

Cristalina
Water Company

David W. Danner

Executive Director and Secretary

Washington Utilities and Transportation Commission

P.O. Box 47250

Olympia, WA 98504-7250

Subject: Water Company, LLC

Tariff Filing

Dear Commission:

Water Company, LLC wishes to file for a rate increase from the \$32 that we've been charging since 2003, to a base rate of \$51.59 per month with a usage rate of \$0.06 per cubic foot up to 750 cubic feet, and \$0.0825/cubic foot over 750 cubic feet. This is based on the historical winter (Oct-Mar) average customer usage of approximately 750 cubic feet per month. This new rate would result in an estimated average monthly bill of \$103.17.

In absolute terms, this change presents slightly more than a tripling of our customers' rates: 322%, to be exact. Annualized since our last rate change, however, it works out to 14.3% average annual increase over almost nine years.

We find this increase necessary to afford regulatory expenses that arose since 2009. Since then, we have had to install meters and hire people to read them, incurred more administrative and professional fees and expenses, and had to pay more taxes.

Additionally, some of our customers have not paid us.

In total, the rates we're requesting should generate annual water revenue of \$102,760, a 271% increase over the \$37,920 we billed in 2010. (Annualized since our last rate change, this works out to be roughly 9.6% per year, versus our \$46,000 2002 water revenues.)

We need that revenue to afford:

- \$67,464 in annual operating expenses, based on the twelve-month period July 2010 – June 2011, adjusted to exclude extraordinary expenses (bad debts), interest (covered by a separate surcharge), and sufficient to provide very modest management compensation of only \$10,500;
- \$27,462 in Accounts Payable that have accrued because of our currently unsustainable rates; and
- \$7,834 return on investment: 8% of the \$97,929 we've invested in the company.

As you can see, this revenue will be adequate to help us meet expenses, honor our short-term obligations, and provide a modest return on investment. In addition, we impose a surcharge to service the \$542,577 loan we borrowed to upgrade our system.

Please note, our filing does not include a depreciation schedule, since, per our accountant and according to your regulations, we do not have any depreciable assets. Also, the customer notice included was mailed out on September 10, 2011. After the notice was mailed, we noticed an calculation error in conversion from cubic feet to gallons. A corrected notice will be mailed when necessary.

Thank you for the consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Maria Lindberg", enclosed in a rectangular box.

Maria Lindberg