

Agenda Date: December 29, 2004
Item Number: A5

Docket: UW-042132
Company Name: Roche Harbor Water System

Staff: Jim Ward, Regulatory Analyst

Recommendation:

Issue a Complaint and Order Suspending the Tariff Revision filed by Roche Harbor Water System, in Docket UW-042132.

Discussion:

On December 6, 2004, Roche Harbor Water System, (Roche Harbor or Company) filed to implement a new and additional Improvement Charge ranging from \$3,000 to \$50,100 depending on meter size. The Company serves approximately 370 residential customers on San Juan Island.

The Company states that revenues raised from this filing will be used to fund improvements such as new mains and tanks.

Based on the Company's comprehensive water system plan, two projects need to be accomplished in the near future. One is the Pearl Island water line, which has an estimated cost of \$45,000. This has been revised down from the original costs stated in the water plan of \$102,000. The second is the construction of the additional barn tank at a cost of approximately \$222,000. The Company currently has a Facilities Charge in place to help fund future capital projects that ranges from \$3,500 to \$58,450 depending on meter size.

The Commission received one letter in favor of the proposed fee. This letter came from an existing customer, who said he felt the charges were proper for newcomers to the system and not those who have already paid for their own service connections. Several Ready to Serve customers called, and were relieved to find that the proposed fee would not apply to them if approved. These customers did not offer comments regarding this proposal. Current and proposed charges are provided below.

Improvement Charge	<u>Current</u>	<u>Proposed</u>
¾ Inch service	N / A	\$ 3,000
1 Inch service	N / A	\$ 5,010
1 1/2 Inch service	N / A	\$ 9,990
2 Inch service	N / A	\$ 15,990
3 Inch service	N / A	\$ 30,000
4 Inch service	N / A	\$ 50,100

With this proposed charge, the initial cost of a residential connection would be ¾ inch Service Connection at \$1,500, Facilities Charge at \$3,500 and Improvement Charge of \$3,000 for a total of \$8,000, and the initial cost for 4 inch service would be Service Connection at \$25,050, Facilities Charge at \$58,450 and Improvement Charge of \$50,100 for a total of \$133,600.

The Company has not yet 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 Roche Harbor Water System, in Docket UW-042132.