

Agenda Date: June 30, 2022
Item Number: A5

Docket: UW-220206
Company Name: Gold Beach Water Company

Staff: Jaclynn Simmons, Regulatory Analyst

Recommendation

Staff recommends to order the Company to hold 1-inch meter customers at $\frac{3}{4}$ rates for 30 days and modify the application of WAC 480-80-111(1)(b) (pursuant to WAC 480-07-110(1)) to consider the June revised tariff pages filed by the Company as substitute pages to the original March revised tariff and allow tariff pages filed by Gold Beach Water Company, as revised on June 29, 2022, to become effective July 1, 2022, by operation of law.

Discussion

On March 22, 2022, Gold Beach Water Company (Gold Beach or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that, as originally filed, would have generated approximately \$16,487 over three (3) phases in one year. Phase one (1) would generate approximately \$5,734 (6.7 percent), phase two (2) would generate approximately \$5,385 (6.3 percent) and phase three (3) would generate approximately \$5,368 (6.3 percent). The proposed general rate increase was requested because revenues from the current tariff are insufficient to cover operational costs. The Company provides services to approximately 205 customers in King County. The Company's last general rate increase became effective on July 1, 2014.

After review of the filing, Commission staff (Staff) made a few adjustments to the Company's payroll and additional general operating expenses and removed a State Revolving Fund (SRF) loan from the rate case, as it has its own funding mechanism in the form of a continuing surcharge. The SRF loan was needed to help fix the Company's main tank in 2008. Staff and the Company agreed on a revised additional revenue amount of \$13,358 (13.4 percent). Staff reviewed all the documents and books provided by the Company and believes that the rates agreed upon are fair, just, reasonable, and sufficient.

There are currently 38 customers with 1-inch metered connections who have been historically charged for a $\frac{3}{4}$ -inch meter. 1-inch meters provide the customers with more flow and better pressure than that of a $\frac{3}{4}$ -inch meter. These customers are receiving the benefit of having a higher flow rate, but they have not been charged accurately. 1-inch meter customers have higher usage blocks. The higher usage blocks will allow customers more water per block at the lower block rates and to have accurate water flow for fire suppression systems.

¾ -inch Metered Rates

	Current Rate	Company Proposed Rate	Staff Revised Rate	Percentage Rate Increase
Base Charge	\$32.75	\$33.00	\$27.05	-17.4%
Block 1	\$0.50	\$1.00	\$1.50	200%
Block 2	\$1.00	\$2.00	\$2.00	100%
Block 3	\$1.00	\$2.00	\$3.00	200%
Usage Blocks	Current	Proposed	Revised	
Block 1	500-2500	0-500	0-500	
Block 2	>2500	501-1000	501-1000	
Block 3	>2500	>1001	>1001	

- Average bill increase \$6.82 or 19.8 percent.
- Blocks are set up to promote conservation

1-inch Metered Rates

	Current Rate	Company Proposed Rate	Staff Revised Rate	Percentage Rate Increase
Base Charge	\$0.00	\$50.00	\$48.05	100%
Block 1		\$1.00	\$1.50	
Block 2		\$2.00	\$2.00	
Block 3		\$2.00	\$3.00	
Usage Blocks				
Block 1		0-833	0-830	
Block 2		833-1667	830-1670	
Block 3		>1667	>1670	

- Average bill increase \$12.33 or 35.82 percent.
- 38 Current customers at 1-inch not being charged for 1-inch meters.

Ancillary Charges

<u>Rule</u>	<u>Item</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Change</u>
Rule 5	Disconnection Visit Charge	\$0.00	\$20.00	\$20.00
Rule 6	Reconnection Charge	\$18.00	\$40.00	\$22.00
Rule 14	Late Payment Charge		2% of unpaid balance or minimum \$2.50, billed monthly.	
Rule 20	Account Set up	\$0.00	\$15.00	\$15.00
Rule 21	NSF Check	\$10.00	\$20.00	\$10.00
Rule	Service Connection ¾"	\$350.00	\$525.00	\$175.00
Rule	Service Connection 1"	\$525.00	Labor and Materials	
Rule 22	Water Availability Letter	\$0.00	\$15.00	\$15.00

Customer Comments

On March 16, the Company notified its customers by mail of the proposed rate increase. 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 with questions or concerns. Staff received two comments, both opposed to the rate increase.

General Comments

Customers feel the requested increase is excessive and should not be allowed without enhancing existing services. They do not feel the Company has adequately justified its request for an increase.

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

Conclusion

Staff has completed its review of the Company’s documentation. Staff’s review shows that the tariff pages filed are reasonable and required as part of the Company’s operations.

Recommendation

Staff recommends to order the Company to hold 1-inch meter customers at $\frac{3}{4}$ rates for 30 days and modify the application of WAC 480-80-111(1)(b) (pursuant to WAC 480-07-110(1)) to consider the June revised tariff pages filed by the Company as substitute pages to the original March revised tariff and allow tariff pages filed by Gold Beach Water Company, as revised on June 29, 2022, to become effective July 1, 2022, by operation of law.