

Agenda Date: August 14, 2008
Item Number: A1

Docket: UW-080926
Company Name: Aquarius Utilities, LLC

Staff: Chris Mickelson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Aquarius Utilities, LLC; and
2. Allow temporary rates to become effective on August 15, 2008, on a permanent basis.

Discussion

On May 23, 2008, Aquarius Utilities, LLC, (Aquarius or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$106,055 (24.6 percent) in additional revenue per year. The company serves 880 customers located in Clallam, Kitsap and Mason counties. The proposed rates are prompted by increases in labor, benefits, insurance and new plant (pumps and pipes) costs. The company's last general rate increase became effective on March 14, 2002.

Staff's review of the company's operations and financial records indicated that the company's proposed rates filed on May 23, 2008, were excessive. Staff and the company reviewed the company's original filing and agreed to a revised revenue requirement and a revised rate design. On July 1, 2008, the company filed revised rates at the staff recommended level that would generate \$31,584 (7.3 percent) in additional revenue per year.

On July 10, 2008, the commission entered a Complaint and Order Suspending the Tariff Revisions and allowed temporary revised rates to go into effect on July 14, 2008, on less than statutory notice, subject to refund, to allow customers the opportunity to comment on the revised rate design before determining whether the proposed changes are fair, just, reasonable, and sufficient.

Customer Comments

On March 23, 2008, the company notified its customers of the rate increase by mail. The commission received 110 customer comments to this filing. Staff's open meeting memorandum, dated July 10, 2008, summarized and responded to those customers' comments.

On July 14, 2008, Consumer Protection & Communication staff sent all customers who previously commented on the company's filing a letter advising them of the staff's recommended revised rates. No customers have commented on the revised rates and rate design.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Flat Rate (Unmetered)	\$43.55	\$50.50	\$50.50
Ready-to-Serve (RTS)	\$19.85	\$24.85	\$22.05
Base Rate (¾-inch meter)	\$30.95	\$35.95	\$22.05
Base Rate (1-inch meter)	\$49.01	\$56.93	\$36.82
Base Rate (1 1/2-inch meter)	\$93.74	\$108.93	\$73.43
Base Rate (2-inch meter)	\$147.64	\$171.56	\$117.53
0 – 500 cubic feet	\$2.00	\$2.50	\$3.55
501 – 900 cubic feet	\$2.00	\$2.75	\$4.55
901 – 1,000 cubic feet	\$2.00	\$2.75	\$5.55
1,001 – 1,600 cubic feet	\$3.00	\$3.00	\$5.55
1,601 – 2,000 cubic feet	\$3.00	\$3.00	\$7.85
Over 2,000 cubic feet	\$4.00	\$4.00	\$7.85

Ancillary Charges	Current Rate	Proposed Rate
Credit Card Processing Fee	N/A	\$0.75
Credit Card Chargeback Fee	N/A	\$20.00

Average Bill Comparison

Average Monthly Usage 566 cubic feet	Current Rate	Proposed Rate	Revised Rate
Base Rate (¾-inch meter)	\$30.95	\$35.95	\$22.05
0 – 500 cubic feet	\$10.00	\$12.50	\$17.75
501 – 566 cubic feet	\$1.32	\$1.82	\$3.00
Average Monthly Bill	\$42.27	\$50.27	\$42.80

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 operations. The company's financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

Conclusion

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Aquarius Utilities, LLC; and
2. Allow temporary rates to become effective on August 15, 2008, on a permanent basis.