

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: MICHAEL W. MORRISON

DATE: APRIL 15, 2021

**RE: IN THE MATTER OF THE APPLICATION OF CDS STONERIDGE
UTILITIES, LLC TO CHANGE RATES FOR NON-REFUNDABLE
HOOK-UP FEE FOR NEW WATER CONNECTIONS, CASE NO.
SWS-W-20-01**

BACKGROUND

On June 4, 2020, CDS Stoneridge Utilities, LLC ("Stoneridge", or "Company") applied to increase the fee for a new customer to physically connect Stoneridge's water system from \$1,200 to \$9,735. Stoneridge requested an effective date of July 27, 2020.

On June 25, 2020, the Commission ordered the Application to be processed by modified Procedure, and suspended Stoneridge's proposed effective date to January 26, 2021. Order No. 34702.

On January 5, 2021, the Commission extended the suspension period and set a comment deadline of January 26, 2020, and a reply comment deadline of February 9, 2021. Order No. 34886.

On March 25, 2021, the Commission issued Final Order No. 34969, authorizing Stoneridge to charge hook-up fees as set forth in the Order; directing Stoneridge to charge the minimum monthly rate for a ¾-inch meter and modify its tariff to reflect this change; directing the Company to modify its tariff to reflect a single \$65 reconnect fee; and approving modifications to the definitions section as proposed by Staff. The Commission also ordered Stoneridge to file a conforming tariff within 10 days of the issuance of its order.

On April 8, 2021, Stoneridge submitted a modified tariff to the Commission.

STAFF'S ANALYSIS

Staff reviewed the modified tariff and found that it is not in conformance with Commission Order No. 34969. In particular, Stoneridge made substantial modifications to all of Staff's recommended definitions and included a number of new definitions that were neither reviewed by Staff nor approved by the Commission.

In its Findings and Decision, the Commission wrote, "The Commission also finds it reasonable to approve the new and modified definitions to the Tariff as proposed by Staff and agreed to by Stoneridge. These changes will further clarify what Stoneridge may charge to connect a new customer to its water system." *Id.* at 6. Staff is concerned that the changes made by Stoneridge to Staff's proposed definitions could result in substantially higher hook-up costs for its customers. For example, Stoneridge omitted the Pit Setter from its definition of a Complete Installation. Staff notes that at a cost of \$1,048, the Pit Setter is the single most expensive component of the \$3,500 Complete Installation authorized by the Commission. *Id.* at 5.

Staff is also concerned by the Company's inclusion of at least six definitions that were neither reviewed by Staff nor approved by the Commission. Staff acknowledges that it might be useful to include some of these definitions, such as the proposed definition of "E-Billing," in its definitions list; however, the inclusion of a separate definition for a "Curb Stop Connection" could cause some confusion, since this is not included in the list of connection charges approved by the Commission, and it is not clear who would pay for this sort of connection. Staff believes that these new definitions should either have been submitted for consideration in the current case, or that they should be submitted for consideration in a separate case.

Staff found that the Company properly modified its tariff to reflect the Commission's order directing it to charge the $\frac{3}{4}$ -inch meter fee for customers with either a $\frac{3}{4}$ -inch meter or a 1-inch meter. Staff also found that Stoneridge properly modified its tariff to reflect a single reconnect fee for customers disconnected from the system for over 31 days.

Staff believes that the changes made by the Company to the table of hook-up charges authorized by the Commission could be confusing. The Company's version of the table includes two separate mentions of the \$3,500 hook-up fee, and it is formatted in a way that could be construed as two separate charges. The Company also did not mention that the charge for excavation and horizontal boring is an adder, and not a particular type of service connection.

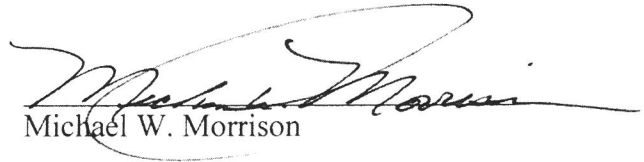
Staff believes that Stoneridge should include the table of charges, without modification, as ordered by the Commission.

STAFF'S RECOMMENDATION

Staff recommends that the Commission deny approval of the modified tariff submitted by Stoneridge on April 8, 2021 and recommends that the Commission order Stoneridge to submit a conforming tariff within 10 days of its order.

COMMISSION DECISION

Does the Commission wish to deny approval of the modified tariff submitted by Stoneridge on April 8, 2021, and order Stoneridge to submit a conforming tariff within 10 days of its order?



Michael W. Morrison

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