

Washington Utilities & Transportation Commission - April 26, 2006

My name is Marilyn Hills and I am the bookkeeper here representing Gold Beach Water Company on rate case docket number UW-060352.

The Gold Beach Community on Vashon Island was developed in the 1960's by Dom Spano who drilled it's first well in 1965. Dom Spano ran the water company until his death 10 years ago, at which time his son, Michael Spano a Civil Engineer in Edmonds, took over it's management.

Page 1. GBW - Rate increase customer notice, March 1, 2006

We are asking to increase our basic water rate by \$3.84 a month or \$8,478.72 @ year.

We have been regulated by WUTC since 1987 under the very same rate design:

0 - 800 cubic feet of water included in the base rate

800 - 3,000 cubic feet of water use in the midlevel rate (per 100 cf)

Over 3,000 cubic feet of water use in the highest level (per 100 cf)

In 6/1987 = \$16.00 / .20 / .35

In 11/1992 = \$20.95 / .25 / .45

In 7/1998 = \$26.16 / .32 / .58 *current rate

When our rate increase letter went out to our current 184 customers, we did not get one call at the office questioning our need to generate more revenue to fund increased Operational Costs and Capital Improvement Expenses. Everyone is well aware that the costs of everything continues to go up and the water company is no exception. That shows 100% "Approval" from those people we serve at Gold Beach. Our annual Consumer Confidence Report keep customers updated on the progress of current projects - customers see the continual improvements being made (a new treatment plant in 2001 and a new tank at midlevel in 2005) and give us their support.

Page 2. WUTC - GOLD BEACH WATER - SUMMARY FOR 8 YEARS

Loss in the last 3 out of 4 years. Increases to Plant from improvements.

Steady 2-5 Hookups each year. DECREASE in Water Usage 2005 - By Conservation.

(* *Note: GBW Customers are already doing a good job Conserving Water!)

Page 3. GOLD BEACH WATER - Profit & Loss 2005

In Income - Owner loaned GBW \$5,000 to help complete midlevel tank project in 2005.

In Expenses - New tank costs = \$25,000 were moved to Plant & are being Depreciated.

Page 4. GBW CAPITAL IMPROVEMENTS SUMMARY - Water System Plan-Page 27

#1 Treatment Plant - Completed "2001" Actual Cost=\$45,000 Projected Cost=\$8,000

#4 Auxiliary Tank - Completed "2005" Actual Cost=\$25,000 Projected Cost=\$4,000

#5 Source Meter - Completed "1998"

#6 Computers - \$500 PC in "1999" & \$1,000 PC in "2004"

Costs on #1 & #4 equal 6 times more than projected and took more time to complete.

#2 Upper Tank - Scheduled to start 2006/2007 (Have DWSRF Loan = \$60,000 waiting)

All Capital Improvements have been financed thru Basic Rate and owner contributions. GBW has No Surcharge Charge; No Reserve Account; or Capital Improvement Fund. Gold Beach Water has no outstanding loan and have not had any loans in 15 years.

FACTS FROM 2005 YEARLY REVENUE:

	Basic Rate:	Mid Rate:	High Rate:	Total Revenue:
1/2-3/1/05 =	\$ 9,417.60	\$ 51.71	\$ 00.00	\$ 9,469.31
3/1-5/1/05 =	9,469.92	84.01	82.43	9,636.36
5/1-7/1/05 =	9,469.92	373.65	27.63	9,871.20
7/1-9/1/05 =	9,469.92	1,043.67	621.58	11,135.17
9/1-11/1/05=	9,626.88	393.25	6.73	10,026.86
11/1-1/1/06=	9,626.88	89.62	45.09	9,761.59
2005 Totals=\$	57,081.12	2,035.91	783.46	\$ 59,900.49*

*These are field numbers, so are not as accurate as actual dollars received.

GBW above numbers show that Basic Rate = 96% and High Use = 4%!

As the above numbers show, the biggest share of our revenue comes from our basic rate design. I feel it would be jeopardizing the financial stability of the water company not to charge a Basic Rate for 0 to 500 cubic feet of water each month. GBW needs a steady, reliable dollar amount that it can count on every month that's not attached to water usage.

In Washington State all it's residents own all of our water. What a water company sells is our services and the costs to bring water to a customer's home. A Basic Rate is fair to all customers because they all benefit from improvements and should share the costs even if less than 500 cf is used each month. I do not feel some subsidizing others is a problem.

Page 5 & 6. Comparison of Revenue under 3 Alternatives: From Actual 2005 Usage
 184 x 6 = 1104 Events. Revenue from Base Rate: Marilyn's = 91.2% Jim's = 84.2%
 Existing Rate = 95.4%

Staff agrees that an increase of \$8,479 is justified after their review of the GBW books. After 3 months time, staff is recommending to suspend our tariff filing. Staff believes a zero allowance rate design is fair to both the company and the customer. It is not fair and reasonable to GBW if you look at the actual 2005 usage in the attached chart.

Page 7. Staff's 2005 Crossover Chart based on an average of 913 cubic feet of water. This method would generate approximately the same rate of \$30. per customer providing all customers used 500 cubic feet of water each month and produces a \$4,000 shortfall.

GBW bills every 2 months = 1/1-3/1-5/1-7/1-9/1-11/1. With a May 1, 2006 effective date, GBW customers would receive their first revised bill on 7/1/06. If our tariff filing is rejected, we would be forced to wait another 2 months and the new rate would show up on the 9/1/06 billing with the higher summer water usage included. I am asking that you approve the GBW tariff filing as submitted using a Basic Rate Design=\$30 for 0-500 cf.

Gold Beach Water Company, Inc.
P.O. Box 2138
Vashon, WA 98070
206 463-9958
March 1, 2006

IMPORTANT NOTICE

GOLD BEACH WATER COMPANY, INC. has asked the Washington Utilities and Transportation Commission for permission to increase it's basic water rates by 3.84 a month/ or \$46.08 per year @ 184 customers = \$8,478.72 per year increase. Proposal filed under WUTC docket number UW-060352. If approved, the new rates will become effective May 1, 2006 - with the first revised billing due on July 1, 2006. This rate change will help cover increased **OPERATIONAL COSTS** and **CAPITAL IMPROVEMENT EXPENSES** and will encourage **WATER CONSERVATION**. Our last rate revision was 8 years ago - July, 1998.

Below is a comparison of the current and proposed rates. All rates are monthly rates with billings every two (2) months.

RATE SCHEDULE - METERED SERVICE	CURRENT RATE	PROPOSED RATE
All usage up to 800 Cubic Feet	\$ 26.16	
All usage up to 500 Cubic Feet (Base rate per month)		\$ 30.00
Usage over 800 up to 3,000 Cu.Ft.	.32	
Usage over 500 up to 2,500 Cu.Ft. (Per 100 Cubic Feet)		.50
Usage over 3,000 Cubic Feet	.58	
Usage over 2,500 Cubic Feet (Per 100 Cubic Feet)		1.00

“The commission has the authority to set final rates that may be different from those requested, based on the results of their investigation.” If you have questions about this filing, please call the Company at 463-9958. If you wish to comment on this request or have question about the rate making process, you may contact the Commission at the following address:

WASHINGTON UTILITIES & TRANSPORTATION COMMISSION
P.O. Box 47250, Olympia, WA 98504-7250
1-800-562-6150 (Toll Free)

Open Commission meeting on 3/15/06 @ 9:30 AM @ 1300 S. Evergreen Park Dr. SW, Olympia

If you would like to comment on this proposal, send your written comments to the above address or by email to comments@wutc.wa.gov. If you would like to be on the mailing list for open commission meeting held in Olympia, Washington, you may write or call the toll free number listed above and leave your name & address. Commission decision due at open meeting on 4/26/06 @ 9:30 AM in Olympia. Current information about this filing is at <http://www.wutc.wa.gov>.

Sincerely, R. Michael Spano, President
Gold Beach Water Company, Inc.

WUTC - GOLD BEACH WATER - SUMMARY FOR 8 YEARS:

	1998	1999	2000	2001	2002	2003	2004	2005
Income	\$ 48,158	\$ 55,397	\$ 55,200	\$ 56,909	\$ 57,914	\$ 62,929	\$ 59,784	\$ 59,030
Expenses	- 43,227	- 44,125	- 52,675	- 42,186	- 58,273	- 64,440	- 58,721	- 60,597
Profit/or								
Loss	\$+ 4,931	\$+11,272	\$+ 2,525	\$+ 14,723	\$ (-359)	\$(-1,511)	\$+ 1,063	\$(-1,567)

Plant: 1997 \$ 124,936

Plant: '98 \$127,317 \$127,317 \$122,778 \$161,892 \$165,590 \$165,590 \$166,660 \$195,000

Less Depr.- 53,229 - 6,700 - 55,398 - 59,471 - 68,137 - 73,285 - 78,133 - 83,210
Accum.

\$ 74,088 \$122,778 \$ 67,380 \$102,421 \$ 97,453 \$ 92,305 \$ 88,527 \$111,790

12%
\$13,415⁰⁰

CIAC \$ 23,455 \$ 26,755 \$ 27,280 \$ 28,005 \$ 29,055 \$ 29,580 \$ 30,405 \$ 31,980

Water		2,062,808		1,833,113		2,323,794		2,002,322
Usage:	2,364,738		2,197,346		2,020,210		2,294,838	
In Cubic Feet								

Connections

Service	163	165	167	172	175	177	178	180
Added	2	2	5	3	2	1	2	4
Total	165	167	172	175	177	178	180	184

GBW Profit & Loss - 2005

1/1/05 Through 12/31/05

Category Description	1/1/05- 12/31/05
INCOME	
GBW Corp Deposit	5,000.00
Hook-Up Fee	1,575.00
Other Inc	455.28
Water Sales	58,334.35
TOTAL INCOME	65,364.63
EXPENSES	
Bank Charge Exp	323.10
Bank Chrg	71.18
Casual Labor	5,286.30
Chemicals-Matts	2,365.96
GBW Corp. Draw	600.00
Insurance	1,380.00
License Fees	59.00
Management Fee	3,600.00
Meals & Entert.	20.00
Misc. Expense	125.45
Office Expenses	709.34
Office Rent Exp	2,640.00
Operator Maint. Labor	12,270.18
Postage Expense	390.74
Prof. Services	12,185.61
R.E. Taxes	384.88
Repairs-Equipt	9,784.62
Tank Construction	19,293.10
Tax, Business	2,829.12
Telephone Exp.	2,274.62
Transportation Exp.	1,774.82
Utilities Expense	5,311.89
Water Testing	636.99
TOTAL EXPENSES	84,316.90
TOTAL INCOME - EXPENSES	-18,952.27

6.1.5 Improvement #5

Under an operating agreement dating back to the inception of the Gold Beach Community development, the Gold Beach Community Club has never been billed for water used at its facility. To adequately monitor use and loss within the system, Gold Beach Water Company has installed a meter to measure the amount of water used by the Community for its clubhouse and pool.

6.1.6 Improvement #6

Office support equipment is badly antiquated. To maintain the level of professionalism expected of modern utilities today, new equipment will be purchased. Equipment either being replaced or obtained for the first time includes but is not limited to: computer; printer; copy machine; FAX machine.

6.2 Costs and Schedule of Improvements

Costs and schedule of satisfaction can be found in the Capital Improvement summary table below:

Table 6.2 Capital Improvement Summary

Problem	Solution	Start Date	End Date	Cost	
#1) Corrosiveness	Design & install treatment	Oct, 1997	Sept, 1999	\$ 8000.00	(✓) Done "2001"
→ #2) Upper zone pressure	Install taller tank	Jan, 1998	Sept, 1999	35000.00	\$45,000.00
#3) Storage leakage	a) seal interior w/ sealant	Oct, 1998	Sept, 1999	5100.00	
	b) seal interior w/ bladder	Oct, 1998	Sept, 1999	Unknown	
	c) seal interior w/ fiberglass	Oct, 1998	Sept, 1999	Unknown	
#4) Avoid service interruption	Install reserve reservoir	June, 1998	Sept, 1999	4000.00	(✓) Done 2005
#5) Establish source/use base*	Install meter	March, 1998	March, 1998	500.00	\$25,000.00
#6) Out-dated equipment	Purchase office equipment	Jan, 1999	Jan, 1999	5000.00	(✓) Done
	* In 1999 PC = \$500.00; in "2004" PC = \$1,000.00				(✓) Done

* completed

NOTE: Only one of the solutions listed for problem #3 will be selected. Therefore, the sum of items listed in the 'Cost' column does NOT represent a total of expected Capital Improvement expenses.

Comparison of Revenue under Three Alternatives

CONSUMPTION		2 Month Billing Events	REVENUE			Annual Usage (cu. ft.)
Range	Average		Marilyn's Proposal	Jim's Proposal	Existing Rates	
0	0	19	\$1,140	\$998	\$994	0
1 to 200	100	55	\$3,300	\$2,915	\$2,878	5,500
201 to 400	300	77	\$4,620	\$4,158	\$4,029	23,100
401 to 600	500	70	\$4,200	\$3,850	\$3,662	35,000
601 to 800	700	91	\$5,460	\$5,096	\$4,761	63,700
801 to 1000	900	120	\$7,200	\$6,840	\$6,278	108,000
1001 to 1200	1100	88	\$5,324	\$5,104	\$4,604	96,800
1201 to 1400	1300	111	\$6,827	\$6,549	\$5,808	144,300
1401 to 1600	1500	93	\$5,813	\$5,580	\$4,866	139,500
1601 to 1800	1700	59	\$3,747	\$3,599	\$3,106	100,300
1801 to 2000	1900	39	\$2,516	\$2,418	\$2,078	74,100
2001 to 2200	2100	23	\$1,507	\$1,449	\$1,240	48,300
2201 to 2400	2300	23	\$1,530	\$1,472	\$1,255	52,900
2401 to 2600	2500	19	\$1,283	\$1,235	\$1,049	47,500
2601 to 2800	2700	26	\$1,781	\$1,716	\$1,452	70,200
2801 to 3000	2900	15	\$1,043	\$1,005	\$847	43,500
3001 to 3200	3100	21	\$1,481	\$1,428	\$1,200	65,100
3201 to 3400	3300	14	\$1,001	\$966	\$809	46,200
3401 to 3600	3500	17	\$1,233	\$1,190	\$993	59,500
3601 to 3800	3700	14	\$1,029	\$994	\$827	51,800
3801 to 4000	3900	7	\$522	\$504	\$418	27,300
4001 to 4200	4100	10	\$755	\$730	\$603	41,000
4201 to 4400	4300	5	\$383	\$370	\$305	21,500
4401 to 4600	4500	5	\$388	\$375	\$308	22,500
4601 to 4800	4700	9	\$707	\$684	\$560	42,300
4801 to 5000	4900	3	\$239	\$231	\$189	14,700
5001 to 5200	5100	6	\$486	\$471	\$381	30,600
5201 to 5400	5300	6	\$498	\$483	\$385	31,800
5401 to 5600	5500	4	\$340	\$330	\$259	22,000
5601 to 5800	5700	6	\$522	\$507	\$393	34,200
5801 to 6000	5900	3	\$267	\$260	\$198	17,700
6001 to 6200	6100	2	\$182	\$177	\$134	12,200
3101 to 3200	6300	1	\$93	\$91	\$68	6,300
3201 to 3300	6500	5	\$475	\$463	\$347	32,500
3301 to 3400	6700	1	\$97	\$95	\$70	6,700
3401 to 3500	6900	3	\$297	\$290	\$215	20,700
3501 to 3600	7100	3	\$303	\$296	\$218	21,300
3601 to 3700	7300	1	\$103	\$101	\$74	7,300
3701 to 3800	7500	2	\$210	\$205	\$150	15,000
3801 to 3900	7700	2	\$214	\$209	\$153	15,400
3901 to 4000	7900	2	\$218	\$213	\$155	15,800
4001 to 4100	8100	2	\$222	\$217	\$157	16,200
4101 to 4200	8300	2	\$226	\$221	\$159	16,600
4201 to 4300	8500	2	\$230	\$225	\$162	17,000
4301 to 4400	8700	1	\$117	\$115	\$82	8,700
4401 to 4500	8900	1	\$119	\$117	\$83	8,900
4501 to 4600	9100	0	\$0	\$0	\$0	0
4601 to 4700	9300	3	\$369	\$362	\$257	27,900
4701 to 4800	9500	0	\$0	\$0	\$0	0
4801 to 4900	9700	1	\$127	\$125	\$88	9,700
9801 to 10000	9900	1	\$129	\$127	\$89	9,900
10001 +	12920	11	\$1,751	\$1,724	\$1,172	142,117
TOTALS:		1104	\$72,617	\$68,873	\$60,565	1,991,117
Revenue from the Base Rate:			\$66,240	\$57,960	\$57,761	
Percent of total revenue:			91.2%	84.2%	95.4%	

Gold Beach Water Company
 UW-060352
 Bill Crossover Chart

Attachment 2

Cu Ft Used	Current			Revised			Difference to Current	% Change	
	Base Charges	Usage	Bill	Base Charges	Usage 1 \$0.50	Usage 2 \$1.00			Bill
0	\$26.16		\$26.16	\$26.25	\$0.00		\$26.25	\$0.09	0.34%
100	\$26.16		\$26.16	\$26.25	\$0.50		\$26.75	\$0.59	2.26%
200	\$26.16		\$26.16	\$26.25	\$1.00		\$27.25	\$1.09	4.17%
300	\$26.16		\$26.16	\$26.25	\$1.50		\$27.75	\$1.59	6.08%
400	\$26.16		\$26.16	\$26.25	\$2.00		\$28.25	\$2.09	7.99%
500	\$26.16		\$26.16	\$26.25	\$2.50		\$28.75	\$2.59	9.90%
600	\$26.16		\$26.16	\$26.25	\$3.00		\$29.25	\$3.09	11.81%
700	\$26.16		\$26.16	\$26.25	\$3.50		\$29.75	\$3.59	13.72%
800	\$26.16		\$26.16	\$26.25	\$4.00		\$30.25	\$4.09	15.63%
900	\$26.16	\$0.32	\$26.48	\$26.25	\$4.50		\$30.75	\$4.27	16.13%
913	\$26.16	\$1.64	\$27.80	\$26.25	\$4.57		\$30.82	\$3.01	10.84%
1,000	\$26.16	\$1.92	\$28.08	\$26.25	\$5.00		\$31.25	\$3.17	11.29%
1,100	\$26.16	\$2.24	\$28.40	\$26.25	\$5.50		\$31.75	\$3.35	11.80%
1,200	\$26.16	\$2.56	\$28.72	\$26.25	\$6.00		\$32.25	\$3.53	12.29%
1,300	\$26.16	\$2.88	\$29.04	\$26.25	\$6.50		\$32.75	\$3.71	12.78%
1,400	\$26.16	\$3.20	\$29.36	\$26.25	\$7.00		\$33.25	\$3.89	13.25%
1,500	\$26.16	\$3.52	\$29.68	\$26.25	\$7.50		\$33.75	\$4.07	13.71%
1,600	\$26.16	\$3.84	\$30.00	\$26.25	\$8.00		\$34.25	\$4.25	14.17%
1,700	\$26.16	\$4.16	\$30.32	\$26.25	\$8.50		\$34.75	\$4.43	14.61%
1,800	\$26.16	\$4.48	\$30.64	\$26.25	\$9.00		\$35.25	\$4.61	15.05%
1,900	\$26.16	\$4.80	\$30.96	\$26.25	\$9.50		\$35.75	\$4.79	15.47%
2,000	\$26.16	\$5.12	\$31.28	\$26.25	\$10.00		\$36.25	\$4.97	15.89%
2,500	\$26.16	\$6.72	\$32.88	\$26.25	\$12.50		\$38.75	\$5.87	17.85%
3,000	\$26.16	\$9.62	\$35.78	\$26.25		\$17.50	\$43.75	\$7.97	22.28%
3,500	\$26.16	\$12.52	\$38.68	\$26.25		\$22.50	\$48.75	\$10.07	26.03%
4,000	\$26.16	\$15.42	\$41.58	\$26.25		\$27.50	\$53.75	\$12.17	29.27%
4,500	\$26.16	\$18.32	\$44.48	\$26.25		\$32.50	\$58.75	\$14.27	32.08%
5,000	\$26.16	\$21.22	\$47.38	\$26.25		\$37.50	\$63.75	\$16.37	34.55%
5,500	\$26.16	\$24.12	\$50.28	\$26.25		\$42.50	\$68.75	\$18.47	36.73%
6,000	\$26.16	\$27.02	\$53.18	\$26.25		\$47.50	\$73.75	\$20.57	38.68%
6,500	\$26.16	\$29.92	\$56.08	\$26.25		\$52.50	\$78.75	\$22.67	40.42%
7,000	\$26.16	\$32.82	\$58.98	\$26.25		\$57.50	\$83.75	\$24.77	42.00%
7,500	\$26.16	\$35.72	\$61.88	\$26.25		\$62.50	\$88.75	\$26.87	43.42%
8,000	\$26.16	\$38.62	\$64.78	\$26.25		\$67.50	\$93.75	\$28.97	44.72%

Customer Summary

Average	Current	Proposed	Monthly	Change	Annual
913	\$27.80	\$30.82	\$3.01	10.84%	\$36.16