

Agenda Date: December 31, 2002
Item Number: A2

REVISED

Docket: UW-020822
Company Name: Frog Pond Waters, Inc.

Staff: Danny Kermode Regulatory Analyst
Jim Ward, Regulatory Analyst
John Cupp, Consumer Affairs Specialist
Penny Hansen, Public Involvement Coordinator

Recommendation:

Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Frog Pond Waters, Inc., and grant the revised rates, in Docket UW-020822 effective January 1, 2003.

Discussion:

On June 24, 2002, Frog Pond Waters, Inc., (Frog Pond Waters or Company) filed for a general rate increase of \$34,393 (25 percent) in annual revenue. Frog Pond Waters received its last increase in June 1997. The Company serves approximately 493 customers in the Seabeck area of Kitsap County.

The Company states that the increase is to help recover the cost of capital investments made over the last few years and to cover increased operating costs experienced since its last rate filing. Several ancillary charges are being added together with proposed increases in the Disconnect Visit Charge and Non-Sufficient Funds Check charge.

On July 26, 2002, the Commission issued an order in Docket UW-020822 suspending the tariff revisions pending investigation by Commission Staff. During the investigation it was noted by Commission Staff that the Company had not installed meters as required in its last rate case in 1997, Docket UW-970919, effective June 6, 1997. In response to this discovery, the Commission issued a *Complaint for Violation of Statute Requiring Company to Charge Rates in Approved and Effective Tariff*, Docket UW-021140.

As a result of the Complaint issued in Docket UW-021140, the Company and Commission Staff conferred and agreed to present a settlement agreement to the Commission in an attempt to resolve the complaint without necessity of an adjudicative hearing. The attached Settlement Agreement reflects the proposed agreements on the resolution of the violation of RCW 80.28.080. The Settlement Agreement also details agreement on the test-year rate base and test-year expenses employed to establish the recommended rates in this docket.

The Commission received no comments regarding this filing. The Company has revised the filing that provides an increase of \$25,735 (19 percent) annually. The current, proposed and revised rates are provided below:

| <u>Monthly Base Rate</u> | <u>Current</u> | <u>Proposed</u> | <u>Revised</u> |
|---|----------------|-----------------|----------------|
| Residential flat | \$ 22.50 | \$ 27.50 | \$ 26.85 |
| Residential metered (400 cu. ft. allowance) | \$ 16.50 | N/A | |
| Residential metered (zero allowance) | N/A | \$ 15.00 | \$ 15.00 * |
| | | | |
| Monthly Usage Rate per 100 cu. ft. | \$.85 | \$ 1.15 | \$ 1.15 * |
| | | | |
| <u>Ancillary Charges</u> | <u>Current</u> | <u>Proposed</u> | <u>Revised</u> |
| Disconnect Visit Charge | \$ 10.00 | \$ 25.00 | \$ 25.00 * |
| NSF Check Charge | \$ 10.00 | \$ 15.00 | \$ 15.00 * |
| Water Availability Charge (letter) | N/A | \$ 25.00 | \$ 25.00 * |
| Monthly Ready to Serve | N/A | \$ 15.00 | \$ 11.55 |

N/A – Not applicable

* Same as proposed

The Company has demonstrated that the revised tariff revisions are fair, just, and reasonable. Therefore, Staff recommends that the Commission Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Frog Pond Waters, Inc., and grant the revised rates, in Docket UW-020822 effective January 1, 2003.

Attachment (1)
Settlement Agreement