

Agenda Date: December 15, 2011
Item Number: A5

Docket: UW-111675
Company Name: Cristalina, L.L.C.

Staff: Jim Ward, Regulatory Analyst
Pam Smith, Consumer Protection Staff

Recommendation

Issue an Order to:

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Cristalina, L.L.C. in Docket UW-111675 dated October 13, 2011.
2. Allow the revised rates and tariff revisions filed by Cristalina, L.L.C. on September 15, 2011, December 6, 2011, and December 9, 2011, to become effective January 1, 2012.

Discussion

On September 15, 2011, Cristalina, L.L.C. (Cristalina or company), filed with the Utilities and Transportation Commission (commission) a general rate increase that would generate \$64,840 (171 percent) in additional annual revenue. The stated effective date was October 15, 2011. The filing was prompted by increased costs for a water system operator, bookkeeping, meter reading, and billing software. The company's last rate increase became effective March 1, 2010. The company serves 83 residential customers near Ravensdale, in King County.

The company installed meters last year using a State Revolving Fund construction loan. The proposed tariff increases general rates and shifts all customers from a flat rate schedule to a metered rate schedule. The new rate design proposes a base charge with zero allowance of water usage and two usage blocks with increased rates per block.

On October 13, 2011, the commission issued an order suspending this filing for further review. After review, staff found the proposed rates would generate excessive revenues. Staff determined that the company's books and records supported a lower revenue requirement of \$24,328 (64 percent) additional annual revenue. Staff and the company have agreed to a revised rate design that would generate the additional \$24,328 revenue. On December 6, 2011, the company filed revised rates at staff-recommended levels, a new tariff index page and a new legend symbol page. On December 9, 2011, the company filed a revised page to clarify the application of the metered rates.

The revised rates decrease the base charge, maintain the two usage blocks, and decrease usage rates. All monthly charges using the revised rates are less than the monthly charges using the company's proposed rates that were noticed to customers.

Current, proposed and revised rates are shown below.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Unmetered Service	\$32.00	NA	NA
Base Rate 3/4 Inch Service	NA	\$51.59	\$40.00
0 - 750 Cubic Feet	NA	\$0.0600	\$0.0185
Over 750 Cubic Feet	NA	\$0.0825	\$0.0300
Capital Improvement Surcharge*	\$32.00	\$32.00	\$32.00
Capital Repair Surcharge**	\$4.30	\$4.30	\$4.30

* Surcharge to expire June 1, 2029, or upon recovery of \$555,000
 ** Surcharge to expire February 29, 2012, or upon recovery of \$7,500

Average Bill Comparison

Average Company Wide (920 Cubic Feet)	Current Rate	Proposed Rate	Revised Rate
Unmetered Service	\$32.00	NA	NA
Base Rate 3/4 Inch Service	NA	\$51.59	\$40.00
750 Cubic Feet	NA	\$45.00	\$13.88
170 Cubic Feet	NA	\$14.05	\$5.11
Average Monthly Bill	\$32.00	\$110.64	\$58.98
Increase From Current Rates		246%	84%

Customer Comments

On September 15, 2011, the company notified its customers of the proposed rate increase by mail. Staff received one customer comment opposing the rate increase. At the October 13, 2011, open meeting the filing was suspended. No additional comments have been received. Consumer Protection staff advised the customer that she may access company documents pertinent to this rate case at www.utc.wa.gov/water, and that she may contact Pam Smith at 1-888-333-WUTC (9882) or psmith@utc.wa.gov with questions or concerns.

General Comments

- The customer believes that the service has been unreliable for the past 20 years.
- Staff Response
 Staff left a message with the customer in an attempt to discuss the service issues. The customer has not responded.

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 customer's comment does not change staff's opinion that the company's financial information supports the revised revenue requirement and revised rates and charges are fair, just, reasonable, and sufficient.

Staff recommends that the commission issue an Order to:

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Cristalina, L.L.C. in Docket UW-111675, dated October 13, 2011.
2. Allow the revised rates and tariff revisions filed by Cristalina, L.L.C. on September 15, 2011, December 6, 2011, and December 9, 2011, to become effective January 1, 2012.