

WUTC staff report: Yes on Rosario Utility's hike, no on rates, yes on sale

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Editor

Washington State Utilities and Trade Commission (WUTC) staff issued a draft of their recommendations on Aug. 23 which both approves and changes the rate increase requested by Rosario Utilities. The recommendations will be considered at the WUTC commission meeting on Aug. 29. Jim Ward, WUTC regulatory analyst assigned to the Rosario Utilities case said that the final draft will be issued on Monday, Aug. 27, and he expects the final report to be "substantially" the same as the draft.

WUTC staff's other recommendations are that the commission file a "Less Than Statutory Notice" allowing the staff-recommended revised rates become effective on Sept. 1, 2007 (without the usual notice period being observed), and that staff-recommended temporary rates become effective Sept. 1, subject to a refund process, given that there would not be time for customers to see the proposed rate changes.

Ward said that a review and public hearing would be scheduled after 30 days, and refunds may be in order.

The report addresses utility customer comments and both WUTC staff responses and responses from Rosario Utilities, an operations report and a comparison of the rate proposed by Rosario Utilities and the revised rates recommended by WUTC staff.

The draft report states, "Staff believes that all issues have been reasonably considered and addressed, and the company's proposed rate increase can move forward."

WUTC staff found that the utility's requested rate increase to add 62 percent, or \$147,586, to its annual revenue (for a total of \$384,326) could have been increased to 70 percent, or \$166,546, more than what the company requested.

However, the original proposed rates were based on a different rate design, using Equivalent Residential Units (ERUs). The rate design recommended by WUTC staff, based on water usage data, now available through the use of meters installed since the last approved rate increase in 2002.

Ward said that "typically [staff] findings are different from what the requesting company files," and that he was not surprised to find that the requested rate increase was less than what Rosario Utilities could have justified.

Customers of the Rosario Utilities had voiced their concerns through letters, teleconferences, and at several public meetings held this spring and early summer.

The utility had requested an extension of the hearing date, originally scheduled for July 29, in order for the WUTC staff to complete its audit of the company, and address the many questions presented by utility customers and others.

WUTC staff also recommended approval of the joint application by Rosario Utilities and Washington Water Service Company for the sale and transfer of assets of the utility.

The report stated that Washington Water Service will acquire "all operations and assets" of Rosario Utilities for \$948,132, less amounts owed on the State Revolving Fund loans, citing benefits of "professional water system management, in-house engineering and additional financial resources and economies of scale for some expense categories (such as billing and collecting, insurance, etc.)"

New memos and corresponding attachments regarding the case, the related sale to Washington Water Service, and a court filing regarding water rights are on the WUTC website at www.utc.wa.gov. under the titles:

UW-070944 Rosario Utilities rate case

UW-071357 Sale and Transfer of assets to Washington Water Service

UW-071730 Affiliated Interest filing (regarding water rights)

Click on "Water" under "Quick Links" in the right-hand column of our home page, to find the new information in the form of pdf files.

The rate case and sale and transfer issues are still on the agenda for the August 29 open meeting in Olympia.