

Agenda Date: June 27, 2003

Item Number: A2

Docket: UW-030850
Company Name: Harbor Springs Water Co., Inc.

Staff: Jim Ward, Regulatory Analyst

Recommendation:

Issue a Complaint and Order Suspending the Tariff Revisions filed by Harbor Springs Water Co., Inc., in Docket UW-030850.

Background:

On June 3, 2003, Harbor Springs Water Co., Inc., (Harbor Springs Water or Company) filed to start a meter rate for water service. Harbor Springs water system serves approximately 126 active customers, with 40 customers currently metered and is located south of Gig Harbor in Pierce County.

The shift to metered rates should benefit both the customers and company. With metered rates, all customers will pay only for what they use. Currently the flat rate charged is \$44.85 per month. The Company is using 1,200 cubic feet as the average monthly usage per customer. By applying metered rates, the company is hoping to reduce peak demands and help provide consistent water service. The metered rate should equate to the same flat rate revenue the company is currently generating. (Attachment 1)

WAC 480-110-425 requires water companies to provide 30 days advance notice to customers prior to a rate increase. To ensure customers are aware of this change and to accommodate the Company's request to implement the rates at the next billing cycle, an exemption of Commission rule is needed. Harbor Springs stated the reasons for requesting the exemption was to ensure metered rates were in place prior to the higher summer usage months. Customers have been informed of the shift to metered rates prior to the effective date, however a full 30 days notice did not occur due to a weekend and holiday.

The company has not maintained any water usage history in the past and the 1,200 cubic feet being proposed is a simple average with no basis for this company. By implementing a metered rate now without all customers being metered, Staff believes that some customers will be paying more due to higher summer usage patterns. If metered rates are approved, Staff requests meter usage and revenue monthly by customer for a period of twelve months. Additionally, Staff requests an aggressive metering plan to ensure all customers are metered soon.

The Commission received five letters and one petition with 75 signatures opposed. Customers believe the proposed meter rate is a form of discrimination because not all customers have meters. Customers request the commission not to act on this proposal because the company is facing condemnation. Customers have stated the company has not provided data to back up its proposal for metered rates. Customers are concerned about the reliability of their water system. Consumer Affairs received one call regarding water quality. The Company and DOH have been made aware.

Another complaint was received regarding water outages and water pressure. Currently Staff is waiting for the company's response. The current and proposed rates are provided below:

<u>Rates</u>	<u>Current</u>	<u>Proposed</u>
Flat Rate Service	\$44.85	Meters
Base Rates	N/A	\$ 29.15
Usage (per 100 cubic feet or portion thereof)		
0-500 Cubic Feet	N/A	\$.85
500 – 1,000 Cubic Feet	N/A	\$ 1.40
Over 1,000 Cubic Feet	N/A	\$ 1.85

Conclusion

The Company has not 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 Harbor Springs Water Co., Inc., in Docket UW-030850.

Attachment (1)