

Agenda Date: November 26, 2003
Item Number: A3

Docket: UW-031782
Company Name: Oasis Water Corporation

Staff: Jim Ward, Regulatory Analyst

Recommendation:

Issue a Complaint and Order Suspending the Tariff Revisions filed by Oasis Water Corporation, in Docket UW-031782.

Discussion:

On November 4, 2003, Oasis Water Corporation, (Company) filed for general rates in the amount of approximately \$24,960 (26 percent) of additional revenue per year. The Company serves approximately 160 residential customers near Benton City, in Eastern Washington. The Company's last rate change was June 1999.

The Company states it is seeking this rate change to recover increasing costs needed to operate the water system, such as electricity. Additionally, several capital projects are being worked on to improve water service.

The Commission received three letters opposing the rate increase. One customer believes that a 23.3 percent increase after only three years of operation is not reflective of the interests of the people. Another customer thought the conditions of the 1999 increase included the improvements that will be performed after this proposed rate increase. A comparison of current and proposed rates is provided below:

<u>Monthly Rate</u>	<u>Current</u>	<u>Proposed</u>
Flat Rate Service	\$ 50.00	\$ 63.00
3/4 inch Meter Service	\$ 35.00	\$ 45.00
1 inch Meter Service	N/A	\$ 45.00
2 inch Meter Service	N/A	\$ 45.00
0 to 600 cu. ft.	N/A	\$ 1.35
600 to 2,000 cu. ft. per 100 cu. ft.	\$ 1.00	\$ 1.50
over 2,000 cu. ft. per 100 cu. ft.	\$ 1.50	\$ 1.80
Ready To Serve	N/A	\$ 23.00

The average per customer impact of this rate change will be a \$156 increase from current tariff rates on an annual basis. In the last rate case, data showed the average winter usage to be 1,745 cubic feet per month and average summer usage to be 6,657 cubic feet

per month. Due to this large variation in usage between winter and summer, Commission Staff recommends using average annual consumption per customer for determining the rate design. Currently, the water system is still on a moratorium for new connections, while the Company works to comply with the Department's of Health requirements. Since June of 2000, the Company has had a loan through the state drinking water revolving fund to finance testing of one of the wells; to drill a new well (which has been done and tested); and to purchase a 76,000-gallon storage tank, pump house, booster station, and the land they sit on. In addition, the loan covers engineering for a new water system plan (which has been approved by the DOH), upgrading the present water distribution system, connecting the storage tank, and installing meters. The engineering firm puts out the bid packages. The recently purchased storage tank will be placed on-line as soon as the purchase agreement is closed and the work can be put out to bid and completed. The Company hopes to lift the moratorium shortly.

The storage tank was taken out of the system in May 1999 by court order to avoid easement problems with the property owner at that time. An 8-inch line routed the water system around the storage tank. DOH placed the water system on a moratorium for new connections due to past lack of compliance under the previous owner and the additional need for storage capacity.

Conclusion:

The Company has not yet demonstrated that the proposed rates are fair, just, and reasonable. Therefore, Staff recommends that the Commission issue a Complaint and Order Suspending the Tariff Revisions filed by Oasis Water Corporation, in Docket UW-031782.