

Agenda Date: June 13, 2019
Item Number: A5

Docket: UW-190305
Company Name: Washington Water Service Company

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

Recommendation

Issue a Complaint and Order Suspending Tariff Revisions filed by Washington Water Service Company, in Docket UW-190305.

Discussion

On April 23, 2019, Washington Water Service Company (Washington Water or company), filed with the Utilities and Transportation Commission (commission) a proposed filing is to add a water availability letter charge, update the costs of a hydrant installation, update the costs of a service connection charges for service already installed, short service (direct connect) and long service (tap and push), add a rule for construction meters, and add clarifying language to several of the company's tariff sheets. The proposed effective date is June 3, 2019.

The company provides water service to approximately 17,500 customers served on 197 water systems located in eight counties. The company's last rate increase was effective February 1, 2015, and would generate approximately \$1.66 million (17.5 percent) additional annual revenue.

The tariff changes are summarized as follows:

Water Availability Letters (WAL) are typically needed at the time a customer is performing a building permit request, new development or new construction. For the company this involves an initial conversation with the prospective customer, followed by an application review and determination of type of service connection. In some reviews, an engineering study is needed to determine if the affected water system can accommodate additional users at the requested capacity.

Fire hydrant installation costs follow the same review process as the WAL, however the company is adding a standardized to the tariff as opposed to conducting a full review of time and material for each installation and subsequently billing the customer.

Service Connection Charges are different for each customer since the amount or size of connection can vary, the distance to the distribution line can vary and the individual needs of the potential can also vary.

Construction (Hydrant) Meters are used for temporary service for construction and temporary activities. Water used by construction meters will be charged rates as provided in Schedule 2 of the company's tariff.

Considerations and adjustments are also made to reflect the recent tax issues due to the Tax Cuts and Jobs Act of 2017. Previous federal tax rates were tiered based on net income of the company. Under the new tax act a flat 21 percent is applied to the net income of the company.

The rates and charges being adjusted are summarized in the table below.

Rate Comparison

Service	Current Rate	Proposed Rate
Water Availability Letter Residential (2 or less ERUs)	NA	\$100
Water Availability Letter Commercial (3 or more ERUs)	NA	\$500
Fire Hydrant Installation	Time & Materials	\$11,684
Service Connection (Service already installed)	\$457.20	\$654
Service Connection – Short Service (Direct Connection)	NA	\$4,445
Service Connection – Long Service (Tap & Push)	NA	\$5,558
Construction (Hydrant) Meters Deposit	NA	\$2,400

Customer Comments

Commission staff (staff) has reviewed the filing and determined that a portion of the customers will be affected by the filing and have not been notified of the changes and potential increase in rates and charges. The company has agreed to notify customers of a potential cost and that they may access relevant documents about this rate increase on the commission’s website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns.

Conclusion

The company has not yet supported its cost increases and some date requests are still in process. Therefore staff has not completed its review of the company’s tariff revisions and supporting financial documents, books and records.

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