

Agenda Date: January 27, 2011
Item Number: A1

REVISED JANUARY 25, 2011

Dockets: UW-102034
Company Name: Country Meadows East Water System #2

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

Recommendation

Take no action, allowing the revised rates filed by Country Meadows East Water System #2 on January 13, 2011, to become effective February 1, 2011, by operation of law.

Discussion

On December 20, 2010, Country Meadows East Water System #2 (Country Meadows or company) filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$5,760 (98.4 percent) in additional annual revenue. The company serves 16 water customers in Pierce County. The company came under regulation on May 14, 2003, this is the company's first general rate increase.

The proposed rates are prompted by increases in operating costs such as chemicals, testing, and electrical power. Country Meadows also filed to update tariff language and adjust ancillary charges for reconnection, disconnection, service visit, late payment, account setup, non-sufficient funds (NSF) check, and water availability letter. In addition, Country Meadows adds cross-connection control language and charges. Fourteen customers are metered and two customers are unmetered. The company plans to install the two remaining meters by June 1, 2011.

All customers are currently charged a flat rate. The proposed rate design helps encourage conservation by moving from an unmetered rate to meter usage rates and blocks, adding upsize meter rates and blocks, adding a ready-to-serve charge, and increasing unmetered charges.

Staff and the company agreed to a revised revenue requirement of \$4,732 (80.9 percent) in additional annual revenue and revised rates. All of the revised rates are equal to, or lower than, the original proposed rates. On January 13, 2011, the company filed revised rates.

The company issues bills bi-monthly. A customer using 27,809 gallons¹ (the calculated company-wide annual average water usage) of water per two-month period would pay \$40.77 (58.5 percent) more per month using the revised rates instead of \$66.27 (95.1 percent) more using the original rates proposed by the company (see "Average Bill Comparison" table below).

Using the test period water usage reported by the company, three customers would experience a decrease in their annual water bills and 13 customers would experience increases in their annual water bills. The largest annual water bill would increase from \$418 to \$1,111 (166 percent).

¹ 27,809 gallons is equivalent to 3,717 cubic feet.

Customer Comments

On December 21, 2010, the company notified its customers of the proposed rate increase by mail. The commission received no customer comments on this filing.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Flat Rate (Unmetered)	\$34.83	\$68.40	\$68.40
Ready-to-Serve (RTS)	N/A	\$28.75	\$16.00
Base Rate (5/8-inch meter) ¹	N/A	\$28.75	\$16.00
0 – 10,000 Gallons ^{1,2}	N/A	\$2.50	\$2.50
10,001 – 40,000 Gallons ^{1,2}	N/A	\$3.00	\$3.00
Over 40,000 Gallons ^{1,2}	N/A	\$3.50	\$3.50

¹ – Based on 5/8-inch meter classification, see company's tariff for upsized meter classification, usage blocks and rates.

² – Based on "per 1,000 gallons".

Ancillary Charge	Current Rate	Proposed Rate	Revised Rate
Reconnection	\$50.00	\$85.00	\$85.00
Disconnection	\$50.00	\$85.00	\$85.00
Service Visit	N/A	\$85.00	\$85.00
NSF Check	\$25.00	\$40.00	\$39.00
Backflow Assembly Testing	N/A	\$85.00	\$85.00
Water Availability Letter	\$50.00	\$25.00	\$25.00
Account Setup	\$30.00	\$40.00	\$40.00
Late Payment	10% or min \$1.00	2% or min \$1.00	2% or min \$1.00

Average Bill Comparison

Average Monthly Usage 27,809 gallons³	Current Rate⁴	Proposed Rate	Revised Rate
Base Rate (5/8-inch meter)	\$69.66	\$57.50	\$32.00
0 – 10,000 Gallons	\$0.00	\$25.00	\$25.00
10,001 – 27,809 Gallons	\$0.00	\$53.43	\$53.43
Average Monthly Bill	\$69.66	\$135.93	\$110.43
Increase from Current Rate		95.1%	58.5%

³ – Based on company-wide annual average customer water usage.

⁴ – Unmetered Rate only.

Conclusion

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 operation. The company's financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

Take no action, allowing the revised rates filed by Country Meadows East Water System #2 on January 13, 2011, to become effective February 1, 2011, by operation of law.