

Agenda Date: May 28, 2009
Item Number: A6

Docket: UW-090455
Company Name: Company Seventy-Nine dba Red Mountain Water Association

Staff: Chris Mickelson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendations

Take no action, allowing the proposed rates to become effective June 1, 2009, by operation of law.

Discussion

On March 30, 2009, Company Seventy-Nine dba Red Mountain Water Association (Red Mountain or company), filed with the Utilities and Transportation Commission (commission) tariff revisions proposing to increase rates to generate \$10,000 (20 percent) in additional annual revenue. The company serves 84 customers near Richland, located in Benton County. The proposed rates are prompted by increased costs of operations and the installment of a new well and pump. The company's last general rate increase became effective August 1, 1994.

The proposed rate design removes the 6,000-gallon usage allowance from the base charge, adds two additional usage blocks, and adds upsize meter rates to encourage conservation. All customers receive metered service.

Customer Comments

On April 3, 2009, the company notified its customers of the rate increase by mail. The commission has received one customer comment to date; this customer is in favor of the proposed increase.

Consumer Protection staff advised this customer he may access company documents pertinent to this rate case at www.utc.wa.gov, and www.utc.wa.gov/water and that he may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- This customer supports the proposed increase in rates, however, he would rather see the capital cost spread out and listed as a separate line item on his monthly bill. He stated if all customers gave more, such as, \$10 per month, the cost of the well could be covered in just over four years.

Staff Response

- Staff acknowledges this customers' concern about the spread of the capital cost. Staff's goal is to recommend appropriate rates that will allow the company to recover reasonable operating expenses and provide an opportunity to earn a reasonable return on investment. Appropriate rates play a vital part in ensuring that the company can operate the water system

efficiently and meet safe drinking water standards. Staff notified this customer that the capital costs are figured into the new rates.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Base Rate	\$19.00	\$19.00
0 – 6,000 gallons	N/A	\$0.75
6,001 – 8,000 gallons	\$0.78	\$0.75
8,000 – 80,000 gallons	\$0.78	\$0.91
Over 80,000 gallons	\$0.78	\$1.00

Average Rate Comparison

Average Monthly Usage 86,825 gallons	Current Rate	Proposed Rate
Base Rate	\$19.00	\$19.00
0 – 6,000 gallons	\$0.00	\$4.50
6,001 – 8,000 gallons	\$1.56	\$1.50
8,001 – 80,000 gallons	\$56.16	\$65.52
80,001 – 86,825 gallons	\$5.32	\$6.83
Average Monthly Bill	\$82.04	\$97.35
Increase Amount to Customers		18.6%

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operations and the proposed rates and charges are fair, just, reasonable and sufficient.

Conclusion

Staff recommends the commission to take no action, allowing the proposed rates to become effective June 1, 2009, by operation of law.