

Agenda Date: May 28, 2009
Item Number: A8

Docket: UW-090655
Company Name: Rainier View Water Co., Inc.

Staff: Jim Ward, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revision filed by Rainier View Water Co., Inc.; and
2. Allow the proposed rates to become effective June 1, 2009, on a temporary basis, subject to refund.

Discussion

On April 30, 2009, Rainier View Water Co., Inc., (Rainier View or company), filed a tariff revision to update its Schedule 4, Treatment Surcharge. This filing reduces the treatment surcharge from \$3.29 to \$1.81 per month. This filing decreases the company's revenue by \$308,047 (6.4 percent) per year. This reduction removes the chemical treatment operating and maintenance expenses from the treatment surcharge. The remaining \$1.81 of the treatment surcharge will be used to pay off the principal balance on the loan used to construct the treatment facilities. The company serves about 17,345 residential and upsize meter customers in Pierce County. The proposed effective date is June 1, 2009.

Under UW-040657, Order No. 01, (effective May 9, 2004) Rainier View filed to increase the treatment surcharge from \$2.15 to \$3.29 per month. The increase in the treatment surcharge was to implement a resolution adopted by the Tacoma-Pierce County Board of Health requiring fluoridation of drinking water in Pierce County for water systems serving 5,000 or more people. This increase included capital improvements and operating costs fluoridation. The total treatment surcharge funding is outlined below in the summary history.

The order required that maintenance and operating expenses charged to the fluoridation project may not exceed the revenues allocated in the surcharge to such purposes. Rainier View agreed to reduce the treatment surcharge on or before the fifth anniversary date of that order to remove the operating and maintenance costs that are included in the treatment surcharge.

Rainier View must terminate the treatment surcharge when all debt supported by the surcharge has been paid in full, at which time it must submit to the Commission a final report of all capital costs associated with the treatment facilities.

Outlined below is the summary history of the treatment surcharge.

9/23/1998		Corrosion		
	Plant	\$1.11		
	Operating	\$1.04		
	Total	\$2.15		
5/9/2004		Corrosion	Fluoride	Total
	Plant	\$1.11	\$.46	\$1.57
	Operating	\$1.04	\$.68	\$1.72
	Total	\$2.15	\$1.14	\$3.29
6/1/2009		Corrosion	Fluoride	Total
	Plant	\$1.81	\$0.00	\$1.81

The company is not required to notify customers of the proposed surcharge decrease and the company has not notified customers.

Rate Comparison

Monthly Rate	Current Rate	Proposed Rate
Treatment Surcharge	\$3.29	\$1.81

Staff reviewed Rainier View's books, records and supporting documents and concluded the proposed filing will generate excess revenue for the treatment surcharge account. This excess is based on the commission's surcharge order in Docket UW-040657, effective May 9, 2004. The company has not demonstrated the proposed rates are fair, just, reasonable, and sufficient. However, because the company proposes to decrease rates, staff recommends that the commission allow the proposed rate to go into effect June, 1, 2009, on a temporary basis, subject to refund.

Conclusion

1. Issue a Complaint and Order Suspending the Tariff Revision filed by Rainier View Water Co., Inc.; and
2. Allow the proposed rates to become effective June 1, 2009, on a temporary basis, subject to refund.