

Summit View Water Works
P.O. Box 7224
Kennewick, WA 99338

June 30, 2023

VIA E-FILING

Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Summit View Water Works-Fourth Revised Sheet No. 22 Cancelling Third Revised Sheet No. 22; Second Revised Sheet No. 23 Cancelling First Revised Sheet No. 23: Third Revised Sheet No. 24 Cancelling Second Revised Sheet No. 24

Dear Ms. Maxwell:

DESCRIPTION OF THE FILING:

This filing is being made to address a shortfall in operational revenue. The company feels there is a short fall in both its domestic and irrigation divisions.

SVWW provides Domestic and Irrigation water via two entirely separate piping systems. Most customers receive both Domestic and Irrigation service. However, the company services a number of customers with only Irrigation service.

SVWW provides Domestic service year around. SVWW provides Irrigation service from April 1st to October 15.

REQUESTED ACTION:

The company has evaluated its past and is anticipating its current and future position. Looking into 2023-2024 the company Pro Forma shows a shortfall of \$206,357 annually, including depreciation.

Included in this packet is a two-page document including Revenues and Expenses for 2022 and Pro Forma 2023. This document is marked up with green and pink highlights. Green highlights represent direct domestic expenses. Pink highlights represent direct irrigation expenses. A small number of expenses were split to each according to how management experience determined they applied.

On page 1 of this document expenses are identified as follows...

Domestic -	\$ 96,176.52
Irrigation -	\$ 143,416.48
Shared -	<u>\$ 455,581.23</u>
TOTAL:	\$ 695,174.23

DOMESTIC INCREASE ANALYSIS:

Also included is the “Working Document SVWW Rate Case – 2022”. Lines 4 through 13 show calculations used to apply percentages to Domestic, Irrigation and Shared expenses and how Shared expenses are divided into Domestic and Irrigation shares. The Shared expenses are divided using the same division when applied to Domestic and Irrigation.

Line 15 shows the rate increase needed \$206,357.00.

Line 23 shows the portion of this increase that applies to the Domestic side of the business, 27.00% or \$55,716.39.

Lines 25 through 31 show the calculations for splitting the increase between Base Rate and Usage Rate and the effect on respective rates.

The company requests the base rate for ¾” service increase by \$9.00 (20.45%) and for 1” service increase by \$15.90 (21.90%). The ready to serve rate increases by \$9.00 (20.45%). The usage rate increases of \$0.18 to the 1st billing block; (6.71%) and the usage rate increases of \$1.99 to the 2nd billing block; (59.93%) We feel this continues to support the UTC’s position on conservation. The company would continue to evaluate its needs going forward.

IRRIGATION INCREASE ANALYSIS:

Line 52 shows the portion of the increase that applies to irrigation is 68.47% and/or \$141,294.12.

Lines 54 and 55 show the current rates charged to Outlets (per customer) and per acre.

Line 58 shows that 45.68% or \$64,536.37 should apply to the Outlet Fee, which would increase the Outlet fee for all customers (676) by \$95.47 annually.

Line 59 describes 54.32% of the increase applying on a Per Acre basis and increasing the cost \$76,757.75 on active acres.

Line 61 describes the new OUTLET FEE at \$449.97 annually.

Line 62 describes the new PER ACRE fee at \$517.97 per acre. All lots are prorated for actual acres according to county assessor records.

Line 64 and 65 describe the typical average size lot, .86 acres, and the new rate for irrigation, annually, \$895.42.

Line 67 and 68 show that this is an annual increase of 28.96% for an average size lot within the Summit View irrigation service area.

Lines 71 through 76 show the calculation for gallons of water used during irrigation season on a per month basis.

Lines 78 to 80 show the comparison of gallons of water used irrigation versus domestic. 21.1 times the amount of water delivered to customers per month,

during irrigation season. Irrigation season typically lasts April 15th to October 15th, 7 months.

The company requests the Irrigation Outlet Fee be increased from \$343.24 to \$449.97, and the Per Acre rate be increased from \$408.24 to \$517.97.

WHY THIS FILING IS BEING MADE:

SVWW continues to grow. SVWW has been approved to expand to 740 connections. SVWW has requested an additional 207 connections, to serve within its service area. The management of SVWW expects the company will be at full build out within 20 years.

SVWW last change to its Domestic rates was in November 2018, the rate was \$40.00 plus usage, to the current \$44/month plus Usage.

SVWW last change to its Irrigation rates was in January 2019. Currently lots are charged an Outlet Fee of \$ 343.24/lot, plus a per Acre Charge \$ 408.24/acre prorated to reflect the actual size of the customers lot, based on county assessor records.

SVWW has also experienced increases in expenses such as additional personnel as the company has grown, power, insurance, health insurance, postage, transportation, facility OM&R, COVID related increases, etc.

IMPACT TO SERVICES:

The impact to domestic customers would be an increase to the Usage Rate of \$6.62 per month per customer. This is a 10% increase.

The impact to irrigation customers would be increased to the Outlet Fee of \$ 106.73. This would be a 31.09% increase. (Line 61)

The impact to irrigation customers would be an increase to the Per Acre fee of \$109.73. This would be an increase of 26.88% (Line 62)

DOLLAR AND PERCENTAGE CHANGES FOR EACH SERVICE:

Domestic Change:

- \$9.00 change in base rate for ¾"
- 20.45% change in base rate for ¾"
- \$15.90 change in base rate for 1"
- 21.90% change in base rate for 1"
- \$0.18 change in 1st Block usage
- 6.71% in Block One pricing
- \$1.99 change in 2nd Block usage
- 59.93% in Block Two pricing

Irrigation Change:

- \$106.73 increase to the Outlet Fee, or a 31.09% increase.
- \$109.73 increase to the Per Acre Fee, or a 26.88% increase.

Ready to Serve Change:
\$9.00 increase, or a 20.45% increase.

NET IMPACT TO COMPANY TOTAL REGULATED REVENUE:

The net impact to the company revenue stream would be an additional \$206,357.00.

REVISED TARIFF PAGES:

INCLUDED WITH PACKET.

CUSTOMER NOTICE:

INCLUDED WITH PACKET.

WORK PAPERS:

INCLUDED WITH PACKET.

SEE... "WORKING DOCUMENT SVWW RATE CASE – 2022".

ALSO INCLUDED ARE THE FOLLOWING

- 1) BALANCE SHEET, AND STATEMENT OF REVENUES AND EXPENSES
- 2) DEPRECIATION SCHEDULE
- 3) PROPOSED RESTATING AND PRO FORMA ADJUSTMENTS
- 4) WORK PAPERS EXPLAINING RESTATING AND PRO FORMA ADJUSTMENTS.
- 5) USAGE STATISTICS

The Company's public water system number is #033034. All operations are regulated by WUTC.

AFFILIATED COMPANIES:

Summit View Water Works has relations with four affiliated companies:
Candy Mountain LLC (CMLLC)
Tri City Development Inc
Eagle Butte Vineyards LLC
Candy Mountain Farms LLC

SVWW has no affiliation with these other companies related to domestic water. However, SVWW and Eagle Butte Vineyards, run by CMLLC, use, share and coordinate irrigation water. The two entities have land in common with the DOE irrigation well permits. The irrigation permits were issued under “family farm permit” status, thus SVWW and CMLLC comply with State rules governing this status.

The amount of Agriculture land within the common service area is decreasing, as the number of new domestic and irrigation customers for SVWW is increasing. Currently the acres used are...

Residential 579.13

Vineyard Ag 31.00.

Generally, there is a time (one year) in which land being converted from Ag to Residential is not counted. In other words, it is dry land during conversion from Ag to Residential.

The affiliated company uses the Percentage of Use (POU) method to determine the cost of power and water purchased. A POU page is included with this packet. Each company pays its share based on acres under irrigation, of all power and water bills monthly. However certain water irrigation sources have been attained and are used only to meet peak instantaneous demands of Summit View residential customers, in this case SVWW is charged for 100% of these costs.

SVWW residential customers predominately use water at the same time of day. Irrigation water demand peaks between the hours of 4:00 AM to 10:00 AM. The company instituted a mandatory water schedule in June of 2016. The purpose of the schedule is to spread out the use of water to create even during each 24-hour period. (Irrigation timers that are sold on the commercial market are programmable by day-of-week, and on 12-hour AM/PM cycles.) Customers who complain about low pressure when irrigating are instructed to experiment with different irrigation times.

The schedule is mandatory; however, enforcement is difficult due to the time it would require monitoring. Thus, it is not uncommon to see the affiliate Eagle Butte Vineyards discontinue irrigation during the peak usage times to make water available to SVWW residential customers.

Please let me know if you have any questions concerning this matter.

Sincerely,

/s/ Kirk Rathbun