

Agenda Date: May 31, 2006
Item Number: A1

Docket: UW-060761
Company Name: Washington Water Service Company

Staff: Danny Kermode, Regulatory Analysis

Today's presentation provides the opportunity for the customers of Washington Water Service Company to make comments to the commission prior to the commission taking action on the company's filing. No action is required by the Commission.

Staff will present this matter again for commission action on June 14.

Background

On May 10, 2006, Washington Water Service Company (Washington Water) filed proposed rates that would increase its current revenue by approximately \$1,590,000; a 27.8% increase over current rates. The Company serves approximately 15,400 customers on 198 water systems. The systems are located in the seven counties in western Washington including Pierce, Thurston, Kitsap, King and Mason Counties.

The company states in its filing that the rate increase is driven by significant increases in transportation expenses, taxes, insurance and employee health care costs as well as increases in staff levels. Washington Water's proposed rates are scheduled to become effective as of June 15, 2006. The company's last general rate increase was in April of 2002.

The company provided notice to its customers on May 8. The commission received comments from 48 Washington Water Service customers. 46 customers voiced strong opposition to the increase. Thirty eight of the customers providing comments said that the amount of the proposed increase is too much. A number of customers stated that the rates are already too high and the water rates are rising faster than the cost of living.

The vast majority of customers are included in the sample current and proposed monthly metered rates provided below:

Washington Water General Rate

	Current Rate	Proposed Rate	
Base Rate –	\$ 11.20	\$14.28	
No water included in Base			
For water used from – to	Charge per 100 cubic feet	Charge per 100 cubic feet	
0– 400 cubic feet	1.40	1.75	
401 – 1400 cubic feet	1.55	1.98	
Over 1400 cubic feet	1.70	2.48	
*Bill calculated on 1,000 cubic feet of consumption	\$ 26.10	\$ 33.16	27% (\$7.06) Increase

However, the company proposed rates that exceed the 27% average increase, such as the Johanson Water System presented below.

Johanson Water System			
	<u>Current Rate</u>	<u>Proposed Rate</u>	
Base Rate – including 500 cubic feet of water	\$ 20.50		
	Charge per 100 cubic feet		
Over 500 cubic feet.	1.05		
Base Rate – No water included		\$ 18.28	
For water used from – to:		Charge per 100 cubic feet	
0– 400 cubic feet		1.75	
401 – 1400 cubic feet		1.98	
Over 1400 cubic feet		2.48	
*Bill calculated on 1,000 c.f. consumption	\$ 25.75	\$ 37.16	44% (\$11.41) Increase

Also, the Company proposes an increase in its unmetered flat rates by 50% from \$23.20 to \$35.00.

Summary

Washington Water Service Company’s filing is on the commission’s agenda solely to allow interested parties to address the commission with their concerns; it is not on the agenda for a decision from the commission. The filing will be presented to the commission for a decision regarding the filed rates at its June 14 Open Meeting.