

Agenda Date: June 26, 2014
Item Number: A2

Docket: UW-140549
Company Name: Gold Beach Water Company, Inc.

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

Recommendations

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Gold Beach Water Company, Inc., in Docket UW-140549 dated April 24, 2014.
2. Allow the revised rates and tariff revisions filed by Gold Beach Water Company, Inc., on June 19, 2014, to become effective July 1, 2014.

Discussion

On April 2, 2014, Gold Beach Water Company, Inc. (Gold Beach or company), filed a proposed general rate increase that would generate \$14,112 (20.7 percent) additional annual revenue. The proposed general rate increase was prompted by increased operational costs, additional capital investment and reduced customer water usage, which decreased revenue. The proposed effective date is May 1, 2014. The company provides water service to 196 residential customers on Vashon Island in King County. The company's last rate change was effective July 1, 2006.

On April 24, 2014, the commission issued an order suspending this filing for further review. After review, staff found the proposed rates would generate excessive revenue. Staff determined that the company's books and records supported a lower revenue requirement of \$8,882 (13 percent) additional annual revenue. Staff and the company have agreed to a revised rate design that would generate the additional \$8,882 revenue.

Staff has reviewed the proposed rate design which includes an allowance of 500 cubic feet of water in the base charge and proposed to apply the entire rate increase to the base charge. Staff and the company have agreed to the revised rate design. The company provided usage information that shows the average per customer water usage has declined and conservation efforts are working. Staff agrees that in this rate case the amount of additional revenue will be applied to only the base charge, the base charge allowance will remain at 500 cubic feet, and the current usage rates and blocks will not change.

Customer Comments

On March 28, 2014, the company notified its customers of the proposed rate increase by mail. Staff received one comment in opposition to the proposed rate increase. The customer was told how to access documents about this rate increase on the commission's website, and that he could contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

Business Practices

- The customer believes the company should not have waited eight years to increase its rates. He believes the company should be allowed to raise its rates 4-5 percent, and then seek another increase in a few years.

Staff Response

The customer was advised that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate. There are no rules or statutes that address the frequency at which companies must file for rate increases.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Base Rate, 3/4-Inch Meter	\$29.00	\$35.00	\$32.75
500 CF* Allowance With Base Charge	NA	NA	NA
501 – 2,500 CF, Per CCF**	\$.50	\$.50	\$.50
2,501 CF and Above, Per CCF	\$1.00	\$1.00	\$1.00
SRF Surcharge Rate***	\$5.00	\$5.00	\$5.00

* CF – Cubic Feet,

** CCF - 100 Cubic Feet,

***Expires upon collect of \$192,607 or on March 1, 2028 whichever occurs first

Monthly Residential Bill Comparison

Monthly Average 743 Cubic Feet	Current Rate	Proposed Rate	Revised Rate
3/4-Inch Metered Base w/ 500 CF	\$29.00	\$35.00	\$32.75
243 Cubic Feet	\$1.22	\$1.22	\$1.22
SRF Surcharge	\$5.00	\$5.00	\$5.00
Water Bill Total	\$35.22	\$41.22	\$38.97
Increase From Current Rates		\$6.00 17%	\$3.75 9.6%

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 customers’ comments do not change staff’s opinion that the company’s financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

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