implemented and base rate.

Current, proposed and revised rates are provided below.

<u>Monthly Rate</u>	<u>Current</u>	<u>Proposed</u>	<u>Revised</u>
Metered Rate Service ¾ inch	\$ 17.50	\$ 18.00	\$ 16.70
1 inch	20.30	30.00	28.39
1 ½ inch	23.15	60.00	55.11
2 inch	44.50	96.00	88.51
3 inch	163.00	180.00	167.00
Consumption Rate	Per 100 cubic feet		
Includes 400 cubic feet			
401 to 1,400 cubic feet	\$ 0.40	N/A	N/A
Over 1,400 cubic feet	0.50	N/A	N/A
0 to 1,000 cubic feet	N/A	\$ 0.75	\$ 0.75
1,001-2,000 cubic feet	N/A	1.00	1.00
2,001-4,000 cubic feet	N/A	1.25	1.25
Over 4,000 cubic feet	N/A	1.50	1.50

Regulatory Services Staff has reviewed the Company's information to support the filing. Staff recommends that the Commission Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Canterwood Water Company, in Docket UW-011572 and grant revised tariff revisions to become effective January 31, 2002.

Attachment (1)