

Agenda Date: July 21, 2016
Item Number: A3

Docket: UW-160839
Company Names: Iliad Water Company, LLC
fka Iliad Water Services, Inc.

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

Recommendations

1. Take no action allowing the tariff revisions filed by Iliad Water Company, LLC on June 24, 2016, to become effective August 1, 2016, by operation of law.
2. Grant the request for exemption from WAC 480-07-530(4) 'Work Papers' supporting the tariff filing by Iliad Water Company, LLC for the Marbello water system.

Discussion

On June 24, 2016, Iliad Water Company, LLC (Iliad Water or company) filed with the Washington Utilities and Transportation Commission (commission) an increase to the usage rates for the Marbello water system. The revised rates would generate \$63,460 (90.4 percent) of additional annual revenue. Additionally, the company is requesting an exemption from WAC 480-07-530(4) supporting work papers. The proposed tariff filing will have an effective date of August 1, 2016. The Marbello water system received its last rate increase effective March 1, 2010. At that time the Marbello water system was separately owned and operated as Marbello Water Co., Inc. In July of 2015, Marbello and several other companies were transferred and merged in Iliad Water Services, Inc. The Marbello water system serves about 98 customers near Monroe in Snohomish County.

The requested filing is presented in two parts. The first part is for an increase to the usage rates charged to the Marbello water customers only. The second part is for an exemption from providing work papers normally required for a general rate increase filing. Iliad Water states the purpose of this filing is to pass-through an increase in water rates from the City of Monroe to the company and then to the Marbello water customers.

The company has previously charged the Marbello water customers the same rate for water as the City of Monroe charges the company. The company has considered this expense to simply be a pass-through cost. In the past, staff has agreed and the tariff rate for usage has matched the rate

charged by the City of Monroe. The most recent tariff revision of this type was in 2010 when the City of Monroe raised their rates to \$3.51 per 100 cubic feet.

Customer Comments

On June 24, 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 with questions or concerns. Staff received five consumer comments, all opposed to the rate increase.

General Comments

- The amount of the increase is mentioned in all comments received. They feel the proposed increase is excessive. Two customers expressed concerns about water pressure and sediment issues.

Staff Response

Staff explained that the company requested the increase to recover the increased price of water from the City of Monroe.

Staff explained to the customers with water quality and quantity concerns how to contact the Department of Health for assistance.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Usage per 100 Cubic Feet	\$3.51	\$8.34

Average Bill Comparison

Average Monthly Usage (680 Cubic Feet)	Current Rate	Proposed Rate
Base Rate (3/4 inch meter)	\$30.00	\$30.00
680 Cubic Feet	\$23.86	\$56.70
Average Monthly Bill	\$53.86	\$86.70
Increase From Current Rates		\$32.83 61%

Conclusion

Staff agrees that pass-through treatment of this expense is appropriate. The City of Monroe charges the company the proposed rate and the company will charge the customers the proposed rate. The company does not add any markups or other expenses to this direct cost. This is the same rate being charged by the City of Monroe to any other water user outside the city limits.

The proposed tariff rate for water usage is the same as the company pays to the City of Monroe and is appropriate for pass-through treatment in this filing.

After reviewing the request for exemption from WAC 480-07-530(4) filed in Docket UW-160839 on June 24, 2016, staff believes that the request is in the public interest and should be granted. The purpose of the work paper filing requirements in WAC 480-07-530(4) is to provide the commission with information to determine whether a proposed rate increase is fair, just, reasonable, and sufficient. Here, the company has provided sufficient information to enable the commission to make that determination, and providing the additional information required by the rule would be unnecessary and unduly burdensome in light of the fact that the rate increase reflects only a pass-through charge, and will not result in any additional earnings for the company.

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