

Agenda Date: December 23, 2019  
Item Number: A1

**Docket:** UW-200880  
Company Name: Basin Water Sources, Inc.

Staff: Tiffany Van Meter, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Allow the tariff pages filed by Basin Water Company on October 21, 2020, as revised on December 21, 2020, to become effective January 1, 2021, by operation of law.

### **Background**

On October 21, 2020, Basin Water Company (Basin or company) filed with the Washington Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$46,000 (43 percent) additional annual revenue. The company serves 386 total customers Grant County. The company's last rate increase became effective December 1, 2007.

The water system was purchased by the current owner in 2013 but rates have not changed since 2007. All customers of Basin have an unmetered rate for water service. Over the last five years the company has invested \$134,000 to install meter setters in preparation for metered service. It plans to have meters to all customers within the next three years. The cost of installing meters is the main driver for this rate case. WAC 246-290-496 requires water meters be installed by 2017 for all Class A systems. The company is working closely with the state Dept of Health to get this accomplished. There are nine different un-metered rates in the current tariff; commission staff (staff) proposed changing that in this filing by consolidating to two rates.

The two classes of customers are single family residences and multi-unit structures such as apartments, duplexes, and trailer parks. For the multi-unit structures staff and the company were unable to verify how the current rates were calculated, as the company was not charging the multi-unit structures the rates shown in their current tariff. In order to bring the six different per-unit rates into one, staff broke out the multi-unit charges into a per-unit amount for each complex. These per-unit amounts were then averaged to obtain a single per unit rate. The company proposed to increase the rate by 35.7%, the same as their proposed increase percentage for the single-family residence increase. Staff chose to accept the company's proposed per unit rate. The multi-unit rates will be billed to the multi-unit owners as the number of units multiplied by the per-unit rate. The complex owners are the customers of the water system; tenants are not billed by the water system. Staff is proposing to increase the single-family residence rate to \$34.49 per month. The rate was calculated by removing the multi-unit and commercial revenue from the agreed upon revenue requirement and dividing the remainder by 12 months and the number of single-family residences. Staff is not proposing to increase the proposed multi-unit rate or percentage used to calculate that rate. Staff proposed no changes to the current commercial rate, which is for a church.

The company has also updated its entire tariff to comply with current rules, policies, and practices. This includes cross connection control, unauthorized use of service, damage and repairs, as well as ancillary items such as ready to serve, backflow install, service visit, inspections, and account set up.

After review of the company's financial documentation, staff and the company agreed to a lower additional annual revenue of approximately \$37,600 (36 percent), with a lower revised rate for single unit residences than originally proposed. Staff finds the revised rates to be fair, just, and reasonable, until the company can install meters for all customers.

**Rate Comparison**

<b>Monthly Rate</b>	<b>Current Rate</b>	<b>Company Proposed Rate</b>	<b>Staff Proposed Rate</b>	<b>Percentage Rate Increase</b>
Base Charge *	\$ 26.52	\$36.00	\$34.49	27.5%
<b>Multi-Unit per unit</b>				
Duplex	\$15.52	\$23.49	\$23.49	51%
Chief Moses Trailer park	\$10.91	\$23.49	\$23.49	115%
Lamplighter Apts.	\$38.75	\$23.49	\$23.49	(39%)
Airway Apts.	\$11.37	\$23.49	\$23.49	107%
College Apts.	\$12.71	\$23.49	\$23.49	85%
Skyline Mobile Homes	\$14.58	\$23.49	\$23.49	61%
Church	\$42.94	\$52.42	\$42.94	0%

\*Single Family Residences

Staff compared the proposed unmetered rate with unmetered rates of other water systems similarly situated in size and investment, with unmetered rates. The proposed rate of \$34.49 for Basin remains lower than rates charged by similarly situated companies.

**Company Comparisons**

<b>System</b>	<b>Location</b>	<b>Docket</b>	<b>Effective</b>	<b>Flat Rate per Month</b>
Pelican Point	Moses Lake	UW-070378	4/1/2007	\$45.00
Evergreen Valley	Kittitas Co.	UW-081678	10/1/2008	\$39.00
Canyon Village	Kennewick	UW-070291	7/1/2007	\$36.00
Summit View	Kennewick	UW-180801	11/1/2018	\$60.00
Oasis Water	Benton City	UW-031782	1/1/2004	\$52.70

### **Customer Comments**

On October 22, the company notified its customers by mail of the proposed rate increase.

Staff received no comments.

### **Conclusion**

Staff recommends the commission allow the tariff pages filed by Basin Water Company on October 21, 2020, as revised on December 21, 2020, to become effective January 1, 2021, by operation of law.