



December 10, 2009

David W. Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
Post Office Box 47250
Olympia, WA 98504-7250

Subject: Suncadia Water Company, LLC
Compliance Action due 12.15.2009 for docket UW-081226 Dated October 30, 2008
Water Usage "True-Up"

Dear Mr. Danner,

During the rate setting process for the Suncadia Water Company (the Company), finalized in November, 2008, deferred accounting treatment was applied to the variable portion of the purchased water component in the usage charges. At that time a requirement was made to "true-up" the difference between projected and actual water usage after 12 months. The manner in which the true-up is to be performed is contained in Attachment C of the above referenced Docket dated October 30, 2008.

After an analysis of the system-wide water usage it was determined that the actual consumption water usage in the past 12 months was lower than the system-wide predicted water consumption (used to set the tariff approved consumption rate) by 1,722,524 gallons, or approximately 2.2%. This results in a true-up adjustment amount of \$0.10 per 1000 gallons, or a total of \$7,168.61 due from the rate payers. The attachments to this letter titled *Water Usage "True-Up"* and *Historical Data* are included for your review.

Rather than adjusting monthly statements to bill each customer for the amount due, the Company is petitioning the Commission for relief from the provisions of Docket UW-081226 that requires collection of the amount due. Please see the attached Petition for more details.

The Company will wait for confirmation from the Commission that the true-up is being calculated correctly. In addition, the Company will wait for a decision from the Commission regarding the Petition before taking any action related to the collection of the additional dollars.

Thank you,

A handwritten signature in black ink, appearing to be "Cape Powers", written over a long horizontal line.

Cape Powers
Director of Utilities

4424 Bullfrog Road, Suite 1, Cle Elum, WA 98922
Phone: (509) 649-6370 Fax: (509) 649-6388
Utility Billing Assistant: Gayle Flatau @ gflatau@suncadia.com
Director of Utilities: Cape Powers @ cpowers@suncadia.com

OFFICE HOURS
8:00 AM TO 4:00 PM DAILY

what we would like to do here. If the true-up amount was larger, we would want to collect or refund the amount, but it just doesn't seem to make sense given the magnitude of the dollars involved and the lack of negative consequences of foregoing collection.

3. The Company strives to provide a high level of communication with our very interactive customer base. Collection of the dollars due will require mailing a letter to all of our customers with a detailed explanation. Because we do postcard standard billings, we cannot simply include a letter with our monthly statements. The Company would like to avoid the expense of the extra mailing.
4. The Company is required to submit a new rate case no later than May 1, 2010. Any negative impacts to the Company with regards to foregoing collection of this small amount of revenue could be taken into account at that time.

Given the above, the Suncadia Water Company believes that granting relief from the requirement to collect the true-up amount due is in the best interest of the Public. Granting relief does not jeopardize the ongoing viability of the Company, and nor does it prejudice the customers in any manner.

Sincerely,

A handwritten signature in black ink, appearing to be 'Cape Powers', written over a long horizontal line that spans across the page.

Cape Powers
Director of Utilities

Suncadia Water Company, LLC

December 7, 2009

Historical DATA

Month	Water Purchased from Cle Elum (CF)	Water Purchased from Cle Elum (1,000 gal)	Variable Cost of water from Cle Elum	Consumption Rate (per 1000 gallons) = \$			Revenue from Metered Consumption
				Total Metered Commercial Consumption (gallons)	Total Metered Residential Consumption (gallons)	Total Metered Consumption	
2008 Nov	449465	3,362,000	\$ 1,569	950,030	502,370	1,452,400	\$ 3,660
2008 Dec	429947	3,216,000	\$ 1,501	-	-	-	\$ -
2009 Jan	437299	3,271,000	\$ 1,526	2,375,410	-	2,375,410	\$ 5,986
2009 Feb	348128	2,604,000	\$ 1,215	648,620	-	648,620	\$ 1,635
2009 Mar	231110	1,728,700	\$ 807	1,184,370	15,150	1,199,520	\$ 3,023
2009 Apr	398342	2,979,600	\$ 1,390	3,147,050	4,064,620	7,211,670	\$ 18,173
2009 May	1213556	9,077,400	\$ 4,235	5,707,970	2,514,614	8,222,584	\$ 20,721
2009 Jun	1594519	11,927,000	\$ 5,565	6,436,076	4,234,472	10,670,548	\$ 26,890
2009 Jul	2079291	15,553,100	\$ 7,257	10,043,140	6,373,767	16,416,907	\$ 41,371
2009 Aug	2093061	15,656,100	\$ 7,305	8,746,550	6,348,154	15,094,704	\$ 38,039
2009 Sep	1344880	10,059,700	\$ 4,694	4,463,350	4,180,953	8,644,303	\$ 21,784
2009 Oct	472380	3,533,400	\$ 1,649	1,736,900	1,448,910	3,185,810	\$ 8,028
		82,968,000	\$ 38,711	45,439,466	29,683,010	75,122,476	\$ 189,309
				60.5%	39.5%		
				System loss = 9.5%			

Notes: Consumption meter reading did not occur consistently in the winter months. This is allowed per the tariff.
 Consumption charges shown above for April include consumption in Dec, Jan, Feb, and Mar, for all residential customers, and most commercial.
 This is allowed per the tariff.