

Agenda Date: April 24, 2014
Item Number: A6

Docket: UW-140549
Company Name: Gold Beach Water Company, Inc.

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

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by Gold Beach Water Company, Inc., on March 31, 2014.

Discussion

On March 31, 2014, Gold Beach Water Company, Inc. (Gold Beach or company), filed a proposed general rate increase that would generate \$14,112 (17.4 percent) additional annual revenue. The proposed general rate increase was prompted by increased operational costs, reduced customer water usage, which decreased revenue, and two proposed replacement water storage tanks. The proposed effective date is May 1, 2014. The company provides water service to 196 residential customers on Vashon Island in King County. The company's last rate change was effective July 1, 2006.

Commission staff has not completed its review of the company's filing, books and records. Staff's concerns include expenses for personal items (e.g. cell phone, Costco membership), employee bonuses, items expensed instead of capitalized, depreciation expense, and treatment of contributions-in-aid-of-construction.

Staff is also reviewing the proposed rate design which includes an allowance of water in the base charge. The company proposes to apply the entire rate increase to the base charge. Staff does not believe the proposed rate design is fair to low volume users and it does not promote conservation.

Customer Comments

On March 28, 2014, the company notified its customers of the proposed rate increase by mail. Staff received one comment in opposition to the proposed rate increase. The customer was told how to access documents about this rate increase on the commission's website, and that he could contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

Business Practices

- The customer believes the company should not have waited eight years to increase its rates. He believes the company should be allowed to raise its rates 4-5 percent, and then seek another increase in a few years.

Staff Response

The customer was advised that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate. There are no rules or statutes that address the frequency at which companies must file for rate increases.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Base Rate, 3/4-Inch Meter	\$29.00	\$35.00
500 CF* Allowance With Base Charge	NA	NA
501 – 2,500 CF, Per CCF**	\$.50	\$.50
2,501 CF and Above, Per CCF	\$1.00	\$1.00
SRF Surcharge Rate***	\$5.00	\$5.00

* CF – Cubic Feet,

** CCF - 100 Cubic Feet,

***Expires upon collect of \$192,607 or on March 1, 2028 whichever occurs first

Monthly Residential Bill Comparison

Monthly Average 734 Cubic Feet	Current Rate	Proposed Rate
3/4-Inch Metered Base w/ 500 CF	\$29.00	\$35.00
234 Cubic Feet	\$1.17	\$1.17
SRF Surcharge	\$5.00	\$5.00
Water Bill Total	\$35.17	\$41.17
Increase From Current Rates - \$6.00		16.6%

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