

Agenda Date: July 25, 2024
Item Number: A3

Docket: UW-240428
Company Name: Red Mountain Water Association, LLC

Staff: Jeanine Leggett, Regulatory Services
Melissa Castaneda-Kerson, Consumer Protection

Recommendation

Take no action, thereby allowing the tariff revisions filed by Red Mountain Water Association, LLC, on May 22, 2024, and revised on July 19, 2024, to become effective August 1, 2024, by operation of law.

Background

On May 22, 2024, Red Mountain Water Association, LLC (Red Mountain or Company), filed with the Washington Utilities and Transportation Commission (Commission) a proposed general rate increase that would generate approximately \$17,907 (27.6 percent) additional annual revenue.

Red Mountain went through a change in ownership effective October 1, 2023. The Company provides water service to approximately 85 customers on a water system near Richland in Benton County. The Company's last general rate increase was effective October 1, 2019.

Discussion

This increase will raise the base rate and all three tier block rates. Base rate will increase \$6.25, Block 1 will increase \$.30, Block 2 will increase \$.45, and Block 3 will increase \$.42, as well as include increased ancillary charges for a Service Connection Fee, Service Visit, Disconnection and Reconnection Visit, and Late Payment Charge. The Company is changing from Bi-Monthly billing to Monthly billing.

The Company is also increasing the usage of gallons per block as well to better align with how the blocks are expected to be used. Being 30 percent from base rate, 40 percent from Block 1 usage, 25 percent from Block 2 usage, and 5 percent from Block 3 usage.

Commission staff (Staff) has completed its review of the Company's supporting financial documents, books and records. Staff's review of the filing shows that the operating expenses are reasonable and required as part of the Company's operation. The Company's financial information supports the revenue requirement, and the proposed rates and charges are fair, just, reasonable, and sufficient.

Customer Comments

On May 22, 2024, the Company notified its customers of its proposed increase for water service, operational services, and new tariff reflecting new ownership. Staff received two comments from customers who oppose the increase. The first commenter expressed resistance to paying for the increase in operation costs because of the Company's changes from bi-monthly to monthly billing cycles and postage. The second commentator opposes it because the water tank is worn and rusted, and the water is not safe. Commission staff provided the customer with contact information to the Eastern Regional Office of Drinking Water. Customers were notified that they may access relevant documents about the tariff filing on the Commission's website, and that they may contact Melissa Castaneda-Kerson at Melissa.castaneda-kerson@utc.wa.gov or 1-888-333-9882 with questions or concerns.

Monthly Residential Bill Comparison

Monthly Average 35,934 Gallons	Current Rate	Proposed Rate
1-Inch Metered Service Base	\$21.00	\$27.25
Block 1 0 – 8,000 Gallons	\$6.40	
Block 1 0 – 28,000 Gallons		\$30.80
Block 2 8,001 – 65,000 Gallons	\$27.93	
Block 2 28,001 – 175,000 Gallons		\$11.50
Water Bill Total	\$55.33	\$69.55
Increase From Current Rates - \$14.22		25.7%

Rate Comparison

Monthly Rate *	Current Rate	Proposed Rate
Base Rate, 1 and 1 ½ – Inch Meter	\$21.00	\$27.25
Current Usage Block 1 0 - 8,000 Gallons **	\$.80	
Proposed Usage Block 1 0 – 28,000 Gallons		\$1.10
Current Usage Block 2 8,001 – 65,000 Gallons	\$1.00	
Proposed Usage Block 2 28,001 – 175,000 Gallons		\$1.45
Current Usage Block 3 Over 65,000 Gallons	\$1.00	
Proposed Usage Block 3 Over 175,001 Gallons		\$1.65

* Rates per 1000 Gallons ** 1,000 Gallons equals approximately 134 Cubic Feet

Ancillary Charge Comparison

Charge or Service	Current Charge	Proposed Charge
Service Connection	\$1,500.00	\$2,500.00
Disconnection Visit Charge	N/A	\$35.00
Reconnection Visit Charge	\$50.00	\$60.00
Service Visit Charge (Minimum)	N/A	\$75.00
Late Payment Charge	\$5.00	2% or \$2.50

Conclusion

Take no action, thereby allowing the tariff revisions filed by Red Mountain Water Association, LLC, on May 22, 2024, and revised on July 19, 2024, to become effective August 1, 2024, by operation of law.