



**Suncadia Water Company Customer**

**Water Rate Notification Letter**

March 25, 2016

Dear Suncadia Water Company Customer:

Due to significant increases in the cost of providing Suncadia with a sustainable and clean water supply over the past five years, the Suncadia Water Company is proposing a change to the current water rates charged to customers. We have provided the below information to both inform and explain the reasons behind the upcoming rate changes.

First, water rates in the Suncadia Resort have not been adjusted for the past 5 years despite changes that have impacted operating costs. These changes include increasing power rates, two increases in the cost of treating our water from Cle Elum, construction of approximately 200 homes, and development of several parcels.

Next, our recommendation for updated water rates has been developed over the past several months utilizing Washington State Utilities and Transportation Commission (UTC) specified methodologies and a UTC supplied spreadsheet tool. Prior to submission of this rate case to the UTC the proposed changes were reviewed by members of the Suncadia Residential Owners Association Advisory Committee. A few highlights of the methodology and data used in the Water Rate Study are:

- Tiered water rates are maintained and strengthened to encourage conservation. The tiered rates are set up so that as water consumption per service increases, the rate per unit of water used increases in set intervals. In other words, as more water is used by a customer, the more expensive the water becomes. The top water usage tier is raised significantly to encourage conservation.
- One full year of actual metered water usage data is utilized.
- One full year of employee time-keeping is utilized. Time spent on water company business is calculated and used in the setting of the rates.
- There are no special irrigation rates. All services of a given size pay the same amount regardless of how water is used by the end customer.
- There are no special commercial rates. Meter equivalent sizing is used to determine commercial rates per UTC requirements.
- Consistent with the past filing, utilization of a "Used and Useful" concept continues. This means that customers of the system today won't be paying for portions of the system constructed to serve future development parcels within the Resort.
- As in the past we have included special charges for dedicated fire lines.
- A Ready-To-Serve (RTS) calculation is also included and updated. The UTC believes that the RTS rate should be the same as the base rate for active users and we are proposing to phase in this change over several rate cases rather than implement the change all at once.

Mailing Address: 531 Rope Rider Drive, Cle Elum, WA 98922  
Physical Address: 770 Suncadia Trail, Cle Elum, WA, 98922  
Phone: (509)649-6370 Fax: (509)649-6251  
Director of Utilities: Cape Powers @ cpowers@suncadia.com

OFFICE HOURS  
8:00 AM TO 5:00 PM DAILY

In total, the changes amount to an increase in operating revenue of approximately 29.4% based on study year data although the increase will be less if the tiered rates result in significant water conservation. A summary of the changes is as follows:

Customer Class	Existing Monthly Base Charge	Proposed Monthly Base Charge	Percentage Change	
<b>Residential, Standard Meters</b>				
1-inch meter	\$ 36.00	\$ 38.00	Just over 1% per year for the last 5 years (+6% total)	
<b>Commercial, Standard Meters</b>				
1-inch meter	\$ 36.00	\$ 38.00	Same as above	
1 1/2-inch meter	\$ 72.00	\$ 76.00	Same as above	
2-inch meter	\$ 115.20	\$ 121.60	Same as above	
3-inch meter	\$ 216.00	\$ 228.00	Same as above	
4-inch meter	\$ 360.00	\$ 380.00	Same as above	
<b>Dedicated Fire Lines (commercial only)</b>				
1-inch	\$ 3.91	\$ 7.95	+103%	
2-inch	\$ 12.50	\$ 25.44	+103%	
3-inch	\$ 23.44	\$ 46.61	+103%	
4-inch	\$ 39.06	\$ 79.49	+103%	
6-inch	\$ 78.13	\$158.98	+103%	
8-inch	\$ 125.00	\$254.36	+103%	
<b>Consumption Charges</b>				
		Existing Usage Charge	Proposed Usage Charge	Percentage Change
1-inch meter	Usage, 0 to 8000 gallons	\$ 2.00 per 1000 gallons	\$ 2.20 per 1000 gallons	Appx. 2% per year for the last 5 years (+10% total)
	Usage, 8001 to 28,000 gallons	\$ 3.80 per 1000 gallons	\$ 4.30 per 1000 gallons	Just under 3% per year for the last 5 years (+13% total)
	28,001 + gallons	\$ 5.60 per 1000 gallons	\$ 8.10 per 1000 gallons	Just under 8% per year for the last 5 years (+45% total)
Other meter sizes are changed based on standard meter equivalents.				
<b>Monthly Ready-To-Serve Charge</b>	Existing: \$ 21.00		Proposed: \$ 30.20	Appx 7% per year for the last 5 years (44% total)

Please note that the irrigation system that supplies water to the golf courses in Suncadia and Tumble Creek is completely separate from the domestic water supply system, which is the subject of this letter. Costs related to supplying water to the golf courses are not included in the costs that make up the water rates shown in the chart above.

Mailing Address: 531 Rope Rider Drive, Cle Elum, WA 98922  
 Physical Address: 770 Suncadia Trail, Cle Elum, WA, 98922  
 Phone: (509)649-6370 Fax: (509)649-6251  
 Director of Utilities: Cape Powers @ cpowers@suncadia.com

OFFICE HOURS  
 8:00 AM TO 5:00 PM DAILY

The commission has the authority to set final rates that may be either lower or higher from the company's request, depending on the results of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on April 28, 2016. You will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, the commission has a bridge line, which enables you to participate or listen by telephone. Call 360-664-1234 for instructions the day before the open meeting. You can also comment by using the "Public Comment" feature at the commission's web site at 'utc.wa.gov', or by using the contact information below.

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250, Olympia, WA 98504-7250  
E-mail: [comments@utc.wa.gov](mailto:comments@utc.wa.gov)  
Telephone: 1-888-333-WUTC (9882)

Please note that the requested effective date of this rate case is June 1, 2016. We are requesting this date specifically to allow ample time for our customers to comment and be a part of the process. If you have any questions about the proposed filing and how it will affect you, please call the Suncadia Water Company at 509-649-6370.

Sincerely,



Cape Powers  
Director of Utilities

Mailing Address: 531 Rope Rider Drive, Cle Elum, WA 98922  
Physical Address: 770 Suncadia Trail, Cle Elum, WA, 98922  
Phone: (509)649-6370 Fax: (509)649-6251  
Director of Utilities: Cape Powers @ cpowers@suncadia.com

OFFICE HOURS  
8:00 AM TO 5:00 PM DAILY