

Agenda Date: February 28, 2019
Item Number: A2

Docket: UW-181055 (UW-161155-2018)
Company Name: Iliad Water Company, LLC

Staff: Jim Ward, Regulatory Analyst
Tiffany Van Meter, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by Iliad Water Company, LLC, on October, 1, 2018, in Docket UW-181055 (UW-161155-2018).

Discussion

On December 2, 2018, a new docket number was issued for this filing. The new docket number is UW-181055.

On October 1, 2018, Iliad Water Company, LLC (Iliad Water or company) filed tariff revisions that would generate approximately \$293,258 (41.7 percent) in additional annual revenue. The company filed in compliance with Order 02 in UW-161155, which became effective 4/1/2017, granting \$161,036 (44 percent) additional annual revenue. The company extended the effective date of this filing on December 12, 2018, and again on January 17, 2019, for a new proposed effective date of March 1, 2019.

The company's last rate change was effective July 1, 2018, for recovery of water rate increases from the City of Monroe and Clallam County Public Utility District. This increase resulted in approximately \$24,000 (3.9 percent) additional revenue. The company serves approximately 900 customers on 23 water systems located in Clallam, Kitsap, Snohomish, Pierce, King, Island, Jefferson and Lincoln County.

In the 2016 filing, Docket UW-161155, the water company filed for general rates on 10 water systems applying single tariff pricing, but in a gradual process according to a rate plan approved by the commission. Since that filing the company subsequently added 13 previously unregulated water systems to its tariff with the various rates in effect on those systems at that time. The current filing was required in Order 02 to bring all rates for all systems to parity under single tariff pricing. Additionally, the company is seeking an increase in annual revenue due to increases in operating costs, increases in many ancillary charges (See Schedule A - Ancillary Charge comparison), and also addresses recent tax issues due to the Tax Cuts and Jobs Act of 2017.

The company also proposes as part of this filing, to recognize and place in the company's tariff three 'System Improvement Charges.' The charges are outlined and summarized below under Schedule B.

Customer Comments

On October 01, 2018, 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 at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 47 consumer comments, all opposed to the proposed rate increase.

Filing Documents and Methodology

- Customers on several water systems feel it is unfair to pay higher rates because other systems pay high costs for water, or cost more to maintain.

Staff Response

Staff explained the potential benefits of sharing costs with other systems.

Business Practices

- Some customers believe the company must be mismanaged if it suffered the loss it claimed in this case.

Staff Response

Staff explained that the issue is still under review.

General Comments

- Most of the customers who commented believe the amount of increase requested is excessive, and the rates are already very high. Many are concerned at the frequency at which the company has requested increases.

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.

Monthly Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Ready to Serve	\$40.00	\$61.76
Base Rate, (Sunwood)	\$35.00	\$61.76
Base Rate, (18 water systems)	\$40.00	\$61.76
Base Rate, (4 water systems)	\$44.00	\$61.76
0 to 800 CF*, Per CCF**	\$2.28	\$2.28
801 To 1,500 CF, Per CCF	\$4.28	\$4.28
>1,501 CF, Per CCF	\$5.75	\$5.75

* CF – Cubic Feet,

** CCF - 100 Cubic Feet

Other rates available in tariff.

Monthly Residential Bill Comparison

Monthly Average 775 Cubic Feet	Current Rate	Proposed Rate
Base Rate, 5/8-Inch Meter	\$40.00	\$61.76
775 CF	\$17.66	\$17.66
Water Bill Total	\$57.66	\$79.42
Increase From Current Rates -		\$21.76 37.7%

**Schedule A
Ancillary Charge Comparison**

Charge	Current	Proposed
Disconnection Visit (per visit)	\$20.00	\$75.00
Reconnection Visit (per visit)	\$20.00	\$75.00
Service Visit	\$30.00	\$75.00
Late Payment - 2% of unpaid or	Minimum \$1.00	Minimum \$5.00
NSF (each check)	\$20.00	\$35.00
Water Availability Letter	N/A	\$50.00
Backflow Assembly Testing	N/A	\$85.00
Credit/Debit Processing	N/A	\$2.00
Online or Autopay (per payment)	N/A	\$0.50
Damage & Repair	At Cost	\$250.00 plus cost of repairs

**Schedule B
System Improvement Charges**

Water System	Amount (one-time)	Monthly	Expiration Date
Alderlake	\$3,386.22	\$21.27	May 25, 2028
Parkwood	\$7,760.00	\$86.14	June 30, 2028
Skyview	\$5,155.47	\$64.83	October 31, 2021



Conclusion

On January 11, 2019, the company refiled part of their rate case by providing updated asset listing and depreciation schedule, CIAC funds received, and amortization along with a request to include, in this rate case, the annual purchased water cost increases from the City of Monroe and City of Everett, that would be effective January 1, 2019. Commission staff has not completed its review of the company's supporting financial documents, books and records. The company's financial information provided has not supported the requested revenue requirement and the proposed rates and charges. Staff and the company continue to work together to review the financial records to determine a revenue requirement and appropriate rates and charges.

Recommendation

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