

Agenda Date: November 13, 2008  
Item Number: A3

**Docket:** UW-081259  
Company Name: Fircroft, Inc.

Staff: Jim Ward, Regulatory Analyst  
Dennis Shutler, Consumer Protection Staff

### **Recommendation**

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Fircroft, Inc.; and
2. Allow temporary rates to become effective November 15, 2008, on a permanent basis.

### **Discussion**

On July 7, 2008, Fircroft, Inc., (Fircroft or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$4,788 (21 percent) in additional revenue per year. The company serves 14 residential customers and two master meter customers near East Sound on Orcas Island, located in San Juan County. The commission does not regulate the master meter customers or the service they provide to their 52 customers. The proposed rates are prompted by cost increases in supplies, electrical power, labor, and increased maintenance and repairs for aging plant. All customers receive metered service. The company's last general rate increase became effective in 2000, prior to becoming regulated.

On July 3, 2008, the company notified its customers of the rate increase by mail. The commission received one customer comment prior to the open meeting of July 31, 2008. One customer attended the open meeting and made comments and met with commission staff. The commission received two customer comments on this filing prior to the August 14, 2008, open meeting. Staff's memorandum, dated August 14, 2008, summarized and responded to those customers' comments. Consumer Protection staff advised customers that the commission would take additional customer comments at its September 11, 2008, open meeting. No customers commented at that time.

The commission found that the company had not demonstrated that the proposed rates were fair, just, reasonable and sufficient, and suspended this filing on August 14, 2008.

Staff completed its review of the company's books, records and financial information, and the company agreed to a lower revenue requirement of \$2,400 (8 percent) additional revenue per year. On August 29, 2008, the company filed a revised rate design at the staff recommended level.

To allow customers the opportunity to comment on the revised rate design before determining whether the revised rates are fair, just, reasonable, and sufficient, the commission continued the

Complaint and Order Suspending Tariff Revisions and allowed the revised rates to go into effect on September 15, 2008, on a temporary basis, subject to refund.

On September 15, 2008, Consumer Protection staff sent to those customers, who previously commented on the company's filing, a letter advising them of staff's recommended revised rates. No customers have commented on the revised rates and rate design.

**Rate Comparison**

<b>Monthly Rate</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>
<b>Residential</b>			
Base Rate (under 1,000 gallons used), zero usage.	\$25.00	\$30.00	N/A
Base Rate (over 1,000 gallons used) zero usage.	\$30.00	\$38.00	N/A
3/4 Inch Base Rate - zero usage	N/A	N/A	\$30.00
0 – 4,000 gallons	\$1.00 per 1,000 Gallons	\$1.30 per 1,000 Gallons	\$1.00 per 1,000 Gallons
4,001 – 8,000 gallons	\$3.00 per 1,000 Gallons	\$4.00 per 1,000 Gallons	\$4.00 per 1,000 Gallons
8,001 – 10,000 gallons	\$3.00 per 1,000 Gallons	\$4.00 per 1,000 Gallons	\$8.00 per 1,000 Gallons
10,001 – 16,000 gallons	\$7.00 per 1,000 Gallons	\$9.00 per 1,000 Gallons	\$8.00 per 1,000 Gallons
16,001 – 20,000 gallons	\$7.00 per 1,000 Gallons	\$9.00 per 1,000 Gallons	\$11.00 per 1,000 Gallons
Over 20,000 gallons	\$10.00 per 1,000 Gallons	\$13.00 per 1,000 Gallons	\$11.00 per 1,000 Gallons
<b>Beach Haven Master Meter</b>			
Usage Rate	\$10.00 per 1,000 Gallons	\$13.00 per 1,000 Gallons	N/A
2 Inch Base Rate - zero usage	N/A	N/A	\$159.90
0 – 21,320 gallons	N/A	N/A	\$1.00 per 1,000 Gallons
21,321 – 42,640 gallons	N/A	N/A	\$4.00 per 1,000 Gallons
42,641 – 85,280 gallons	N/A	N/A	\$8.00 per 1,000 Gallons
Over 85,280 gallons	N/A	N/A	\$11.00 per 1,000 Gallons

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
<b>Sunset Ranch Master Meter</b>			
Usage Rate	\$8.00 per 1,000 Gallons	\$13.00 per 1,000 Gallons	N/A
1.5 Inch Base Rate - zero usage	N/A	N/A	\$99.90
0 – 13,320 gallons	N/A	N/A	\$1.00 per 1,000 Gallons
13,321 – 26,640 gallons	N/A	N/A	\$4.00 per 1,000 Gallons
26,641 – 53,280 gallons	N/A	N/A	\$8.00 per 1,000 Gallons
Over 53,280 gallons	N/A	N/A	\$11.00 per 1,000 Gallons

<b>Other Charges</b>			
Ready To Serve (Inactive Membership)	\$15.00	\$32.00	\$30.00
Late Payment	2 % unpaid	\$25.00	\$25.00
NSF Check	\$25.00	\$30.00	\$30.00
Bulk Water	\$20.00 per 1,000 Gallons	\$25.00 per 1,000 Gallons	\$25.00 per 1,000 Gallons

**Average Monthly Residential Bill Comparison**

Average Monthly Usage 4,713 Gallons	Current Rate	Proposed Rate	Revised Rate
3/4 Inch Base Meter Charge	\$30.00	\$38.00	\$30.00
4,000 Gallons	\$4.00	\$5.20	\$4.00
713 Gallons	\$2.14	\$2.85	\$2.85
Average Monthly Bill	\$36.14	\$46.05	\$36.85
Increase from current rates		27%	2%

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 operations. The company's financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

**Conclusion**

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Fircroft, Inc.; and
2. Allow temporary rates to become effective November 15, 2008, on a permanent basis.