M E M O R A N D U M

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

STEPHANIE MILLER

DAVE SCHUNKE

DON HOWELL

SCOTT WOODBURY

TERRI CARLOCK

RANDY LOBB

BEVERLY BARKER

TONYA CLARK

DAVID SCOTT

WORKING FILE

DATE:JULY 14, 1998

FROM:BOB SMITH

SUBJECT:UNITED WATER TARIFFS; CASE NO. UWI-W-97-6.

In Randy’s absence, Dave Schunke asked me to review the tariff sheets submitted by the Company for approval.  I have been through the tariffs and believe they will produce the  increase in revenues of $1,915,953 authorized by Order No. 27630 dated July 14, 1998.  After calculating the increases required to each of the tariff schedules, the Company eliminated the revenues that will be foregone by the Company for service to the North State area and the Redwood Creek, Island Woods and Banbury areas.  The rates in these areas are grandfathered for customers on the system at the time of acquisition and will be phased into United’s regular rate schedules over time.  The foregone revenue is $31,480 representing the Company’s agreement to hold the general body of customers harmless from the acquisition of these areas and the agreed rate phase-in programs.

The Company’s tariffs do not reflect an across the board increase in rates and charges of 8.66%.  Rather, the Company has eliminated from the increase calculation those rates and charges that are not subject to change in this case.  Those charges include:  guaranteed revenue contracts, rents on water company property, and other water revenues.

In addition, the Company overlooked Tariff Schedule No. 3, Public Hydrants and Street Sprinkling in its submission.  I have talked to the Company and it is in the process of correcting this oversight.  I have in my possession an unofficial faxed copy of the schedule that will be filed.  Due to the

minor amount of revenue collected from this schedule, this correction will have no effect on the Company’s other submitted schedules.

Included in the filed tariffs is a new Schedule No. 7, Miscellaneous Fees and Charges. The Company has increased its returned check charge from $10.00 to $15.00 (50%), increased its reconnection charge during normal business hours from $15.00 to $20.00 (33 1/3%), and increased its reconnection charge during other than normal business hours from $25.00 to $30.00 (20%).  In addition, the Company has added a new charge of $15.00 for customers who pay their bill at the time an employee of the Company arrives to terminate service.

The charges included in the Schedule No. 7 were included in the Company’s prefiled case.  No party to the case addressed these charges.  The Commission’s Order Nos. 27617 and 27630 issued in this case are both silent on these charges.  The Company has recognized the revenue it would realize from the new Schedule 7 charges in its computations to arrive at the total authorized revenue requirement.

The percentage increase to the various rates and charges are as follows.

Residential customers (including new customers in phase-in areas)8.70%

Commercial Customers 8.71%

Public Authority8.71%

Private Fire Protection 8.75%

Guaranteed Revenue Contracts  -0-

Miscellaneous Service Revenue (See Schedule 7 Discussion)27.21%

Rents on Company Property  -0-

Other Water Revenues  -0-

Total Revenue Increase 8.66%

Total Revenue after eliminating grandfathered acquisitions 8.51%

Does the Commission approve the tariffs as filed?

Does the Commission want to direct the Company to hold the Schedule 7 rates constant

and redistribute the revenue requirement?

Does the Commission wish to hold this for the Next Decision Meeting?

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Bob Smith

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