



July 16, 2010

David W. Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
Post Office Box 47250
Olympia, WA 98504-7250

Subject: Suncadia Water Company, LLC
Actions required by docket UW-081226 Dated October 30, 2008, including Water Usage "True-Up" and Water Rate Case.

Dear Mr. Danner,

Enclosed is a General Rate Case Filing for the Suncadia Water Company, LLC (Suncadia Water) to be effective October 1, 2010. This Rate Case and associated revised tariff addresses administrative issues and the water rate case required by docket UW-081226 dated October 30, 2008. In addition, supporting documentation for the Water Usage True-Up, also required by docket UW-081226, is included. The details of these items are outlined below.

1. Water Usage True-Up — During the rate setting process for the Suncadia Water Company (the Company), finalized in November, 2008, deferred accounting treatment was applied to the variable portion of the purchased water component in the usage charges. At that time a requirement was made to "true-up" the difference between projected and actual water usage after 12 months. The manner in which the true-up is to be performed is contained in Attachment C of the above referenced Docket dated October 30, 2008.

After an analysis of the system-wide water usage it was determined that the actual consumption water usage in the past 12 months was **lower** than the system-wide predicted water consumption (used to set the tariff approved consumption rate) by 1,722,524 gallons, or approximately 2.2%. This results in a true-up adjustment amount of \$0.10 per 1000 gallons, or a total of \$7,168.61 due from the rate payers. The attachments to this letter titled *Water Usage "True-Up"* and *Historical Data* are included for your use.

The amount due from each individual water service customer has been calculated and is attached to this letter. These amounts will be billed to the customer upon the Commission's approval of the adjustment amounts. Given the small dollar value of many of the adjustments we request approval to bill the customers in a single month rather than spreading out the billing over 12 months as the initial Docket suggests. A payment plan that spreads the amount to be collected over a 12 month period would then be applied only as specifically requested by customers. We believe that this method of collecting the amounts due would be preferred by the customers and greatly simplifies the collections process.

2. Water Rate Case — This General Rate Case was required by Docket UW-081226. The WUTC Microsoft Excel based General Rate Case Workbook Application is utilized in the preparation of this filing and contains the Work Papers required. Issues addressed and highlighted changes from the past rate case are as follows:

- One full year (November 2009 through October 2009) of actual metered water usage data is utilized. All services within the water service area are metered. December-to-December data is not utilized because meters are not read in the winter months due to freezing conditions and snowfall.
- One full year (2009) of employee time keeping is utilized. Timesheets are maintained by all employees of the Suncadia Water Company. Calculation of time spent on water company business is calculated and used in the setting of the rates. These calculations are shown in the workbook spreadsheet sent electronically to the WUTC.
- The Lodge special water rate is discontinued and the Lodge service is now treated the same as other metered services.
- Special irrigation rates are eliminated. All services of a given size pay the same amount regardless of how water is used by the end customer.
- Tiered rates are adopted to encourage conservation.

Consistent with the past filing, utilization of a “Used and Useful” concept continues, as does the use of special charges for dedicated fire lines. A Ready-To-Serve calculation is also included and updated.

A summary of the changes is as follows:

Customer Class	Existing Monthly Base Charge	Proposed Monthly Base Charge	Percentage Change
Residential, Standard Meters			
1-inch meter	\$ 41.79		
Commercial, Standard Meters			
1-inch meter	\$ 41.79	\$ 42.00	+0.5%
1 1/2-inch meter	No Rate Set	\$ 84.00	n/a
2-inch meter	\$ 133.79	\$ 134.40	+0.5%
3-inch meter	\$ 250.74	\$ 252.00	+0.5%
4-inch meter	\$ 417.90	\$ 420.00	+0.5%
Dedicated Fire Lines*			
1-inch	\$ 5.35	\$ 3.91	-27%
2-inch	\$ 17.12	\$ 12.50	-27%
3-inch	No Rate Set	\$ 23.44	n/a
4-inch	\$ 53.50	\$ 39.06	-27%
6-inch	\$ 107.00	\$ 78.13	-27%
8-inch (Lodge)	\$ 171.20	\$125.00	-27%

Consumption Charge Example.				
		Existing Usage Charge	Proposed Usage Charge	Percentage Change
1-inch meter	Usage, 0 to 9000 gallons	\$ 2.52 per 1000 gallons	\$ 2.75 per 1000 gallons	+9%
	Usage, 9001 to 32,000 gallons	\$ 2.52 per 1000 gallons	\$ 5.25 per 1000 gallons	+106
	32,001 + gallons	\$ 2.52 per 1000 gallons	\$ 6.00 per 1000 gallons	+138
Other meter sizes are changed based on standard meter equivalents.				
Monthly Ready-To-Serve Charge	Existing: \$ 19.85	Proposed: \$ 25.41	Change: +28%	

Please note that the requested effective date of this rate case is October 1, 2010. We are requesting this date specifically to allow ample time for our customers to comment and be a part of the process. A meeting has already been held with a group of customers to communicate our intentions during this rate case. We have not sent out a formal notice to owners but will be communicating shortly with the customer group and supplying them with the rate case supporting documents. A formal notice to owners will be issued prior to the end of August so that notification requirements are adhered to.

Affiliated interests have not changed since the last rate case. Information related to the financial relationship between the Suncadia Water Company domestic services, a regulated activity, and the irrigation supply portion of the company, an unregulated activity, is contained in the electronic work papers.

A revised tariff is provided with this letter. Changed sections of the document are underlined or otherwise noted.

Mr. Gary Kittleson, as the Vice President, for Easton Ridge Investors LLC, the managing member of Suncadia LLC, who is the sole member of Suncadia Water Company, is authorized to sign the tariff.

Thank you,



Cape Powers
Director of Utilities

Attachments: Water Usage True-up Calculations
Work Papers printed from WUTC Excel Workbook
Revised Tariff
2009 Employee Timesheet Data