

Agenda Date: October 8, 2008
Item Number: A4

Docket: UW-081226
Company Name: Suncadia Water Company, LLC

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

Take no action on this filing at this time to allow for customer comments.

Background

On July 3, 2008, Suncadia Water Company, LLC (Suncadia or company) filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$603,141 (499 percent) in additional revenue per year. All customers receive un-metered service. This is the company's first general rate increase since becoming regulated on May 15, 2008. Suncadia serves 125 mixed-use customers in a planned community consisting of single family homes, multi-family condominiums, a restaurant, a lodge and two golf courses. The water system is located near Cle Elum in Kittitas County.

Today's presentation allows customers or other parties to make comments to the commission. No action is required by the commission. Staff will make its recommendation to the commission at the open meeting on October 30, 2008.

Suncadia charges customers a flat rate for water service, but will change to metered rates with this proposed tariff. The company states that it filed the proposed metered rates because of increased demands on the water system and Suncadia's need to file "full cost recovery" rates to allow the water company to become self-supporting. Along with this general rate case filing, the company has requested an exemption from WAC 480-110-375 (3) to allow the company to estimate consumption charges during the winter months when meter reading is not feasible.

Staff's review of the company's operations and financial records indicated that the company's proposed rates and rate design filed on July 3, 2008, were not justified. On July 31, 2008, the commission entered a Complaint and Order Suspending Tariff Revisions.

The company has reviewed and revised its filing with a different rate design. The revised ready to serve rate and the revised usage rate are both higher than the rates in the company's original customer notice of July 2, 2008. On September 30, 2008, the company filed revised rates and sent a notice to all customers explaining the changes and providing a copy of the revised rates. The revised rates would generate \$670,092 (554 percent) in additional revenue per year.

Customer Comments

The company notified its customers of its initial tariff and general rate filing by mail on May 15, 2008. The company subsequently filed new tariff pages that removed the rate increase. The company sent a second notice on July 2, 2008, advising customers that they could comment on the general rate filing at the commission’s July 10, 2008, open meeting. No customers commented at that time. The commission received seven customer comments as of the July 10, 2008, open meeting and one follow-up customer comment. Staff’s memorandum, dated July 10, 2008, summarized, and responded to, those comments.

On August 1, 2008, commission staff sent every customer who commented on the filing a letter advising them of the status of the filing. The commission received 20 additional comments opposing the rate increase. The company has now provided another notice dated September 29, 2008, to all customers. This notice updates customers on the status of the filing and highlights key differences from its original filing notice.

Current, proposed and revised rates are shown below.

Rate Comparison

Ancillary Charge	Current Rate	Proposed Rate
Reconnection	N/A	\$40.00 Per Hour
Service Visit	N/A	\$30.00
Late Payment	N/A	2 % or \$5.00
Account Set-up	N/A	\$30.00
NSF Charge	N/A	\$10.00
Hydrant Meter Deposit	N/A	\$500.00
Repair / Damage	N/A	\$40.00 Per Hour

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Residential			
Ready To Serve	\$10.00	\$10.00	\$20.79
Un-metered Service	\$35.00	N/A	N/A
Base Charge 1 Inch Meter	N/A	\$43.86	\$42.73
Residential Usage All usage above zero	N/A	N/A	\$2.65 Per 1,000 Gallons
Residential Usage 0 – 7,000 Gallons	N/A	\$1.59 Per 1,000 Gallons	N/A
7,001 – 14,000 Gallons	N/A	\$3.18 Per 1,000 Gallons	N/A
>14,000 Gallons	N/A	\$6.36 Per 1,000 Gallons	N/A

Non- Residential			
Base Charge 2 Inch Meter	N/A	\$140.35	\$136.74
Base Charge 3 Inch Meter	N/A	\$280.70	\$256.38
Base Charge 4 Inch Meter	N/A	\$438.60	\$427.30
Non-residential – All Usage	N/A	\$2.54 Per 1,000 Gallons	\$2.65 Per 1,000 Gallons
Suncadia Lodge			
The Lodge at Suncadia (mixed use)	N/A	\$7,404.10	\$9,494.61
Lodge Fire Protection	N/A	\$132.05	\$171.20
Non-residential – all usage	N/A	\$2.54 Per 1,000 Gallons	\$2.65 Per 1,000 Gallons
Fire Protection			
Fire Protection Fee 1 Inch	N/A	\$5.43	\$5.35
Fire Protection Fee 2 Inch	N/A	\$17.38	\$17.12
Fire Protection Fee 4 Inch	N/A	\$54.30	\$53.50
Fire Protection Fee 6 Inch	N/A	\$108.60	\$107.00
Potable Irrigation			
Base Charge 1.5 Inch Meter	N/A	\$80.28	\$78.12
Base Charge 2 Inch Meter	N/A	\$128.45	\$124.99
Base Charge 3 Inch Meter	N/A	\$256.90	\$234.36
Potable Irrigation – All Usage	N/A	\$2.54 Per 1,000 Gallons	\$2.65 Per 1,000 Gallons
Golf Course Irrigation			
Base Charge 12 Inch Meter Non-Potable Irrigation	N/A	\$3,220.77	\$3,220.77
Non-Potable Irrigation – All Usage	N/A	\$.36 Per 1,000 Gallons	\$.36 Per 1,000 Gallons

Average Monthly Residential Bill Comparison

	Current Rate	Proposed Rate	Revised Rate
Flat Rate	\$35.00	NA	NA
Base Meter Charge	N/A	\$43.86	\$42.73
8,871 Gallons (July 31, 2008, Staff Memorandum)	N/A	\$17.08	N/A
6,725 Gallons	N/A	N/A	\$17.82
Average Monthly Bill	\$35.00	\$60.94	\$60.55
Increase from current rates		(74%)	(73%)

Commission staff has not completed its review of the company's supporting financial documents, books and records.

Conclusion

Take no action on this filing at this time to allow for customer comments.