



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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June 4, 2014

Steven V. King  
Executive Director and Secretary  
1300 S. Evergreen Park Dr. S.W.  
P.O. Box 47250  
Olympia, WA 98504-7250

**Subj: Staff's Request for Commission Acknowledgment of Company Compliance  
Summit View Water Works – UW-110107**

Dear Mr. King:

On January 12, 2011, Summit View Water Works (Company or Summit View) of Kennewick filed to finance the construction of a new well, estimated to cost \$230,000, in docket UW-110107. The Company sought to apply these costs to both existing and new customers. Order 05, dated November 14, 2011, approved a settlement agreement and required Summit View to:

- Establish a facilities charge of \$1,402, applicable to new customers only;
- No charges related to the new well of any kind for existing customers;
- Report the final costs and file a new tariff page once construction of the well was complete, and;
- Pay refunds if the final accounting of construction costs showed any were due.

On February 24, 2014, the Company filed the final costs. The Company did not seek to change the facilities charge amount per customer and so did not file a tariff page at that time. The Company believed it could simply continue to charge all new customers the same facilities charge to cover the additional costs of the well without changing the existing collection limits in the tariff.

Construction of the well was extraordinarily difficult and time-consuming. The well was eventually completed at more than 900 feet deep (initial siting estimates were for 650 feet); two different well drillers were required to complete the project; and the county required a pressure reduction station (at nearly \$60,000), not mentioned in the original filing, due to the steep topography of the sites involved.

The Company obtained long-term financing at more favorable rates than originally anticipated and the Department of Health approved 147 additional connections, which will spread costs over a larger customer base.

Staff and the Company have agreed on:

- The total cost of the well, including construction costs, interest, and utilities taxes, totaling \$524,976 (original estimate \$230,000);
- Lower \$1,316 (current \$1,402) facilities charge;



- The facilities charge will apply to 399 (originally 252) anticipated new customers;
- The original term of the facilities charge, through September 1, 2028, should remain in effect;
- The requirement to file a new tariff page containing the new facilities charge and revised total collection amount, which the Company filed on May 27, 2014, scheduled to become effective July 1, 2014;
- An \$86 per-customer refund due to 43 customers who paid the current \$1,402 facilities charge, and the method (over time, as the next four facilities charges are received); and,
- Reporting to the commission annually on refunds until all 43 customers have been paid.

Staff also notes that the Company should begin regular reporting of facilities charge collections as required in WAC 480-110-455(4), Water company funding mechanisms--Accounting and reporting requirements.

Staff summarizes the pertinent figures in the table below:

Data type	Original Filing	Company Proposed	Staff Revised
Plant Cost	\$ 230,000	\$ 370,037	\$ 389,300
Interest Cost	\$ 123,319		\$ 110,539
Subtotal	\$ 353,319	\$ 353,319 *	\$ 499,839
Plus: Public Utilities Tax at 5.029%	Not included		\$ 25,137
<b>Total Cost</b>	\$ 353,319		<b>\$ 524,976</b>
New Customers Anticipated	252	399	399
Facilities Charge	\$ 1,402	\$ 1,402	\$ 1,316
Total Generated	\$ 353,304	\$ 559,398	\$ 524,976

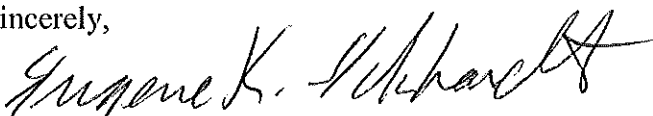
\*Summit View did not file a tariff revision to increase the total amount collectible (\$353,319) in its Feb. 2014 compliance filing.

## RECOMMENDATION

Staff concludes that Summit View complied with the conditions of Order 05 and recommends that the commission:

1. Acknowledge the Company complied with the conditions of Order 05 by filing the required final construction costs, calculating and filing a lower permanent facilities charge, scheduled to become effective July 1, 2014, and agreeing to make refunds to customers who paid the higher facilities charge;
2. Require the Company to report annually on refunds made until all 43 customers entitled to refunds have been paid; and,
3. Require the Company to begin reporting on facilities charge collections in accordance with WAC 480-110-455(4), Water company funding mechanisms—Accounting and reporting requirements.

Sincerely,

  
Gene Eckhardt  
Assistant Director of Solid Waste, Water and Transportation