

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET UW-100954
)	
ROCHE HARBOR WATER)	ORDER 01
SYSTEM,)	
)	
Petitioner,)	
)	ORDER GRANTING
Seeking Exemption from the)	EXEMPTION FROM RULE AND
Provisions of WAC 480-07-505 and)	ALLOWING TARIFF TO
WAC 480-07-530, Both Relating to)	BECOME EFFECTIVE BY
General Rate Proceedings)	OPERATION OF LAW
.....)	

BACKGROUND

- 1 On June 1, 2010, Roche Harbor Water System (Roche Harbor or Company) filed with the Washington Utilities and Transportation Commission (Commission) an increase to its Treatment Recovery Cost rate from \$1.00 per 1,000 gallons to \$1.68 per 1,000 gallons. The proposed rate increase would generate \$17,506 (3.7 percent) in additional annual revenue. The filing was prompted by increased costs to purchase replacement granulated activated carbon media for the Company’s water filtration system. The Company’s last general rate increase became effective August 1, 2008.
- 2 WAC 480-07-505 General Rate Proceedings – Definitions classifies a filing as a general rate proceeding if the amount requested would increase gross annual revenue of the company from activities regulated by the Commission by three percent or more. Staff concludes that this filing meets the criteria for a general rate proceeding and is subject to the requirements set forth in WAC 480-07-530.
- 3 WAC 480-07-530 General Rate Proceedings – Water Companies, requires water companies to provide financial information and supporting work papers including revenue impacts, balance sheet and statement of revenues and expenses, depreciation schedule, usage statistics and any adjustments needed both on a restating and pro forma basis.
- 4 The Company provided supporting information pertinent to the Treatment Recovery Cost increase only, but did not provide the remainder of the information required by WAC 480-07-530. On July 19, 2010, the Company filed a letter requesting exemptions from

WAC 480-07-505 General Rate Proceedings – Definitions and WAC 480-07-530 General Rate Proceedings – Water Companies.

- 5 WAC 480-07-110 allows the Commission to grant an exemption from or modify the application of its rules if consistent with the public interest, the purposes underlying regulation, and applicable statutes. *See also WAC 480-110-215*
- 6 Commission Staff reviewed the tariff request together with other factors and recommended the Commission allow the tariff to become effective by operation of law, and grant an exemption from the rules for this filing for the following reason(s):
- (a) There have not been any significant changes since the last rate case that became effective August 1, 2008, that may offset the need for additional revenue. Reviewing the last rate case documents, the Company’s annual reports and information provided with this filing shows a small increase in customers (36 or 6.4 percent), revenue (23.7 percent) and operating expenses (23.4 percent) have increased significantly, inflation has been low, and the Company has not changed its operation methods.
 - (b) The increased cost of the granulated activated carbon is set by a third party vendor.
 - (c) The Company’s financial information provided for the cost of the granulated activated carbon supports the proposed revenue increase and the proposed rate.
 - (d) Staff concluded the proposed rate increase is fair, just, and reasonable.

FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 8 (2) Roche Harbor is engaged in the business of providing water services within the state of Washington and is a public service company subject to Commission jurisdiction.

- 9 (3) Roche Harbor is subject to WAC 480-07-505 General Rate Proceedings – Definitions, which classifies a filing as a general rate proceeding if the amount requested would increase gross annual revenue of the company from activities regulated by the Commission by three percent or more. This filing meets the criteria for a general rate proceeding and is subject to the requirements set forth in WAC 480-07-530.
- 10 (4) Roche Harbor is subject to WAC 480-07-530 General Rate Proceedings – Water Companies, which requires water companies to provide financial information and supporting work papers including revenue impacts, balance sheet and statement of revenues and expenses, depreciation schedule, usage statistics and any adjustments needed both on a restating and pro forma basis.
- 11 (5) Roche Harbor provided supporting information pertinent to the Treatment Recovery Cost increase only, but did not provide the remainder of the information required by WAC 480-07-530. On July 19, 2010, the Company filed a letter requesting exemptions from WAC 480-07-505 General Rate Proceedings – Definitions and WAC 480-07-530 General Rate Proceedings – Water Companies.
- 12 (6) WAC 480-07-110 Exemptions from and modifications to Commission rules, conflicts involving rules, allows the Commission to grant an exemption from the provisions of any rule in WAC 480-07, if consistent with the public interest, the purposes underlying regulation and applicable statutes. *See also WAC 480-110-215.*
- 13 (7) This matter came before the Commission at its regularly scheduled meeting on July 29, 2010.
- 14 (8) After review of the filing and petition filed in Docket UW-100954 by Roche Harbor on June 1, 2010, and giving due consideration, the Commission finds an exemption from the general rate increase filing requirements set forth in WAC 480-07-530 is in the public interest and is consistent with the purposes underlying regulation, and applicable statutes and should be granted; and it is in the public interest to allow the tariff revision to become effective on August 1, 2010, by operation of law.

O R D E R

THE COMMISSION ORDERS:

- 15 (1) The Commission retains jurisdiction over the subject matter and Roche Harbor Water System to effectuate the provisions of this Order.
- 16 (2) After the effective date of this Order, Roche Harbor Water System is granted an exemption from WAC 480-07-530, General Rate Proceedings – Water Companies.
- 17 (4) The Commission takes no action on the tariff implementing Treatment Recovery Cost increase filed by Roche Harbor Water System allowing it to become effective on August 1, 2010, by operation of law.

DATED at Olympia, Washington, and effective July 29, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner