

Agenda Date: May 31, 2012
Item Number: A3

Docket: UW-120581
Company Name: Copalis Rocks Mutual Benefit Association

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Allow the rates filed by Copalis Rocks Mutual Benefit Association, on April 26, 2012, in Docket UW-120581 to become effective June 1, 2012, by operation of law.

Discussion

On April 26, 2012, Copalis Rocks Mutual Benefit Association (company) filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$1,463 (6.3 percent) additional annual revenue. The stated effective date is June 1, 2012. The company serves 27 customers north of Ocean Shores in Grays Harbor County. The company filed its initial tariff that became effective February 10, 2011, and this is the company's first rate case filing.

This filing establishes rates based on the cost of providing water service, incorporates the current surcharge mechanism into general rates to reduce accounting expense, and establishes the company's rate base and depreciation schedule to reduce the complexity of future rate filings. Staff examined the company's operating expenses and financial statements. Rate base, historical cost of plant-in-service, and contributions-in-aid-of-construction (CIAC) are always difficult issues with companies new to regulation. Staff found that the company made appropriate regulatory adjustments for historical cost of plant-in-service and CIAC on the company's balance sheet.

The company proposes to continue the current flat-rate rate structure because it does not have sufficient information to calculate a metered rate design. During the 2011 test period, the company installed water meters for all customers, and began reading and collecting water usage information from the customer's meters and the well head meter. The company will need this information to propose metered rates in its next rate filing.

The company also proposed reduced ancillary charges for service connection, meter installation, and service visits.

Customer Comments

On April 2, the company notified its customers of the proposed rate increase by mail. One comment has been received to date opposing the proposed rate increase. Customers were notified that they may access documents about this rate case on the commission's website, and that they

may contact John Cupp at 1-888-333-WUTC (9882) or jcupp@utc.wa.gov with questions or concerns.

Filing Documents and Methodology

- One customer wrote to dispute the cost of installing culvert in a waterline installation project, stating that the culvert was unnecessary and water could be removed from the trenches by pumping it out.

Staff Response

Staff advised the customer that the culvert was not necessary strictly for the installation project; it serves to protect the waterline from a road and hillside that have a history of shifting. Staff relies on the company to use its best judgment in these situations and takes no exception with the cost or accounting treatment of the culvert.

Rate Comparison

Monthly	Current Rate	Proposed Rate
Non-metered Service	\$45.00	\$79.69
Capital Improvement Surcharge	\$30.00	\$0.00
Ready to Serve	\$45.00	\$19.92
Ancillary Charges		
Service Connection	\$1,000.00	\$500.00
Meter Installation	\$350.00	\$250.00
Service Visit	\$100.00	\$85.00
NSF Charge	\$25.00	\$25.00

Monthly Bill Comparison

Monthly	Current Rate	Proposed Rate
Non-metered Service	\$45.00	\$79.69
Capital Improvement Surcharge	\$30.00	\$0.00
Water Bill Total	\$75.00	\$79.69
Increase from Current Rate \$4.69		6.3%

Commission staff has completed its review of the company’s supporting financial documents, books and records. Staff’s review shows that the operating expenses are reasonable and required as part of the company’s operation. The company’s financial information supports the revised revenue requirement and the proposed rates and charges are fair, just, reasonable, and sufficient.

Conclusion

Allow the rates filed by Copalis Rocks Mutual Benefit Association, on April 26, 2012, in Docket UW-120581 to become effective June 1, 2012, by operation of law.