

Agenda Date: March 26, 2015
Item Number: A1

Docket: UW-150182
Company Name: Camano Hills Water Company

Staff: Mike Young, Regulatory Analyst
Greg Hammond, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Allow the tariff pages filed by the Camano Hills Water Company on February 4, 2015, and revised on March 5, 2015, to become effective April 1, 2015, by operation of law.

Background

On February 3, 2015, Camano Hills Water Company, Inc. (Camano Hills or company) filed with the Utilities and Transportation Commission (commission) a tariff revision that would generate approximately \$22,600 (11.8 percent) additional annual revenue. The company serves 198 customers located in Island County. The company's last general rate increase became effective January 10, 2010.

The filing is a result of increases in labor costs, contracted operations, insurance, and other general and administrative costs. The company installed an arsenic treatment plant in May 2014, and also purchased a utility truck. Staff found in its review that the company supported the requested revenue requirement and proposed rate structure.

Customer Comments

The company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase 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. Staff received one comment, from a consumer opposed to the increase.

General Comments

- Chief Michael Schick from Camano Island Fire and Rescue commented that rising utility costs are impacting the department's budget, as a base rate increase will remove the department's ability to save money through water conservation. Chief Schick commented that he believes the increase will also have a negative impact on small and large businesses on Camano Island, as commercial facilities are commonly charged more than residential properties. He asks the commission deny the company a rate increase.

Staff Response

Staff explained that the increase in base charge is a result of additional fixed costs. The rate increase must provide sufficient revenue for the company to cover those costs, and merely increasing usage costs would not necessarily provide sufficient revenue as usage is determined by the customer. Staff also explained that the company does not have

residential and commercial rates. Customers with the same meter size and usage pay the same, whether they are a residential or business customer.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Base Charge *	\$23.00	\$30.00
Block 1 0-950 cubic feet	\$3.30	\$3.50
Block 2 951-2,200 cubic feet	\$4.30	\$4.55
Block 3 >2,200 cubic feet	\$7.30	\$7.75
Ready to Serve	\$23.00	\$30.00
Flat Rate Service	\$51.00	\$60.18
Fire Flow Rate	\$110.00	\$127.60

* for ¾ connection; other base rates available in tariff.

Average Monthly Bill Comparison

	Current Rate	Proposed Rate
Average Monthly Usage 732 cubic feet		
Base Charge – zero Allowance	\$23.00	\$30.00
732 cubic feet water usage	\$24.16	\$25.62
Average Monthly Bill	\$47.16	\$55.62
SRF Surcharge	\$4.14	\$4.14
Average Monthly Bill	\$51.30	\$59.76
Increase From Current Rates		\$8.46
Percent Increase from Current Rates		16.5%

Conclusion

Commission staff has completed its review of the company's supporting financial documents, books, and records. Staff's review shows that the proposed filing is reasonable and required as part of the company's operations. The customer's comments do not change staff's opinion that the company's financial information supports the revenue requirement, and the rates and charges are fair, just, reasonable, and sufficient.

Therefore Staff recommends the Commission allow the tariff pages filed by the Camano Hills Water Company on February 4, 2015, and revised on March 5, 2015, to become effective April 1, 2015, by operation of law.