

Agenda Date: May 20, 2021
Item Number: A13

Docket: UW-210264
Company Name: Northwest Water Services

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation:

Issue a Complaint and Order Suspending the Tariff Revisions filed on April 21, 2021, by Northwest Water Services, in Docket UW-210264.

Discussion

On April 21, 2021, Northwest Water Services (Northwest Water or Company), filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions to establish a Latecomers Reimbursement Payment for the Blanchard Knob water system. The Company serves 444 customers located on eight water systems in Snohomish, Skagit, and Island Counties.

The Latecomer Reimbursement Payment (Schedule No. 5) is based on a latecomer agreement between the seller of the system, BS 80, LLC, and the company dated August 4, 2020. Schedule No. 5 is applicable only to the five unallocated lots for initial water services. This charge is to be a reimbursement for the cost (\$818,227) to construct the water system divided by the 25 approved lots. The Latecomer Reimbursement Payment is \$32,729 and will be in effect for 15 years, expiring July 4, 2035. The proposed effective date is June 1, 2021.

The Company would collect a Latecomer Reimbursement Payment and remit to the developer of the property, in lieu of a Water System Facilities Charge (\$6,500) stated in the Schedule No. 9 of its current tariff.

The Company will not charge any Water System Facilities Charges (stated in Schedule No. 9) to the applicable 20 allocated lots, named in the Latecomers Agreement.

BS 80, LLC will provide an approval of new customers to the water company and receive the Latecomers Reimbursement Payment upon allocation of the Unallocated service to a parcel of real property as identified in the Latecomers Agreement.

The Latecomers Reimbursement Payment will be in addition to any line extension, service connection, or any other charges that may be provided elsewhere in the tariff.

Latecomer Reimbursement Charge Comparison

Charge	Current Rate	Proposed Rate
Unallocated lot	NA	\$32,729

Northwest Water purchased the Blanchard Knob water system in March 2017 for \$1.00. Staff has reviewed several agreements signed by the Company which the developer believes entitles them to a facilities charge or latecomer reimbursement payment. Currently, there are no customers on the Blanchard Knob system receiving water.

Staff's review has found that the proposed latecomer reimbursement payment has not been supported. Additionally, Schedule No. 9 of the Company's current tariff exempts Facilities Charges under 4.b – Any end use customer connecting to a water system, which was contributed to the Utility or for which the Utility paid a nominal amount. Therefore, more discussion with the Company is warranted before approval of a proposed latecomer reimbursement payment.

Customer Comments

Notice to customers was not provided since this charge would be to future unknown customers.

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