

Agenda Date: June 25, 2009  
Item Number: A3

**Docket:** UW-090819  
Company Name: Aquarius Utilities, LLC

Staff: Chris Mickelson, Regulatory Analyst  
Dennis Shutler, Consumer Protection Staff

### **Recommendation**

Issue a Complaint and Order Suspending the Tariff Revisions filed by Aquarius Utilities, LLC.

### **Discussion**

On May 26, 2009, Aquarius Utilities, LLC, (Aquarius or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$50,000 (11 percent) in additional annual revenue. The company serves 879 water customers located in Clallam, Kitsap and Mason counties. The proposed rates are prompted by increases in operating and administrative cost such as payroll, depreciation, insurance and county permitting fees since the last rate increase. The company's last general rate increase became effective on August 15, 2008.

The company is seeking to increase its facilities charge from \$1,450 to \$2,950. A facilities charge is a one-time charge assessed to new customers to pay for capital improvements required to serve new customers.

### **Customer Comments**

On May 22, 2009, the company notified its customers of the rate increase by mail. The commission has received eight customer comments on this filing; all are opposed to the proposed increase. Please note: Customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advises customers that they may access company documents pertinent to this rate case at [www.utc.wa.gov](http://www.utc.wa.gov), and [www.utc.wa.gov/water](http://www.utc.wa.gov/water) and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

### **Filing Documents and Methodology Comments**

- Three customers, representing the Concerned Citizens of Greater Diamond Point (CCoGDP), believe increasing the base rate, in effect, penalizes customers who conserve water and rewards customers who use a lot of water. According to the representatives of CCoGDP, the community prefers water usage tables over base rate increases. This helps keep water costs affordable in a retirement community with less than average incomes.

### **Staff Response**

Staff acknowledges customers' concerns about the amount of the increase being placed entirely into the base rate. Staff's goal is to recommend the "right" rates that will allow the company to recover reasonable operating expenses and provide an opportunity to earn a reasonable return on investment. The "right" rates play a vital part in ensuring that the company can operate the water system efficiently and meet safe drinking water standards.

- Three customers, representing the CCoGDP, believe the company violated WAC 480-110-455. The company was required to collect a 24 percent surcharge for loan repayment funds. However, the CCoGDP do not believe the company met this requirement as a result of their review of the company's financial records.

### **Staff Response**

Staff opened an informal complaint to determine whether the company violated commission rule.

### **Service Quality Comments**

- Two customers commented on the lack of fire hydrants, and the condition of the water pipes.

### **Staff Response**

Staff contacted the customers and discussed that the system was not required to have fire hydrants at the time it was initially designed and built. Staff also discussed the company's plan to replace the piping system in the future. They were also advised that the last report on the system's water quality indicated good quality. One customer said he may have his water tested to satisfy his own curiosity.

### **Business Practice Comments**

- One metered customer does not believe he should be charged when he does not use water.

### **Staff Response**

Customers must pay the ready-to-serve charge, even though they currently do not use water. The charge covers each customer's share of the system; including the cost of the plant, reasonable return on investment in the plant, and a portion of plant operations and maintenance.

### **General Comment**

- Two customers believe the company should provide them with specific financial records upon their request.

### **Staff Response**

Staff contacted both customers and explained the company is required to provide staff records specific to the company's current filing. If the customers want financial records different from those supporting the filing, the customers must request it directly from the company.

**Rate Comparison**

<b>Monthly Rate</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Flat Rate (Unmetered)	\$51.55	\$56.50
Ready-to-Serve (RTS)	\$22.50	\$27.00
Base Rate (¾-inch meter)	\$22.50	\$27.00
0 – 500 Cubic Feet	\$3.55	\$3.55
501 – 900 Cubic Feet	\$4.55	\$4.55
901 – 1,600 Cubic Feet	\$5.55	\$5.55
Over 1,600 Cubic Feet	\$7.85	\$7.85
Base Rate (1-inch meter)	\$36.82	\$41.77
0 – 835 Cubic Feet	\$3.55	\$3.55
836 – 1,503 Cubic Feet	\$4.55	\$4.55
1,504 – 2,672 Cubic Feet	\$5.55	\$5.55
Over 2,672 Cubic Feet	\$7.85	\$7.85

<b>Ancillary Charges</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Facilities Charge	\$1,475	\$2,950

**Average Bill Comparison**

<b>Average Monthly Usage 566 cubic feet</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Base Rate (¾-inch meter)	\$22.50	\$27.00
Usage	\$20.09	\$20.09
Average Monthly Bill	\$42.59	\$47.09
		10.56 %

Commission staff has not completed its review of the company's supporting financial documents, books and records.

**Conclusion**

Issue a Complaint and Order Suspending the Tariff Revisions filed by Aquarius Utilities, LLC.