

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET UW-110220
TRANSPORTATION)	
COMMISSION,)	ORDER 01
)	
Complainant,)	
)	
v.)	
)	
SUMMIT VIEW WATER WORKS,)	
)	COMPLAINT AND ORDER
Respondent.)	SUSPENDING TARIFF REVISION
.....)	

BACKGROUND

- 1 On January 27, 2011, Summit View Water Works, (Summit View or Company) filed with the Washington Utilities and Transportation Commission (Commission) a revision to its currently effective Tariff WN U-1, designated as First Revised Sheet No. 24, Cancelling Original Sheet No. 24. The stated effective date is March 1, 2011. The revision removes an annual flat fee for irrigation services of \$400 per customer, adds a new base outlet fee of \$250 per customer and adds a \$300 per acre charge for irrigation service.
- 2 Summit View first became regulated on February 1, 2006. The Company filed two general rate cases in 2009, one regarding the irrigation service only and a second which was a general rate case related to both the domestic residential service and the irrigation service.
- 3 The Company withdrew both when Staff discovered that all water production plant assets were owned by two affiliated companies, Candy Mountain LLC (Candy Mountain) and Tri-City Development Corporation (TCDC). In 2010, Candy Mountain and TCDC transferred assets, valued at \$1,073,284, used by the domestic water system and the irrigation water system. Summit View signed promissory notes at six percent interest totaling \$1,073,284 due to Candy Mountain or TCDC.
- 4 The Company currently has net plant assets, rate base, of \$892,392 and total debt due to affiliates of \$1,083,284. At the end of the 2009 test year, owners’ equity was \$35,482. By January 26, 2011, the filing date, owners’ equity had decreased to \$20,194.

5 The company currently has another filing before the Commission in Docket UW-110107, suspended, that seeks to finance the construction of a new well with \$230,000 in contributions-in-aid-of-construction (CIAC). The Company proposes to collect the funds from current customers using a new \$11.60 monthly surcharge and from future customers using a new \$1,000 facilities charge.

6 In this filing, Summit View would increase charges and rates for service by approximately \$19,118 or 33.5 percent. However, the proposed rates affect customers differently based on the varying sizes of lots owned by those customers. While customers with half-acre lots would have no change in their charges, customers with 2.5 acre lots would have a 250 percent increase in their rates and customers with five-acre lots would have a 437 percent increase. Because those increases might injuriously affect the rights and interests of the public and Summit View has not demonstrated that the increases would result in rates that are fair, just, reasonable and sufficient, the Commission suspends the tariff filing and will hold public hearings, if necessary, to determine whether the proposed increases are fair, just, reasonable and sufficient.

FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.
- 8 (2) Summit View is a water company and a public service company subject to Commission jurisdiction.
- 9 (3) This matter came before the Commission at its regularly scheduled meeting on February 25, 2011.
- 10 (4) The tariff revision Summit View filed on January 27, 2011, would increase charges and rates for service provided by Summit View, and might injuriously affect the rights and interest of the public.

- 11 (5) Summit View has not yet demonstrated that the tariff revision would result in rates that are fair, just, reasonable and sufficient.
- 12 (6) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes it is necessary to investigate Summit View's books, accounts, practices and activities; to make a valuation or appraisal of Summit View's property; and to investigate and appraise various phases of Summit View's operations.
- 13 (7) As required by RCW 80.04.130(4), Summit View bears the burden of proof to show that the proposed increases are fair, just, reasonable and sufficient.
- 14 (8) Summit View may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.

O R D E R

THE COMMISSION ORDERS:

- 15 (1) The tariff revision Summit View Water Works filed on January 27, 2011, is suspended.
- 16 (2) The Commission will hold hearings at such times and places as may be required.
- 17 (3) Summit View Water Works must not change or alter the tariffs filed in this docket during the suspension period, unless authorized by the Commission.
- 18 (4) The Commission will institute an investigation of Summit View Water Works' books, accounts, practices, activities, property and operations as described above.
- 19 (5) Summit View Water Works shall pay the expenses reasonably attributable and allocable to the Commission's investigation, consistent with RCW 80.20.

DATED at Olympia, Washington, and effective February 25, 2011.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner