

Agenda Date: September 26, 2007  
Item Number: A5

**Docket:** UW-071771  
Company Name: Harrison-Ray Water Company, Inc.

Staff: Chris Mickelson, Regulatory Analyst  
Dennis Shutler, Regulatory Analyst

### **Recommendations**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Harrison-Ray Water Company, Inc.
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2007, subject to refund.

### **Discussion**

On August 29, 2007, Harrison-Ray Water Company, Inc., (Harrison-Ray or the company) filed with the Washington Utilities and Transportation Commission (Commission) a general rate increase that will generate \$65,000 (36 percent) in additional revenue per year. During an audit, staff determined the company's rate design would result in the company recovering \$65,710 in additional revenue. On September 20, 2007, the company submitted revised rates that would generate \$59,035 (35 percent) additional revenue per year. Harrison-Ray's last general rate increase became effective July 1, 1999. Harrison-Ray serves 205 customers near Burbank located in Walla Walla County. The company filed to help cover increasing operational costs and capital improvement expenses, such as a new well.

Harrison-Ray also filed to update tariff language and adjust ancillary charges for reconnection, disconnection, late payment, account setup, NSF checks, and water availability letters. In addition, Harrison-Ray adds cross-connection control language and charges. All customers are metered. The proposed rate design removes the 500 cubic feet usage allowance in the base charge and adds a third usage block to help encourage conservation.

Harrison-Ray notified its customers of the rate increase by mail on August 30, 2007. The Commission has received nine customer comments on this filing as of September 20, 2007. General comments can be categorized as follows:

Issue	Count of Issues Out of 9 Comments Received
Water quality is bad (harness, pressure, temperature, smells bad, smells like sulfur, particles in water)...Have to buy bottled water for drinking.	7
On a fixed or low income	2
Availability of irrigation water (have to use drinking water)	2
Service quality (meter reading and accuracy)	3

Harrison-Ray informed staff that the water contained sulfur early last year before a new system went online. Staff consulted with Department of Health (DOH) on the quality of water for the Harrison-Ray water system; according to DOH, the water system has a “green” rating, which indicates that the water system is in substantial compliance with all DOH requirements.

Although the company filed revised rates at lower levels, customers have not yet been advised that staff and the company have agreed to revised rates and they have not had the opportunity to comment on the revised rates. Customers deserve to know about, and comment on, the revised rates. The Commission should consider all information, including any additional customer comments on the revised rates, in deciding whether to approve the revised rates.

**Rate Comparison**

Monthly Rate	Current Rate	Proposed Rate	Revised Rate
Base Rate (¾-inch meter)	\$27.50 <sup>1</sup>	\$33.50 <sup>2</sup>	\$26.72 <sup>3</sup>
0 – 500 cu ft <sup>4</sup>	\$0.00	\$0.60	\$0.88
501 – 1,500 cu ft	\$0.50	\$0.60	\$0.88
1,501 – 2,500 cu ft	\$0.50	\$1.00	\$0.88
2,501 – 4,000 cu ft	\$0.50	\$1.00	\$1.08
4,001 – 5,000 cu ft	\$0.50	\$1.50	\$1.08
5,001 – 6,500 cu ft	\$0.70	\$1.50	\$1.08
Over 6,500 cu ft	\$0.70	\$1.50	\$1.33

<b>Monthly Rate</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>
Base Rate (2-inch meter)	\$146.58 <sup>1</sup>	\$178.56 <sup>2</sup>	\$142.42 <sup>3</sup>
0 – 500 cu ft <sup>4</sup>	\$0.00	\$0.60	\$0.88
501 – 5,000 cu ft	\$0.50	\$0.60	\$0.88
5,001 – 7,995 cu ft	\$0.70	\$0.60	\$0.88
7,996 – 13,325 cu ft	\$0.70	\$1.00	\$1.08
13,326 – 21,320 cu ft	\$0.70	\$1.00	\$1.08
21,321 – 34,645 cu ft	\$0.70	\$1.00	\$1.08
Over 34,645 cu ft	\$0.70	\$1.50	\$1.33

<b>Ancillary Charge</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>
Reconnection Charge	\$50.00	\$25.00	\$25.00
NSF Check	\$10.00	\$25.00	\$5.00
Disconnection Charge	\$0.00	\$25.00	\$25.00
Service Visit Charge	\$0.00	\$25.00	\$25.00
Water Availability Letter Charge	\$0.00	\$20.00	\$20.00
Account Setup	\$0.00	\$15.00	\$15.00
Late Payment	\$0.00	2% or min \$2.50	2% or min \$2.50
Service Connection Charge	\$0.00	\$600.00	\$600.00
Reconnection Charge	\$50.00	\$25.00	\$25.00

Commission staff has completed reviewing the company's supporting financial documents, books and records. The company's records support the revised rates.

### **Conclusion**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Harrison-Ray Water Company, Inc.
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2007, subject to refund.

<sup>1</sup> 500 cubic feet allowance included in base rate.

<sup>2</sup> 0 cubic feet allowance included in base rate.

<sup>3</sup> 0 cubic feet allowance included in base rate.

<sup>4</sup> cu ft = cubic feet (1 cubic foot = 7.48 gallons of water), all usage rates are per 100 cubic feet of water used.