

Agenda Date: June 28, 2018
Item Number: A1

Docket: UW-180443
Company Name: Iliad Water Company, LLC

Staff: Tiffany Van Meter, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Allow the tariff pages filed by Iliad Water Company, LLC on May 16, 2018, and revised on June 19, 2018, to become effective July 1, 2018, by operation of law.

Background

On May 16, 2018, Iliad Water Company, LLC (Iliad or company) filed with the Utilities and Transportation Commission (commission) a tariff revision that would generate approximately \$69,000 (9.31 percent) additional annual revenue. The company serves approximately 900 customers on various water systems in Clallam, Kitsap, Pierce, and Snohomish Counties.

The company purchases water from the City of Monroe (City) and Clallam County Public Utility District (PUD). Both of these entities recently increased the price of the water they sell to Iliad and the company is simply passing this cost increase on to customers.

Staff examined the company's increased annual revenue amount and tariff proposal which was passing the increased cost solely to the customers of the two water systems that use the water from the City and PUD. Staff found it more appropriate to pass the increase to all customers under the single tariff pricing concept already in effect on systems owned by Iliad. Staff also found the increased cost to be approximately \$24,000 (3.9 percent) instead of the \$69,000 the company initially requested. Staff proposed that the increase be implemented in usage rather than base rates as the systems owned by Iliad are currently under a rate plan with variable base rates, but all systems are subject to the same usage rates. The company agreed to the revised annual revenue increase of \$24,000 and to pass the increase to all customers. The company filed revised tariff pages on June 19, 2018, reflecting staff's proposed rates. The company's last general rate case was effective January 1, 2017 and resulted in approximately \$161,000 in additional annual revenue.

Customer Comments

On May 30, the company notified its customers by mail of the proposed rate increase. Customers were notified they may access relevant documents about this rate increase on the commission's website, and they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received six consumer comments, all opposed to the proposed rate increase.

General Comments

- Several customers believe it is unfair to charge them for an increase in water costs to a system that doesn't serve them. Some feel this is too soon after last year's increase. Customers expressed hopes that staff will thoroughly review the company's request.

Staff Response

Staff informed customers that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Customers were also told that commission staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Percentage Rate Increase
Block 1	\$ 2.00*	\$ 2.28*	14%
Block 2	\$ 4.00*	\$ 4.28*	7%
Block 3	\$ 5.40*	\$ 5.75*	6.5%
Usage Blocks	Current		
Block 1	0-800	No Change	
Block 2	801-1500	No Change	
Block 3	>1500	No Change	

*Per 100 Cu Ft

Average Residential Monthly Bill Comparison

Average Monthly Usage – 1,000 Cu Ft/month

	Base	Current Usage	Current Bill	Proposed Usage	Proposed Bill	Percentage Increase
Usage Only		\$24.00		\$26.80		11.7%
System						
Alderlake, Lower, Marbello, North West	\$44.00	\$ 24.00	\$68.00	\$ 26.80	\$70.80	4.1%
85 Acres, Cascade Crest, Cherry Creek, Cliftonwood, Fragaria, Hunt 1 & 2, Hunt III, Marysville, Parkwood, Skyview, Stavis, Stilliridge, Suddenview, Sunland Shores, Sunnyhills, Tala Point, Vashon, Vista Glen	\$40.00	\$ 24.00	\$64.00	\$ 26.80	\$66.80	4.4%
Sunwood-Graham	\$35.00	\$ 24.00	\$59.00	\$ 26.80	\$61.80	4.7%

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 Iliad Water Company, LLC on May 16, 2018, and revised on June 19, 2018, to become effective July 1, 2018, by operation of law.