

Agenda Date: September 11, 2002
Item Number: A5

Docket: UW-021140
Company Name: Frog Pond Waters, Inc.

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Affairs Specialist
Penny Hansen, Public Involvement Coordinator
Mary Tennyson, Assistant Attorney General

Recommendation:

Issue a Complaint against Frog Pond Waters, Inc., for violations of RCW 80.28.080 requiring the Company to charge rates in its approved and effective tariff.

Discussion:

On June 24, 2002, Frog Pond Waters, Inc., (Frog Pond Waters or Company) filed for a general rate increase of \$34,393 (25 percent) of annual revenue, under docket number UW-020822. Frog Pond Waters received its last increase in June 1997. Frog Pond Waters serves approximately 493 customers in the Seabeck area of Kitsap County.

On July 26, 2002, the Commission issued an order in Docket No. UW-020822 suspending the tariff pending investigation by Commission staff. The proposed tariff revisions are still suspended at this time. The Commission has received no comments regarding this filing.

Commission Staff conducted an investigation of the Company's operations. In the course of its investigation, Commission Staff noted that the water company was to install meters after the last rate case in 1997, Docket No. UW-970919. The Commission's Order, issued June 6, 1997, included the following language:

Revised rates would generate approximately \$28,000 annually. This revenue increase would be the result of installation of meters and use of a staff proposed metered rate. Staff believes that by using meters, the company would reduce its overall demand for water and help eliminate revenue shortfalls. To encourage the company to install meters, the revised flat rate will expire December 31, 1998, and charges will fall to the base meter rate.

Since that time no meters have been installed. Despite this tariff page expiring, the Company continued to charge customers at the flat rate, from January 1, 1999 to present.

The Company bills its customers for water service every two months, one month in advance and one month in arrears. Therefore, between January 1, 1999, to the present, there have been 22 billing

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periods. For each of these billing periods, the company has charged its customers a rate that is not approved. Under RCW 80.28.080, a water company may only charge published rates.

Therefore, Staff recommends that the Commission Issue a Complaint against Frog Pond Waters, Inc., for violations of the statute requiring the Company to charge rates in its approved and effective tariff.