

Agenda Date: June 14, 2006  
Item Number: A3

**Docket:** UW-060761  
Company Name: Washington Water Service Company

Staff: Danny Kermode, Regulatory Analysis

**Recommendation**

Issue a Complaint and Order Suspending the Tariff Revisions filed by Washington Water Service Company in Docket UW-060761.

**Background**

On May 10, 2006, Washington Water Service Company (Washington Water or Company) filed proposed rates that would increase its current revenue by approximately \$1,590,000 or a 27.8% increase over current rates. The Company serves approximately 15,400 customers on 198 water systems. The systems are located in seven counties in western Washington including Pierce, Thurston, Kitsap, King and Mason counties.

The Company states in its filing that the rate increase is driven by significant increases in transportation expenses, taxes, insurance, and employee health care costs as well as increases in staff levels. Washington Water's proposed rates are scheduled to become effective as of June 15, 2006. The Company's last general rate increase was in April of 2002.

The commission received comments from 61 Washington Water Service customers. 57 customers voiced opposition to the increase. The remaining four customers asked questions for clarification regarding the increase. Customers stated that the rates are already too high and the water rates are rising faster than the cost of living. Many customers also feel the company recently increased its rates and should not be allowed another increase so soon.

Washington Water General Rate  
Residential Rates

	Current Rate	Proposed Rate	
Base Rate –	\$ 15.04	\$ 18.28	
No water included in Base			
For water used from – to	Charge per 100 cubic feet	Charge per 100 cubic feet	
0– 400 cubic feet	1.40	1.75	
401 – 1400 cubic feet	1.55	1.98	
Over 1400 cubic feet	1.70	2.48	
*Bill calculated on 1,000 cubic feet of consumption	\$ 29.94	\$ 37.16	24% (\$7.22) Increase

Also, the Company proposes an increase in its unmetered flat rates by 50% from \$23.20 to \$35.00.

Staff is continuing its audit of the financial data provided by the Company and has requested further

clarification of specific information provided by the company in support of its request. Before Staff makes a recommendation whether the Company's proposed tariff revisions result in rates that are fair, just, reasonable, and sufficient, staff intends to complete a thorough analysis of the case including review of Washington Water's books, accounts, practices, and activities.

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Washington Water Service Company in Docket UW-060761.