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August 24, 2004

Marilyn Showalter, Chairwoman  
Richard Hemstad, Commissioner  
Patrick Oshie, Commissioner  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

Re: Rainier View Water Company, Inc. – Dockets UW-041270 and  
UW-041384

Dear Chairwoman Showalter, Commissioner Hemstad and Commissioner  
Oshie:

This letter is being delivered to you for your consideration at the open meeting of August 25, 2004. I apologize for the late delivery. However, an event occurred today that puts additional emphasis on these filings.

First, Rainier View respectfully requests that the two filings be considered independently, each on its own merits. The first filing is UW-041270 and adds an Irrigation Service as a customer class. As noted by Commission Staff, this filing includes a volume restriction during summer months. This is designed to address capacity issues, although it certainly can have some affect on overall consumption.

The Irrigation Service tariff will give Rainier View an additional tool to address use of water for irrigation purposes where it is unconnected to domestic consumption. These cases are usually watering of homeowner association common grounds, play fields, etc. There have been no complaints from the customer base concerning this tariff change. In addition, there are no

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Marilyn Showalter, Chairwoman  
Richard Hemstad, Commissioner  
Patrick Oshie, Commissioner  
August 24, 2004  
Page 2

outstanding data requests. This filing is ripe for approval and Rainier View respectfully requests that the filing be approved.

The second filing is under UW-041384. This filing puts into effect a conservation rate in the months of May through September. Commission Staff has submitted a data request to the Company, which the Company has had for less than two weeks. The Company expects to be able to respond, in full, by the end of this week. It is Rainier View's request that this matter be brought back before the Commission at its first meeting in September.

Now to the recent event. The Department of Health has put Rainier View on notice that the Company is in danger of being re-evaluated as to the level of service that it can provide. Attached is the letter from the Department of Health dated August 20, 2004, which was received by the Company on August 24, 2004. Although it may not be obvious at first reading, what this letter does is to tell Rainier View that the capacity it has purchased from the City of Tacoma may be found to be needed for existing customers and not be allowed to serve additional customers. This would place Rainier View in the position of not being able to honor its contracts with developers that funded the purchase of capacity from the City of Tacoma, which in turn means that Rainier View would not be able to honor its contract with the City of Tacoma, which in turn could mean that Rainier View would be out of compliance for even existing customers.

The pressure complaints referenced in the Department of Health letter relate to an event over a short timeframe duration, where record temperatures and the Company losing one of its primary pumps due to an equipment malfunction combined to create the "perfect storm" which caused low pressure in a few areas for a short duration. Although Rainier View does not believe that the incident in question should be cause to change the design criteria for Rainier View's water systems, the Department of Health apparently feels otherwise.

The Department of Health puts a premium on conservation efforts. Rainier View believes that the conservation tariff it has proposed can produce changes in customer behavior. The reason that Rainier View chose the 3,000 cubic foot threshold is that a review of customer usage demonstrates that the customers using more than 3,000 cubic feet in a month constitute 24% of the customer base, but use 59% of the water consumed. Further, the months of May through

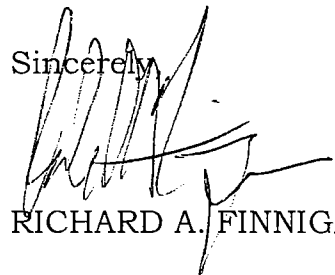
Marilyn Showalter, Chairwoman  
Richard Hemstad, Commissioner  
Patrick Oshie, Commissioner  
August 24, 2004  
Page 3

September were targeted because historical usage shows that these are the critical water usage months. Please see the attached table.

It is critical that this matter be brought back before the Commission at the earliest opportunity so that the Department of Health is assured the Company is doing all it can to address system design issues.

Thank you very much for your consideration of these items.

Sincerely,



RICHARD A. FINNIGAN

RAF/km  
Enclosures

cc:  Doug Fisher  
 Danny Kermode



STATE OF WASHINGTON

DEPARTMENT OF HEALTH

20435 72nd Ave. S., Suite 200, K17-12• Kent, Washington 98032 -2358

August 20, 2004

BOB BLACKMAN  
SOUTHWOOD WATER SYSTEM  
P O BOX 44427  
TACOMA WA 98444

Subject: Southwood/Sound Water System (ID# 82844)  
Pierce County  
Capacity Review

Dear Mr. Blackman:

As you know, we have received some low pressure complaints from customers on the Southwood/Sound Water System, particularly in the Silver Creek development. These complaints indicate that the system may not be operating in accordance with the approved design. We have discussed the fact that residents within the Silver Creek development typically use more water than the maximum day demand value used in the approved system design. As I'm sure you are aware, the water system must either work with the customers to reduce the usage, through conservation or other measures, to the approved design level, or increase the design criteria.

To better determine whether or not the system is operating in accordance with the approved design an update of the current system capacity and connection status is needed. The 2000 Water System Plan approval letter, dated September 13, 2002, included a "Summary of Existing and Potential Future ERUs" table that was meant to help you track and summarize capacity allocations. Please send me a completed copy of the table by September 18, 2004 so we can begin to evaluate the current system status. Another copy of the table is enclosed for your convenience.

Based on the Water System Plan amendment most recently approved on June 4, 2003, the system would have the capacity to serve 13,306 ERUs upon completion of the Tacoma intertie project. However, we will not be increasing the number of approved connections until we can better understand the current connection and capacity status of the system. The table mentioned above may be able to accomplish this.

We also recently met with a few of the customers in the Silver Creek development, at their request, to discuss their complaints. After the meeting it seemed apparent to me that there may be some provisions in their CC&Rs that will make it very difficult to bring customer usage closer to the current design criteria. You may want to review your customer/developer agreement between Rainier View and the developer. If there are any specific provisions limiting water usage per connection to a certain value (i.e. the design value) in your customer agreement, you may have additional leverage to reinforce conservation practices.



Southwood/Sound Water System

August 20, 2004

Page 2

Rainier View's recent request for approval of a conservation rate structure from the Utilities and Transportation Commission is definitely a step in the right direction. I would appreciate it if you would continue to keep me informed as to the status of this request.

If you have any questions or concerns, please give me a call at (253) 395-6762.

Sincerely,



Jolyn Leslie, PE

Regional Engineer

NW Drinking Water Operations

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Enclosure

cc: Tacoma Pierce County Health Department  
John Ryding – DOH

2003

MONTH	# OF METERED CUST	USAGE GALLONS	AVERAGE DAILY USAGE (GALLONS)
JANUARY	12,178	74,844,132	219
FEBRUARY	12,290	64,609,996	170
MARCH	12,257	73,102,040	199
APRIL	12,525	75,461,980	194
MAY	12,953	151,011,476	389
JUNE	13,127	222,253,240	546
JULY	13,151	265,288,747	651
AUGUST	13,250	181,234,715	456
SEPTEMBER	13,298	122,995,884	298
OCTOBER	13,206	74,654,888	188
NOVEMBER	13,237	68,689,888	167
DECEMBER	13,302	52,749,708	128
		1,374,146,986	316

2004

MONTH	# OF METERED CUST	USAGE GALLONS	AVERAGE DAILY USAGE (GALLONS)
JANUARY	13,318	102,199,240	263
FEBRUARY	13,362	74,393,088	180
MARCH	13,460	88,644,732	220
APRIL	13,578	123,959,308	294
MAY	13,606	134,611,576	330
JUNE	13,763	256,959,692	602
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
		776,602,024	315