

Peterson & Marquis Law Office

1227 First Street

Wenatchee, WA 98801

April 25, 2016

e-delivery to:

Crollman@utc.wa.gov

Re: Tariff change application for Desert Canyon Utility Co. #3874

Dear UTC,

This letter is intended to fulfill WAC 480-80-104 requirements that there be a transmittal letter with a tariff filing.

Desert Canyon Utility Company (DCUC) seeks to increase rates by approximately \$65,500.00 annually. This would result in an approximate 180.5% increase in annual revenue. Irrigation rates are added to the tariff and charged on a per acre basis. If approved, the rates will be effective on June 1, 2016.

DCUC has not applied for a rate change for 23 years. Since that time the water system and its costs have undergone dramatic changes with the inclusion of a nitrate treatment plant and the reorganization of several of DCUC's major customers. DCUC asks the Washington Utilities Transportation Commission to exercise its jurisdiction in utility rate setting to assure that the rates are equitable to all customers and are sufficient to assure continued stable operation and regulatory compliance of the Utility. DCUC has spent several months working closely with Commission staff to develop the proposed rates. DCUC is grateful for the time, attention and guidance that the Commission staff have provided.

DCUC believes an important aspect of rate setting is making sure that customers are only asked to pay rates that reflect the costs related to the service provided to those customers. That way if that customer group declines or increases the corresponding decreases or increases in revenue and expense does not destabilize the financial health of the Utility. It also assures that all customers are treated fairly. DCUC's system's costs are driven primarily by electrical costs for the non-potable portion of the system and the cost of the treatment plant and regulatory compliance needs of the

potable system. The rates set forth below apportion these costs accordingly. These rates will apply to all DCUC customers for all DCUC services. There is no customer that will be exempt from these rates.

The requested rate increase will allow DCUC to continue to operate and maintain the facilities and equipment necessary to provide reliable water service and meet the stringent water quality standards of Washington State.

Rate	Current Monthly Rate	Proposed Monthly
Base Charge, zero cubic feet		
• 1" meter service	\$18.00	\$30.00
• 2" meter service	\$59.95	\$96.00
• 3" meter service	\$95.94	\$180.00
• 8" meter service	\$180.00	\$800.00

Usage Rates Zero Allowance

Meter Size	Meter Size Factor	1st Block (cu.ft.)	1st Usage Rate*	2nd Block (cu.ft.)	2nd Usage Rate*	3rd Block (cu.ft.)	3rd Usage Rate*
1-inch	1.00	0 – 600	\$1.50	601 – 1,200	\$3.40	Over 1,200	\$3.40
2-inch	3.50	0 – 1,920	\$1.50	1,921–3,840	\$3.40	Over 3,840	\$3.40
3-inch	6.00	0 – 3,600	\$1.50	3,601–7,200	\$3.40	Over 7,200	\$3.40
8-inch	32.00	0 – 12,000	\$1.50	12,001–24,000	\$3.40	Over 24,000	\$3.40

* Usage rates(s) are based on consumption per cubic foot (cu.ft.).

New Non Potable Irrigation Monthly Rates:

For all connections prior to the third pump station
\$25.00 / acre of irrigation

For all connections after the third pump station
\$37.50 / acre of irrigation

I am authorized to pursue these changes on behalf of DCUC.

Thank you for your assistance,



Mark Peterson