

Agenda Date: June 9, 2016  
Item Number: A2

Docket: UW-160502  
Company Name: Deer Meadows Water Company, Incorporated

Staff: Jim Ward, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Allow the tariff revisions filed by Deer Meadows Water Company, Incorporated on May 12, 2016, and revised on June 3, 2016, to become effective June 21, 2016, by operation of law.

### **Discussion**

On May 12, 2016, Deer Meadows Water Company, Incorporated, (Deer Meadows or company), filed tariff revisions to its currently effective tariff that would generate \$21,750 (15.6 percent) in additional annual revenue. The proposed effective date is June 21, 2016. The filing also establishes new ancillary charges. On June 3, 2016, the company submitted replacement tariff sheets that provided revised rates. The revised rates would generate \$3,875 (2.8 percent).

The filing was prompted by increases in property tax, power, repairs and other costs. The company serves 357 customers: 216 residential customers and 131 ready-to-use residential customers on a single water system located northwest of Davenport in Lincoln County. The company's last rate increase was effective in December 10, 2010.

Staff found in its review that the company had included in expenses loan payments and interest charges on the company credit card. Both of these items were removed and correctly allocated per regulatory practices.

Several ancillary charges are also being updated to allow for cost causer recovery of expenses. They are Disconnection Visit Charge of \$25.00 per visit to post notice and accept payments. A new site visit charge of \$25.00 when the customer request on-site company assistance. Account Set-up Charge for new customers of \$10.00. Non-Sufficient Fund (NSF) check charge of \$5.00 and Water Availability Letter Charge of \$25.00.

### **Customer Comments**

On May 20, 2016, 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 [jcupp@utc.wa.gov](mailto:jcupp@utc.wa.gov) with questions or concerns. Staff received three consumer comments, all opposed to the rate increase.

**General Comments**

- Staff received three comments from customers on fixed incomes. All three believe proposed increase is excessive.

**Staff Response**

The customers were advised 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. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

A customer using 14,040 gallons of water per month (the calculated company-wide average water usage) would pay \$2.43 (6.8 percent) more per month using the revised rates, than using the current rates (see “Average Bill Comparison” table below).

**Rate Comparison**

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Ready to Serve	\$24.00	\$28.00	\$26.00
Base Rate (3/4 inch meter)	\$24.00	\$28.00	\$26.00
0 – 4,600 Gallons	\$.50	\$1.00	\$.50
4,601 – 17,500 Gallons	\$1.00	\$1.50	\$1.15
Over 17,500 Gallons	\$1.60	\$2.00	\$1.85
NSF Check Charge	NA	\$25.00	\$25.00
Service Visit Charge	NA	\$25.00	\$25.00
Reconnection Charge	NA	\$25.00	\$25.00

**Average Bill Comparison**

Average Monthly Usage (14,040 Gallons)	Current Rate	Proposed Rate	Revised Rate
Base Rate (3/4 inch meter)	\$24.00	\$28.00	26.00
4,600 Gallons	\$2.30	\$4.60	\$2.30
9,440 Gallons	\$9.44	\$14.16	\$9.87
Average Monthly Bill	\$35.74	\$46.76	\$38.17
Increase From Current Rates		\$11.02 30.8%	\$2.43 6.8%

The company has provided answers to staff’s data requests. The company has supported the revised revenue and raised rates. Therefore, the company has justified the need for the rate increase and has demonstrated the proposed rates are fair, just, reasonable and sufficient.

**Conclusion**

Allow the tariff revisions filed by Deer Meadows Water Company, Incorporated on May 12, 2016, and revised on June3, 2016, to become effective June 21, 2016, by operation of law.