

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

WASHINGTON UTILITIES AND)	DOCKET UW-101365
TRANSPORTATION COMMISSION,)	
)	ORDER 01
Complainant,)	
)	
v.)	
)	ORDER GRANTING EXEMPTION
CROSSWOODS WATER COMPANY,)	FROM WAC 480-110-425 AND
INC.)	REQUIRING CUSTOMER NOTICE
)	ON OR BEFORE THE NEXT
Respondent.)	BILLING CYCLE.
.....)	

BACKGROUND

- 1 On August 11, 2010, Crosswoods Water Company, Inc., (Crosswoods or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-2.
- 2 The Company serves 127 connections on one water system located near Oak Harbor in Island County.
- 3 The proposed rates are prompted by increases in chemicals, testing, and a contract for a certified water system operator related to new hypochlorination equipment. The Company’s last general rate increase became effective in September 1, 2008. The proposed rates would generate an additional \$8,077 (23 percent) in annual additional revenue.
- 4 Crosswoods also filed for a surcharge to recover construction costs of \$25,462 for hypochlorination equipment required by the Department of Health. The construction was financed by loans from the company’s two major stockholders. Crosswoods filed for a five year term on the surcharge with a monthly payment of \$3.80 per customer. As filed, the surcharge would generate \$5,791 (16.6 percent) in annual additional revenue.
- 5 Crosswoods notified its customers of the original rate increase by mail, on August 13, 2010. The Commission received no customer comments on the filing.
- 6 After review and discussions, Staff and the Company agreed to a revised revenue requirement of \$9,531 (26.8 percent) in additional annual operating revenue; a revised

surcharge of \$3.84 per customer, or \$5,845 (16.7 percent) in additional annual revenue related to the construction surcharge; and on revised rates that Staff recommended that are fair, just, reasonable and sufficient based on the Company's supporting documentation. On October 8, 2010, the Company filed revised rates at Staff recommended levels and extended the effective date of the tariff to December 1, 2010.

- 7 WAC 480-110-425 requires the Company to provide each affected customer a notice at least thirty days before the requested effective date of proposed rate increase. Because the Company has demonstrated a need for additional revenue, Staff recommends that less than statutory notice to the customers is acceptable provided the company provides notice of the revised rates on or before the next billing. The Company is relieved of the obligation to provide notice on or before the next billing if the Company demonstrates that it has already provided such notice.
- 8 Staff's recommended revised rate design for residential customers increases the base charge from \$13.85 to \$17.70 and adds a new third usage block for amounts over 1000 cubic feet. Staff's rates for the surcharge add a \$3.84 monthly charge for five years, instead of the \$3.80 the company proposed. Using the revised rates, a residential customer served by a 3.4-inch meter, using 797 cubic feet of water per month (the calculated Company-wide residential average monthly water usage) would pay \$5.19 (22.7 percent) more per month as compared to the current rates.
- 9 Staff's recommended revised rate design for the surcharge adds \$3.84 (16.7 percent) for the construction surcharge, which expires in five years. Staff's revised rate is \$0.04 more per month than the \$3.80 originally proposed by the company.
- 10 In summary and consistent with the Commissioner's ruling, Staff recommended that the Commission issue an Order to allow the revised rates and tariff revisions filed by Crosswoods Water Company, Inc., on October 8, 2010, to become effective December 1, 2010; grant the Company's request, as permitted by WAC 480-80-122, to allow the revised rates and tariff revisions to become effective on December 1, 2010, on less than statutory notice; and, grant the Company's request for an exemption from WAC 480-110-425, Customer Notice, to allow the Company to notify customers of increases on or before the next bill.

FINDINGS AND CONCLUSIONS

- 11 (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.*
- 12 (2) Crosswoods is a water company and a public service company subject to Commission jurisdiction.
- 13 (3) This matter came before the Commission at its regularly scheduled meetings on November 24, 2010.
- 14 (4) Crosswoods is subject WAC 480-110-425, which requires a water company to provide each affected customer a notice at least thirty days before the requested effective date of a proposed rate increase.
- 15 (5) WAC 480-110-215 allows the Commission to grant an exemption from the provisions of any rule in WAC 480-110, if consistent with the public interest, the purposes underlying regulation and applicable statutes.
- 16 (6) Crosswoods has demonstrated that it requires additional revenue, and the Staff and the Company have agreed on revised rates, filed by the Company on October 8, 2010, that Staff recommends are fair, just, reasonable and sufficient.
- 17 (7) After reviewing the revised rates and tariff revisions Crosswoods filed in Docket UW-101365 on October 8, 2010, and giving due consideration, the Commission finds it is consistent with the public interest to allow the revised rates and tariff revisions filed on October 8, 2010, to become effective December 1, 2010, on less than statutory notice to customers, to grant an exemption from the customer notice rules and to require the Company to notify customers of increases on or before the next bill.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The tariff revisions that Crosswoods Water Company, Inc., filed on October 8, 2010, shall become effective on December 1, 2010.
- 19 (2) After the effective date of this Order, Crosswoods Water Company, Inc., is granted an exemption from WAC 480-110-425, and the Company is directed to notify customers of increases on or before the next bill.
- 20 (3) The Commission retains jurisdiction over the subject matter and Crosswoods Water Company, Inc., to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective November 24, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner