

Agenda Date: August 14, 2014
Item Number: A1

Docket: UW-141134
Company Name: Sea View Water, LLC

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

Recommendations

1. Dismiss the Complaint and Order Suspending the Tariff Revision filed by Sea View Water, LLC in Docket UW-141134 dated June 26, 2014.
2. Allow the revised rates and tariff revision filed by Sea View Water, LLC on July 9, 2014, to become effective September 1, 2014.

Discussion

On May 23, 2014, Sea View Water, LLC (Sea View or company) filed a proposed general rate increase that would generate approximately \$18,000 (31.5 percent) additional annual revenue. The proposed general rate increase was prompted by increases in operating costs over the last seven years and replacement of infrastructure. The proposed effective date was July 1, 2014. The company provides water service to 190 residential customers on Whidbey Island in Island County. The company's last rate change was effective September 1, 2008.

On June 26, 2014, the commission issued an order suspending this filing for further review. After review, staff found the proposed rates would generate excessive revenue. Staff determined that the company's books and records supported a lower revenue requirement of \$13,742 (23.7 percent) additional annual revenue.

Staff and the company agreed to the revised revenue requirement and a revised rate design that would generate \$13,742 additional annual revenue. The revised rate design splits the increase between the base charge and meter usage charges. The revised rates are all lower than the original rates proposed by the company.

Customer Comments

On May 22, 2014, the company notified its customers of the proposed rate increase by mail. Staff received no comments to the proposed rate increase.

Rate Comparison

| Monthly Rate | Current Rate | Proposed Rate | Revised Rate |
|--|---------------------|----------------------|---------------------|
| 3/4-Inch Service Base Rate | \$13.00 | \$18.00 | \$17.00 |
| 0 – 4,000 Gallons, Per 1,000 Gallons | \$2.50 | \$3.20 | \$3.00 |
| 4,001 – 8,000 Gallons, Per 1,000 Gallons | \$3.00 | \$3.70 | \$3.50 |
| Over 8,000 Gallons, Per 1,000 Gallons | \$4.00 | \$4.70 | \$4.50 |

Monthly Residential Bill Comparison

| Monthly Average 4,535 Gallons | Current Rate | Proposed Rate | Revised Rate |
|--------------------------------------|---------------------|----------------------|---------------------|
| 3/4-Inch Service Base Charge | \$13.00 | \$18.00 | \$17.00 |
| 4,000 Gallons | \$10.00 | \$12.80 | \$12.00 |
| 535 Gallons | \$1.60 | \$1.98 | \$1.87 |
| | | | |
| Water Bill Total | \$24.60 | \$32.78 | \$30.87 |
| Increase From Current Rates | | \$8.17 33.2% | \$6.27 25.5% |

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.

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