

Agenda Date: May 28, 2009
Item Number: A9

Docket: UW-090662
Company Name: Roche Harbor Water System

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

1. Take no action, allowing the proposed rates to become effective June 1, 2009, by operation of law,
2. Grant the company's request for an exemption from WAC 480-07-505 General Rate Proceedings, Filing Requirements definitions, and
3. Grant the company's request for an exemption from WAC 480-07-530 General Rate Proceedings, Filing Requirements financial information.

Discussion

On April 30, 2009, Roche Harbor Water System, (Roche Harbor or company) filed with the Utilities and Transportation Commission (commission) a general rate increase that proposes to generate \$36,000 (11.7 percent) in additional annual revenue. The company proposes to increase rates to recover the cost of water treatment filter media. Roche Harbor serves 563 customers on San Juan Island located in San Juan County. The proposed effective date is June 1, 2009. The company's last rate increase was May 2008.

The company filed a petition for waiver of WAC 480-07-505 and WAC 480-07-530 concerning filing requirements and financial information to accompany a general rate filing. The filing meets the definition of a general rate filing under WAC 480-07-505, thus invoking WAC 480-07-530, which requires full financial information to support such a filing. However, due to the nature of the filing, the company requests that it does not appear appropriate to require the company to incur the cost and proceed as though it were seeking an overall increase in general expenses and general revenues. The company requests the commission to not treat this filing as a general rate proceeding and to not require the company to provide full financial support for the company's full operations.

Roche Harbor stated this filing is not designed to recover the costs of utility plant or general operating expenses. Under current water treatment processes, disinfection byproducts occur in the treated water that requires removal. The company is using Granulated Activated Carbon for this purpose. This material is part of the water treatment facilities' operating costs and dissipates over time. This filing will recover the operating expense of replacing Granulated Activated Carbon on an annual basis. The estimated annual cost for this filter media is \$36,000. Because this filing addresses a single cost for filter media, staff agrees with the company that full

financial support required in a general rate case is not required and the commission should grant the company's requested exemptions.

On April 29, 2009, the company notified its customers of the rate increase by mail.

Customer Comments

No customer comments have been received on this filing.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Treatment Cost Recovery, Per 1,000 Gallons	N/A	\$1.00

Average Monthly Bill Comparison

	Current Rate	Proposed Rate
Average Monthly Usage 4,956 Gallons		
Base Charge – zero Allowance	\$30.00	\$30.00
4,956 gallons water usage (\$2.75)	\$13.62	\$13.62
Capital Plant Surcharge (\$1.70)	\$ 8.43	\$ 8.43
Treatment Cost Recovery (\$1.00)	N/A	\$ 4.96
Average Monthly Bill	\$52.05	\$57.01
Increase From Current Rates		(9.5%)

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operations and the proposed rates and charges are fair, just, reasonable and sufficient.

The company's request for an exemption from WAC 480-07-505 and WAC 480-07-530, General Rate Proceedings definitions and General Rate Proceedings filing information is reasonable.

Conclusion

1. Take no action, allowing the proposed rate to become effective June 1, 2009, by operation of law;
2. Grant the company's request for an exemption from WAC 480-07-505 General Rate Proceedings, Filing Requirements definitions; and
3. Grant the company's request for an exemption from WAC 480-07-530 General Rate Proceedings, Filing Requirements financial information.