

Agenda Date: September 11, 2008
Item Number: A35

Docket: UW-081259
Company Name: Fircroft, Inc.

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

Recommendation

1. Continue the Complaint and Order Suspending the Tariff Revisions filed by Fircroft, Inc.; and
2. Allow temporary rates at the Staff recommended revised rates to become effective September 15, 2008, on less than statutory notice, subject to refund.

Discussion

On July 7, 2008, Fircroft, Inc., (Fircroft or company), filed with the Utilities and Transportation Commission (Commission) tariff revisions that would generate \$4,788 (21 percent) in additional revenue per year. The company serves 14 residential customers and two master meter customers, serving a total of 52 customers, near East Sound on Orcas Island, located in San Juan County. The proposed rates are prompted by cost increases in supplies, electrical power, labor, and increased maintenance and repairs for aging plant. All customers receive metered service. The company's last general rate increase became effective in 2000, prior to becoming regulated.

On July 3, 2008, the company notified its customers of the rate increase by mail. The Commission received two customer comments on this filing prior to the August 14, 2008, open meeting. Staff's memorandum, dated August 14, 2008, summarized and responded to those customers' comments.

The Commission found that the company had not demonstrated that the proposed rates were fair, just, reasonable and sufficient, and suspended this filing at its August 14, 2008, open meeting.

Staff completed its review and the company agreed to a lower revenue requirement of \$2,400 (8 percent) additional revenue per year. On August 29, 2008, the company filed a revised rate design at the Staff recommended level. The company's original customer notice of July 3, 2008, did not contain the revised rate design and, as a result, the company is petitioning the Commission for an exemption from WAC 480-110-425 to allow the new rate design to go into effect with the revised rates at Staff recommended levels on less than statutory notice.

To allow customers the opportunity to comment on the revised rate design before determining whether the revised rates are fair, just, reasonable, and sufficient, the Commission should continue the Complaint and Order Suspending Tariff Revisions and allow the revised rates to go into effect on September 15, 2008, on a temporary basis, subject to refund.

On August 15, 2008, Commission Staff sent every customer who commented on the filing a letter advising them of Staff's recommended action. The Commission has received two additional customer comments and Staff's responses are summarized in the attachment.

Current, proposed and revised rates are shown below.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Base Rate (under 1,000 gallons used), zero usage.	\$25.00	\$30.00	N/A
Base Rate (over 1,000 gallons used) zero usage.	\$30.00	\$38.00	N/A
3/4 Inch Base Rate - zero usage	N/A	N/A	\$30.00
0 – 4,000 gallons	\$1.00 per 1,000 Gallons	\$1.30 per 1,000 Gallons	\$1.00 per 1,000 Gallons
4,001 – 8,000 gallons	N/A	N/A	\$4.00 per 1,000 Gallons
4,001 – 10,000 gallons	\$3.00 per 1,000 Gallons	\$4.00 per 1,000 Gallons	N/A
8,001 – 16,000 gallons	N/A	N/A	\$8.00 per 1,000 Gallons
10,001 – 20,000 gallons	\$7.00 per 1,000 Gallons	\$9.00 per 1,000 Gallons	N/A
Over 16,000 gallons	N/A	N/A	\$11.00 per 1,000 Gallons
Over 20,000 gallons	\$10.00 per 1,000 Gallons	\$13.00 per 1,000 Gallons	N/A
Beach Haven Master Meter - Usage Rate	\$10.00 per 1,000 Gallons	\$13.00 per 1,000 Gallons	N/A
2 Inch Base Rate - zero usage	N/A	N/A	\$159.90
0 – 21,320 gallons	N/A	N/A	\$1.00 per 1,000 Gallons
21,321 – 42,640 gallons	N/A	N/A	\$4.00 per 1,000 Gallons
42,641 – 85,280 gallons	N/A	N/A	\$8.00 per 1,000 Gallons
Over 85,280 gallons	N/A	N/A	\$11.00 per 1,000 Gallons
Sunset Ranch Master Meter - Usage Rate	\$8.00 per 1,000 Gallons	\$13.00 per 1,000 Gallons	N/A
1.5 Inch Base Rate - zero usage	N/A	N/A	\$99.90
			\$1.00 per 1,000

0 – 13,320 gallons	N/A	N/A	Gallons
13,321 – 26,640 gallons	N/A	N/A	\$4.00 per 1,000 Gallons
26,641 – 53,280 gallons	N/A	N/A	\$8.00 per 1,000 Gallons
Over 53,280 gallons	N/A	N/A	\$11 .00 per 1,000 Gallons
	Other Charges		
Ready To Serve (Inactive Membership)	\$15.00	\$32.00	\$30.00
Late Payment	2 % unpaid	\$25.00	\$25.00
NSF Check	\$25.00	\$30.00	\$30.00
Bulk Water	\$20.00 per 1,000 Gallons	\$25.00 per 1,000 Gallons	\$25.00 per 1,000 Gallons

Average Monthly Residential Bill Comparison

Average Monthly Usage 4,713 Gallons	Current Rate	Proposed Rate	Revised Rate
3/4 Inch Base Meter Charge	\$30.00	\$38.00	\$30.00
4,000 Gallons	\$4.00	\$5.20	\$4.00
713 Gallons	\$2.14	\$2.85	\$2.85
Average Monthly Bill	\$36.14	\$46.05	\$36.85
Increase from current rates		(27%)	(2%)

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. Continue the Complaint and Order Suspending the Tariff Revisions filed by Fircroft, Inc.; and
2. Allow temporary rates at the Staff recommended revised rates to become effective September 15, 2008, on less than statutory notice, subject to refund.

Attachment