

Agenda Date: March 14, 2013
Item Number: A6

Docket: UW-130290
Company Name: Swift Asset Management, Inc., dba Marvin Road Water Company

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

Recommendation

Take no action on the request for Less than Statutory Notice and the request for exemption from portions of WAC 480-07-530, work paper filing requirements.

Discussion

This matter is before the commission today only to take comments from the public. The company mailed notice of the proposed increase on February 8, 2013, and advised customers that the commission would consider the matter on March 14, 2013. The filing is scheduled to become effective on March 29, 2013, and the commission will consider this matter at the March 28, 2013, open meeting.

On February 25, 2013, Swift Asset Management, Inc., dba Marvin Road Water Company (company) filed with the Utilities and Transportation Commission (commission) a tariff revision that would increase rates and generate \$36,845 (26.4 percent) additional annual revenue. The proposed three-year surcharge is designed to recover the cost of a failed water distribution line, expenses for emergency temporary repairs, emergency field repairs and to replace corrosion control treatment media. The company serves 248 customers on three water systems located in Thurston County. The proposed effective date is March 29, 2013. The company's last rate increase was effective on April 1, 2004.

The company's filing asks for an exemption from portions of WAC 480-07-530, work paper filing requirements. The company notes that the revenues and expenses are for a specific purpose and that all of the work papers required by WAC 480-07-530 are not necessary.

The company also requests the commission approve the proposed tariffs to become effective on March 15, 2013, on Less than Statutory Notice (LSN). The company's justification for its LSN request is that it originally notified the customers that the commission would consider the proposed rate increase on March 14, 2013.

The proposed surcharge consists of several parts:

1. Recover \$24,197 cost incurred from January 2011 through November 2012 for emergency repairs (including temporary, above-ground pipe to repair a water main break in June 2012) on the Hawk Acres water system (ID# 34505K).
2. Estimated \$57,341 to replace temporary, above-ground pipe that the company installed in part 1 with below-ground permanent pipe. By letter dated October 8, 2012, the

Department of Health identified this as a “significant deficiency” and stated that this “should be completed by October 31, 2012”.

3. Estimated \$5,493 cost to replace corrosion control media on the Horsfall water system (ID# 31845T), which has not lasted as long as originally projected.
4. Financing costs.

Customer Comments

On February 8, 2013, the company notified its customers of the proposed surcharge by mail. Staff received one consumer comment, which opposed the surcharge. Customers were notified that they may access relevant documents about this surcharge on the commission’s website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

General Comments

- The company already collects a surcharge of \$15.35 per month. The addition of the proposed surcharge would be a burden on customers.

Staff Response

The customers were advised that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Current and proposed rates are shown below for the general rate increase.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
EME Surcharge	NA	\$12.36

Customers would pay \$12.36 (25.4 percent) more than the current rates (see “Average Bill Comparison” table below). Currently the company has another surcharge titled State Revolving Fund (SRF) Loan of \$15.35 per month.

Average Bill Comparison

Average Monthly Usage 838 Cubic Feet	Current Rate	Proposed Rate
Base Rate	\$22.00	\$22.00
0 – 838 Cubic Feet	\$11.31	\$11.31
SRF Surcharge *	\$15.35	\$15.35
EME Surcharge **	NA	\$12.36
Average Monthly Bill	\$48.66	\$61.02
Increase From Current Rates		\$12.36
		25.4%

* To expire April 1, 2024, or upon recovery of \$722,029.

** To expire March 29, 2016, or upon recovery of \$110,536.

Conclusion

Commission staff has not completed its review of the company's supporting financial documents, books and records. Staff's review of the filing shows that the request for LSN treatment of the filing for March 15, 2013, is not necessary because the company extended the effective to March 29, 2013, which complies with the 30 day notice requirement and the proposed projects have not been started. Staff has issued data requests to the company and is reviewing the company's responses and the proposed projects.

Take no action on the request for Less than Statutory Notice and the request for exemption from portions of WAC 480-07-530, work paper filing requirements.