

**Desert Canyon Utility Company**  
**1227 1<sup>st</sup> St.**  
**Wenatchee, WA 98801**  
**(509) 264-1882**  
**markp@nwi.net**

**NOTICE OF RATE INCREASE**

April 30, 2016

Desert Canyon Utility Company (DCUC) has filed for approval from the Washington Utilities and Transportation Commission (Commission) to increase rates by approximately \$65,500.00 annually. This would result in an approximate 180.5% increase in annual revenue. Irrigation rates are added to the tariff and changed to a per acre basis. If approved, the rates will be effective on **June 1, 2016** and reflected on your July billing. This may fall in the middle of the billing period. If so you will receive two billings, one with the old rate and the other with the new rates. You will be paying from the second billing as they will be combined.

DCUC has not applied for a rate change for 23 years. Since that time the water system and its costs have undergone dramatic changes with the inclusion of a nitrate treatment plant and the reorganization of several of DCUC's major customers. The Washington Utilities Transportation Commission exercises its jurisdiction in utility rate setting to assure that the rates are equitable to all customers and are sufficient to assure continued stable operation and regulatory compliance of the Utility. DCUC has spent several months working closely with Commission staff to develop the proposed rates. DCUC is grateful for the time, attention and guidance that the Commission has provided.

An important aspect of rate setting is making sure that customers are only asked to pay rates that reflect the costs related to the service provided to those customers. That way if that customer group declines or increases the corresponding decreases or increases in revenue and expense does not destabilize the financial health of the Utility upon which we all depend. It also assures that all customers are treated fairly. Our system's costs are driven primarily by electrical costs for the non-potable portion of the system and the cost of the treatment plant and regulatory compliance needs of the potable system. The rates set forth below apportion these costs accordingly. These rates will apply to all DCUC customers for all DCUC services. There is no customer that will be exempt from these rates.

The requested rate increase will allow us to continue to operate and maintain the facilities and equipment necessary to provide you with reliable water service and meet the stringent water quality standards of Washington State.

	Current Monthly Rate	Proposed Monthly Rate
Base Charge, zero cubic feet		
• 1" meter service	\$18.00	\$30.00
• 2" meter service	\$59.95	\$96.00
• 3" meter service	\$95.94	\$180.00
• 8" meter service	\$180.00	\$800.00

**Usage Rates Zero Allowance**

<b>Meter Size</b>	<b>Meter Size Factor</b>	<b>1<sup>st</sup> Block (cu.ft.)</b>	<b>1<sup>st</sup> Usage Rate*</b>	<b>2<sup>nd</sup> Block (cu.ft.)</b>	<b>2<sup>nd</sup> Usage Rate*</b>	<b>3<sup>rd</sup> Block (cu.ft.)</b>	<b>3<sup>rd</sup> Usage Rate*</b>
1-inch	1.00	0 – 600	\$1.50	601 – 1,200	\$3.40	Over 1,200	\$3.40
2-inch	3.50	0 – 1,920	\$1.50	1,921– 3,840	\$3.40	Over 3,840	\$3.40
3-inch	6.00	0 – 3,600	\$1.50	3,601– 7,200	\$3.40	Over 7,200	\$3.40
8-inch	32.00	0 – 12,000	\$1.50	12,001– 24,000	\$3.40	Over 24,000	\$3.40

\* Usage rates(s) are based on consumption per cubic foot (cu.ft.).

**Non Potable Irrigation Monthly Rates:**

For all connections prior to the third pump station                   \$25.00 / acre of irrigation  
For all connections after the third pump station                   \$37.50 / acre of irrigation

If you have questions about the proposed filing and how it may affect you, please call Mark Peterson at the Desert Canyon Utility Company (509) 264-1882.

The Utilities and Transportation Commission (commission) has the authority to set final rates that may vary from the company’s request rates, depending on the results of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for May 27, 2016 at 9:30 AM. You will have an opportunity to comment in person at this meeting. The UTC is committed to providing reasonable accommodations to participants with disabilities. If you need reasonable accommodation, please contact the commission at (360) 664-1132 or [humanresources@utc.wa.gov](mailto:humanresources@utc.wa.gov).

If you are unable to attend the open meeting, the commission has a bridge line which enables you to participate or listen by telephone. Call 360-664-1234 for instructions the day before the open meeting. You can also comment by using the “Public Comment” feature at the commission’s Web site at [utc.wa.gov](http://utc.wa.gov) or by using the contact information below.

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Sincerely,

Mark Peterson, Attorney for  
Desert Canyon Utility Company