

Agenda Date: February 14, 2014  
Item Number: A3

**Docket:** UW-132352  
Company Name: Pedersen Family LLC

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

### **Recommendation**

Take no action, thereby allowing the tariff revisions filed by Pedersen Family LLC, on December 20, 2013, as revised on January 17, 2014, to become effective on February 20, 2014, by operation of law.

### **Discussion**

On December 20, 2013, Pedersen Family LLC (company) filed with the Utilities and Transportation Commission (commission) a proposed general rate increase that would generate \$10,850 (25.7 percent) additional annual revenue. The tariff revisions include language to implement the Department of Health's Cross Connection Control requirements. The proposed effective date was January 20, 2014. The company serves 210 residential customers near Sequim in Clallam County. The company's last rate increase was effective June 1, 2000.

On January 10, 2014, the company filed to extend the effective date until February 20, 2014. On January 17, 2014, the company filed revised rates at staff recommended levels. The revised filing would generate \$20,160 (47.7 percent). The original filing increased rates to only one water system and the company limited the filing to only three categories of expenses. The revised filing reviewed company-wide revenues and expenses for all water systems. The tariff update would also require customers to complete Cross Connection Control surveys.

The company owns four water systems; Dungeness Bay serves 166 customers, Jamestown serves 43 customers, Skyridge serves one customer, and Pedersen Group B has no customers at this time.

This revised filing proposes to change current rates for all water company customers. Previously the company proposed to increase rates for only the Dungeness Bay customers. That water system serves 166 customers and is the only water system that the Department of Health (DOH) requires to treat the water. The company originally believed that only customers served by that water system should bear the cost of treatment.

During the company's initial filing and staff's review, the company found that the cost to operate the other water systems had also increased since June 2000. This revised filing reflects increased costs of labor, testing, insurance, and operations (e.g. electricity, maintenance, postage, telephone, transportation, etc.). The proposed rates also promote overall water conservation.

Currently, no customers are charged a meter rate. Additionally, the company has not fully metered all customers. Only 88 of 210 company-wide customers are metered. The company will

continue to install meters as it can afford them. DOH rules require all systems to install and use meters by 2017. The company has stated that it will start reading meters and will bill customers for water usage beginning with the March – April billing period.

**Customer Comments**

On December 20, 2013, the company notified its Dungeness Bay customers of the original proposed rate increase by mail. The commission received no comments. On January 17, 2014, the company notified all of its customers of the revised filing. The commission has received no comments on the revised filing.

**Rate Comparison**

<b>Monthly Rate</b>	<b>Current Rate</b>	<b>Proposed Rate*</b>	<b>Revised Rate</b>
Base Rate, 3/4-Inch Meter	\$8.00	\$10.00	\$16.00
Allowance With Base Charge CF**	0	0	0
0 - 500 CF, Per CCF***	\$.35	\$.50	\$.50
501 CF and Above, Per CCF	\$.55	\$.70	\$.80
Un-metered Rate	\$15.00	\$20.50	\$23.00

\*Notice to Dungeness Bay Only    \*\* CF – Cubic Feet,    \*\*\* CCF - 100 Cubic Feet,

**Monthly Residential Bill Comparison**

<b>Monthly Average 1,081 Cubic Feet</b>	<b>Current Rate</b>	<b>Proposed Rate*</b>	<b>Revised Rate</b>
3/4-Inch Metered Service Base	\$8.00	\$10.00	\$16.00
0 – 500 Cubic Feet	\$1.75	\$2.50	\$2.50
501 – 1,081 Cubic Feet	\$3.20	\$4.07	\$4.65
Water Bill Total	\$12.95	\$16.57	\$23.15
Increase From Current Rates - \$10.20		27.9%	78.8%
Un-metered Bill Total	\$15.00	\$20.50	\$23.00
Increase From Current Rates - \$8.00		36.7%	53.3%

\*Notice to Dungeness Bay Only

**Ancillary Charges**

<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate*</b>	<b>Revised Rate</b>
Disconnection Visit	NA	NA	\$15.00
Reconnection Visit	\$20.00	\$20.00	\$30.00
Service Visit	NA	NA	\$30.00
Late Payment	NA	NA	2% or \$1.00 **
Account Setup	NA	NA	\$10.00
NSF Check	NA	NA	\$12.00
Water Availability Letter	NA	NA	\$10.00
Service Connection	\$300.00	\$500.00	\$500.00

\*Notice to Dungeness Bay Only \*\*2% of unpaid balance or minimum charge of \$1.00

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review of the filing shows that the operating expenses are reasonable and required as part of the company's operation. The company's financial information supports the revenue requirement and the proposed rates and charges are fair, just, reasonable, and sufficient.

**Conclusion**

Take no action, thereby allowing the tariff revisions filed by Pedersen Family LLC, on December 20, 2013, as revised January 17, 2014, to become effective on February 20, 2014, by operation of law.