

Agenda Date: April 27, 2007
Item Number: A11

Docket: UW-070291
Company Name: Canyon Village Water System, Inc.

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Program Specialist

Recommendation

Issue a Complaint and Order Suspending the Tariff Revision filed by Canyon Village Water System, Inc.

Discussion

On February 9, 2007, Canyon Village Water System, Inc., (Canyon Village or company) filed for general rates for \$14,304 (26 percent) of additional revenue per year. The company serves 85 customers near Kennewick located in Benton County. The company made the filing to help cover increased operational cost and capital improvement expenses.

The company added several new ancillary charges. The rate design will provide a zero water allowance with the base meter charge to help encourage water conservation. The company's last general rate increase was September of 1997.

Four customers commented on this filing. Three are opposed to the company's proposed increase. One customer feels the company may need an increase, but should get one based on actual costs, not cost-of-living data. Several customers mentioned that their bills do not show meter readings and usage amounts. Staff is working with the company to ensure future bills comply with commission rates. Customers are responding to the rate increase notice mailed on March 1, 2007. Below are current and proposed rates:

Monthly Rate	Current Rate	Proposed Rate
5/8 " Meter Includes 600 cf	\$36.00	NA
Over Base allowance shown above	\$1.55	NA
5/8 " Meter Zero Allowance	NA	\$36.00
0-600 cf	NA	\$1.55
601-1,000 cf	NA	\$1.95
Over 1,000 cf	NA	\$2.10

cf = cubic feet (1 cubic foot = 7.48 gallons of water)
All usage rates are per 100 cubic feet of water used

Ancillary Charge	Current	Proposed
Reconnection	\$100.00	\$35.00
Disconnect Visit	\$0.00	\$20.00
Service Visit	\$0.00	\$25.00
Late Payment	\$0.00	2% or min \$1.00
Account Set-up	\$0.00	\$25.00
NSF Check	\$0.00	\$15.00
Water Availability Letter	\$0.00	\$20.00

Staff reviewed the company's supporting financial documents, books and records to analyze the proposed rates. Current rates result in a 1.04 percent rate of return. Staff recommends a 9.64 percent rate of return. The company's proposed rates will provide a rate of return of 135 percent. Staff believes the proposed rates are excessive and the company has not yet demonstrated that the proposed rates are fair, just, reasonable and sufficient.

Conclusion

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revision filed by Canyon Village Water System, Inc.