



UW-220206

# ATTORNEY GENERAL OF WASHINGTON

Public Counsel

800 Fifth Ave • Suite 2000 • MS TB-14 • Seattle, WA 98104-3188 • (206) 464-7744

June 24, 2022

**SENT VIA WEB PORTAL**

Amanda Maxwell  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P. O. Box 47250  
Olympia, WA 98504-7250

Re: *Gold Beach Water Company, Inc. General Rate Case,*  
Docket UW-220206

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments regarding Gold Beach Water Company's (Company) request to raise customer rates, effective July 1, 2022. Public Counsel appreciates the opportunity to comment. We also appreciate the Company's responses to informal data requests and Washington Utilities and Transportation Commission Staff's (Staff) time to answer questions.

***Public Counsel's Recommendation***

Public Counsel recommends that the revenue increase in this case be limited to no more than \$13,358, or a 13.6 percent increase in overall billed revenue.

The Company's original filing would increase overall revenue requirement by \$31,966, or a 37 percent increase in overall billed revenue. This is a significant one-time increase. Public Counsel and Staff have worked with the Company to adjust its original request and the subsequent customer rates produced by the Company's request. Public Counsel is anticipating a revised filing that corrects a number of accounting errors and removes certain capital, debt, labor, and tax costs, but we file these comments before the Company has filed revised tariffs.

The Company's filing included the \$192,607 Drinking Water State Revolving Fund (DWSRF) in rate base as Utility Plant in Service and as Contributions in Aid of Construction. Staff and Public

Received  
Records Management  
06/24/22 11:51  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

To: Amanda Maxwell, Executive Director and Secretary  
Re: Gold Beach Water Co. General Rate Case, Docket UW-220206  
Date: June 24, 2022  
Page 2 of 4

Counsel propose to remove these expenses from the rate case filing as the DWSRF has its own self-contained revolving loan fund system. Public Counsel and Staff also propose correcting the life span of pump equipment that was incorrectly categorized as having a 50 year service life instead of 20 years.

Staff also proposes to remove other expenses, which Public Counsel supports. The filing incorrectly included employee wages under payroll taxes, and employee salary and wage amounts were reconciled with W2 checks. However, there were no known pay raises or repair cost increases, so these expenses should be removed. Staff proposes adjustments for unpaid contractor invoices and normalized W2 employee wages and vehicle mileage reimbursements.

After analysis and adjustments to employee wages, taxes, loans, and capital expenses Public Counsel found the Company's initial requested increase of \$31,966 was overstated. Any increase in this matter should be limited to an overall revenue requirement increase of \$13,358, or a 13.6 percent increase in overall billed revenue.

### ***Public Counsel's Recommendation***

The Commission should clarify the Company's Disconnection and Reconnection fee charges and ensure they are cost-based and in line with the Company's Tariff. Furthermore, the Commission should include water disconnection and reconnection fees in the ongoing Credit and Collections Rulemaking.

The Commission should reevaluate the policy of setting return on owner equity for water companies. Market conditions have changed since the effective policy was set in 2002.

Public Counsel offers two additional recommendations regarding Disconnection and Reconnection fees and authorized return on equity, which are both reoccurring issues for water companies in Washington State.

**Disconnection and Reconnection Fees.** The Company requests a Disconnection Visit charge of \$20 and more than doubling the Reconnection Visit Charges from \$18 to \$40. It is Public Counsel's understanding that this requested increase is cost based and was developed on the assumption that a Reconnection Visit Charge recovers the cost of two visits to the customers' premises — the first visit to disconnect the customer and the second visit to reconnect the customer if they are unable to produce payment at the time of the first visit. This assumption and definition of "Reconnection Visit Charge" is confusing and conflicts with the Company's Service Tariff WN U-3. The Company's Tariff at Sheet No. 4 describes both a Disconnection

To: Amanda Maxwell, Executive Director and Secretary  
Re: Gold Beach Water Co. General Rate Case, Docket UW-220206  
Date: June 24, 2022  
Page 3 of 4

Visit Charge and Reconnection Charge as a “single visit.” Therefore, the charge should reflect the actual cost of a single visit, resulting in a \$20 charge for each.

Public Counsel has noticed similar language in other water company tariff sheets, and we are concerned that this confusion could result in struggling customers being overcharged. For example, a customer facing disconnection for non-payment under this Company’s tariff sheet could be charged for a disconnection visit and a reconnection visit, which would result in \$60 worth of fees, as opposed to the cost-based \$40 total charge. This puts an undue burden on customers who are already struggling to pay their bills. We recommend the Commission provide guidance on the language surrounding disconnection and reconnection fees to reduce confusion and protect customers from being overcharged.

Furthermore, Public Counsel views disconnection and reconnection charges as inequitable, predatory, and potentially redundant. Customers facing disconnection for non-payment are typically facing economic hardships and are often members of vulnerable communities. The impact of these fees is falling squarely on vulnerable customers and reinforces the cycle of debt, as it creates an additional expense for a customer on an already tight budget to receive a basic, life-sustaining service. The Company is raising rates, in part, to cover staff wages. As such, the cost of premises visits for disconnection and reconnection may already be captured in rates and, thus, may mean the disconnection and reconnection charges are redundant. The future and equity impacts of disconnection and reconnection fees for water utilities should be included in the ongoing rulemaking in Docket U-210800.

**Return on Equity.** The Company requests a 12.0 percent return on owner equity in this case. As Public Counsel has raised in other recent water general rate cases, the Commission has set an authorized return on equity for water utilities at 12.0 percent for 20 years based on the outcome of a general rate case filed in 2001.<sup>1</sup>

Public Counsel appreciates the Commission’s past willingness and commitment to re-evaluate water company returns on equity in a forthcoming policy docket. Public Counsel reiterates its support for such a proceeding in this case.

Public Counsel appreciates the opportunity to submit these comments. Public Counsel understands that the Company intends to file revised tariffs reflecting the adjustments discussed above, but the revised tariffs are not yet filed. If such revised tariffs are not filed, Public Counsel recommends that the Commission reject the initial filing and order rates that are consistent with these comments. Public Counsel also recommends that the Commission address disconnection and reconnection fees and return on equity for water companies. Public Counsel may offer additional or updated comments at the June 30, 2022, Open Meeting. If you have any questions

---

<sup>1</sup> See *Wash. Utils. & Transp. Comm’n. v. Rainier View Water*, Docket UW-010877.

To: Amanda Maxwell, Executive Director and Secretary  
Re: Gold Beach Water Co. General Rate Case, Docket UW-220206  
Date: June 24, 2022  
Page 4 of 4

about this filing, please contact Lisa Gafken, (206) 464-6595 or [Lisa.Gafken@ATG.WA.GOV](mailto:Lisa.Gafken@ATG.WA.GOV),  
or Aaron Tam, (206) 471-8296 or [Aaron.Tam@ATG.WA.GOV](mailto:Aaron.Tam@ATG.WA.GOV).

Sincerely,

/s/ 

---

LISA W. GAFKEN, WSBA No. 31549

Assistant Attorney General

Public Counsel Unit

800 Fifth Avenue, Suite 2000

Seattle, WA 98104

(206) 464-6595

[Lisa.Gafken@ATG.WA.GOV](mailto:Lisa.Gafken@ATG.WA.GOV)

LWG/AT