

**Pedersen Family Limited Liability Company**

6793 Old Olympic Highway  
Sequim, WA 98382  
(360) 683-5873

December 20, 2013

Steven V. King  
Executive Director and Secretary

Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, Washington 98504-7250

Subject: Request for Water Rate Increase for Dungeness Bay Plats Water System

Dear Mr. King:

The Soren Pedersen Water Company is now owned by his Family here in Sequim. We named the new company the Pedersen Family Limited Liability Company (LLC). Our Utilities and Transportation Commission recently approved the change of name and transfer of ownership to the Pedersen Family LLC.

Our LLC now has the responsibility set before us to file for a rate increase with the Washington State Utilities and Transportation Commission, and in so doing, request a proposed five dollars and fifty cent adjustment to the fifteen dollar regulated rate granted in 2000.

**Copper Corrosion Control Requirements 20300E**

It has become evident that previous years expenses were met with new residential development rather than monthly water bills. With the growing concern to meet the compliance for Lead and Copper Rules, Dungeness Bay Plats expenses have increased dramatically between engineering, DOH regulation review fees, new pumps and chemicals required, and ongoing testing. Our Engineers, DOH and the Soren Pedersen Water Co. created a Pilot Project for Corrosion Control. As time elapsed cost grew and one way to pay these costs was connection fees and some business financing. The water quality has since improved and the costs associated with corrosion control have leveled off to a more normal inflation rate. The cumulative 2013 expenses for this item alone was \$3,800.00.

**Municipal Water Law and the subsequent Water Use Efficiency Rule 20300E**

With Commission approval our goals for Water Use Efficiency could begin again. There is a set of requirements to monitor water consumption in measurable amounts, set goals to that affect, and account for savings by not wasting water. This is done through a public process which may or may not persuade customer participation. However, one requirement is the metering of residential development in our community water system. It is ongoing and our goal is to complete the Meter Project affordably for all our water systems by 2020. It is an estimate that \$4,000.00 a year could be adequate for the foreseeable future.

**Maintenance and Reserve**

20300E

Our Maintenance Programs includes flushing, chlorinating the system, installing and reading meters and tending to the eventual replacement of pumps and motors at our water plant. We estimate we need a reserve fund of \$3,500.00 per year to meet the meter installation deadline of 2017.

#### Service Impact

The Treatment plant and the Corrosion Control Requirements take up \$1.92 of the \$5.50, this is 34.9% of the proposed rate and 9.4% of the proposed monthly rate of \$20.50.

The Distribution plant, which I believe, entails the Municipal Water Law and the Water Use Efficiency Requirements take \$2.02 of the \$5.50 this is 36.7% of the proposed rate and 9.9% of the proposed monthly rate.

The General plant consisting of maintenance programs and projects such as flushing mains, installing meters, and chlorinating take 28.0% of the \$5.50 being \$1.54 and that is 7.5% of the \$20.50, the proposed monthly rate per single residential connection.

In preparing this rate increase we incurred a few additional costs which we did not originally anticipate. These costs are; the customer notice mail out cost of \$1.00 per customer for a total of \$166.00 and labor assistance in preparing these documents for the UTC of \$2,100.00. We request these costs to be a single year expense because we plan to apply for an additional rate increase next year.

We believe the \$5.50 flat rate increase will cover our current expenses. We request this rate increase with the understanding that we need to move towards a metered rate and work with Jim Ward, UTC, during this next year to create a more realistic rate structure to meet our ongoing costs of operation over the next several years.

Attached is a copy of the following:

- Customer notice, dated December 20, 2013.
- WN U-3 tariff.
- The corporation profit.
- The balance sheet.
- The depreciation schedule.
- Water usage spreadsheet.

If you have any questions or require additional records please contact us at the above address or by email [solmarwater@gmail.com](mailto:solmarwater@gmail.com) or phone at (360) 683-7191.

Sincerely,



Martin Pedersen  
Pedersen Family LLC

Attachments