

Agenda Date: February 28, 2013
Item Number: A2

Docket: UW-121904
Company Name: Eastwood Park Water Co.

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

Recommendation

Issue an Order to:

1. Dismiss the Complaint and Order Suspending the Tariff Revision filed by Eastwood Park Water Co. in Docket UW-121904, dated December 27, 2012.
2. Allow the revised rates and tariff revision filed by Eastwood Park Water Co. on February 21, 2013, to become effective on March 1, 2013.

Discussion

On November 30, 2012, Eastwood Park Water Co. (company) filed with the Utilities and Transportation Commission (commission) a tariff revision that would increase rates and generate \$10,320 (29 percent) additional annual revenue. The company serves 86 customers near Spanaway in Pierce County. The proposed effective date was January 1, 2013. The company's last rate increase was effective on April 1, 2008.

On December 27, 2012, the commission issued an order suspending this filing for further review. After review, staff determined that the company's books and records supported a lower revenue requirement of \$1,461 (3.3 percent) additional annual revenue. Staff and the company have agreed to a revised rate design that would generate the additional \$1,461 revenue. All revised rates are equal to, or less than, the company's original proposed rates.

On February 21, 2013, the company filed revised rates at staff-recommended levels. The filing includes a new rate structure with three rate blocks and increased rates per usage block. With this change to a usage-based rate design, customers will be able to control their water use and possibly reduce their water bills.

Customer Comments

On November 30, 2012, the company notified its customers of the proposed rate increase by mail. Staff received four consumer comments regarding the proposed rate increase, all of which opposed the rate increase. Customers were notified that documents related to the rate increase are available on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

Filing Documents and Methodology

- One customer had numerous questions about what costs the company is allowed to recover in rates, and what methodology staff uses for setting rates.

Staff Response

Staff called the customer on January 24, 2013, and responded to emails to answer this customer's questions.

Service Quality

- All four customers stated that the water service is not reliable.

Staff Response

The company installed a new pump to replace an old one that failed.

General Comments

- One customer commented that the company improperly disconnected service.

Staff Response

Staff requested additional information from this customer.

Rate Comparison

The company's current rates have two usage blocks: 0 to 1,000 cubic feet, and over 1,000 cubic feet. The company proposes to split the current 0 to 1,000 cubic feet usage block into two blocks: 0 to 500 cubic feet and 501 to 1,000 cubic feet. Current, proposed and revised rates are shown below for the general rate increase.

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Base Rate	\$30.00	\$40.00	\$32.25
0 – 500 Cubic Feet	\$1.00*	\$1.00*	\$1.00*
501 – 1,000 Cubic Feet	\$1.00*	\$1.25*	\$1.25*
Over 1,000 Cubic Feet	\$1.50*	\$1.60*	\$1.60*

*Per 100 Cubic Feet (or portion thereof).

Using the company's proposed rates, a customer using 783 cubic feet of water, the calculated average monthly usage, would pay \$10.71 (28.3 percent) more than the current rates (see "Average Bill Comparison" table below). Using the revised rates, a customer using 783 cubic feet of water would pay \$2.96 (7.8 percent) more than the current rates (see "Average Bill Comparison" table below). Current, proposed and revised average bills are shown below for comparison.

Average Bill Comparison

Average Monthly Usage 783 Cubic Feet	Current Rate	Proposed Rate	Revised Rate
Base Rate	\$30.00	\$40.00	\$32.25
0 – 500 Cubic Feet	\$5.00	\$5.00	\$5.00
500 – 783 Cubic Feet	\$2.83	\$3.54	\$3.54
Average Monthly Bill	\$37.83	\$48.54	\$40.79
Increase From Current Rates		\$10.71	\$2.96
		28.3%	7.8%

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.

Staff recommends that the commission issue an Order to:

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