

Agenda Date: August 28, 20
Item Number: A2

Docket: UW-141206
Company Name: Northbay Water Utility Corporation

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

Recommendations

1. Dismiss the Complaint and Order Suspending the Tariff Revision filed by Northbay Water Utility Corporation in Docket UW-141206 on June 26, 2014.
2. Allow the revised rates and tariff revision filed by Northbay Water Utility Corporation on August 22, 2014, to become effective September 1, 2014.

Discussion

On May 29, 2014, Northbay Water Utility Corporation (Northbay or company), filed a proposed general rate increase that would generate \$12,980 (15 percent) additional annual revenue. The proposed general rate increase would offset expenses to repair and maintain water system operations and recover added capital costs for filtration. Northbay also proposed increases to several ancillary charges. The proposed effective date was July 1, 2014. The company provides water service to 216 residential customers on 47 water systems in Lewis and Thurston Counties. The company's last rate change was effective September 15, 2006.

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 an increase of \$12,980 (15 percent) additional annual revenue.

Staff and the company agreed to the revenue requirement and a revised rate design that would generate \$12,980 additional annual revenue. Northbay filed revised tariff rates on August 22, 2014. The proposed and revised rate design removes the fourth usage block. The revised rate design splits the increase between the base charge and meter usage charges. The revised rates are equal to or lower than the original rates proposed by the company and noticed to customers.

Customer Comments

On May 7, 2014, the company notified its customers of the proposed rate increase by mail. Staff received two comments regarding the proposed rate increase, both from customers opposed to it. 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.

General Comments

- One customer commented that the company should not get an increase because it has not made improvements to the system, and has very little of its money invested in the system.

Staff Response

The customers were advised 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. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

- Another customer commented that the company does not have a backup generator on the system, which has resulted in prolonged periods without water when the power was out.

Staff Response

Staff explained that companies are not required to have generators on water systems. The customer was advised that companies can ask customers to vote for or against a generator and provide one if a majority of customers want it.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Ready to Serve	\$28.00	\$32.20	\$30.00
Base Rate, 3/4-Inch Meter ¹	\$28.00	\$32.20	\$30.00
0 – 1,500 CF ² , Per CCF ³	\$2.00	\$2.50	\$2.50
1,501 – 2,500 CF, Per CCF	\$2.25	\$2.75	\$2.75
2,501 – 5,000 CF, Per CCF	\$2.75	\$3.25	\$3.25
Over 5,001 CF, Per CCF	\$3.50	\$3.25	\$3.25

1 – Based on 3/4-inch meter classification, see company's tariff for upsize meter classifications, usage blocks and rates.
2 - CF – Cubic Feet, 3 - CCF - 100 Cubic Feet.

Monthly Residential Bill Comparison

Monthly Average 440 Cubic Feet	Current Rate	Proposed Rate	Revised Rate
3/4-Inch Metered Base	\$28.00	\$32.20	\$30.00
440 Cubic Feet	\$8.80	\$11.00	\$11.00
Water Bill Total	\$36.80	\$43.20	\$41.00
Increase From Current Rates		\$6.40 17.4%	\$4.20 11.4%

Ancillary Charge	Current Rate	Proposed Rate
Reconnection Charge	\$159.84	\$183.60
Disconnection Charge	\$79.92	\$91.80
Service Connection Charge	\$260.00	\$300.00

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 proposed revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

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