

Agenda Date: August 10, 2023  
Item Number: A2

**Docket:** UW-230598  
Company Name: Washington Water Supply, Inc.

Staff: Jeanine Leggett, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendations**

Issue an Order implementing a surcharge and allow tariff revisions filed July 12, 2023, by Washington Water Supply, Inc., as revised on August 07, 2023, for Echo Glen Water System to become effective on August 15, 2023, and expire on November 15, 2023, subject to the Company filing a general rate case with an effective date no later than February 15, 2024, and specific conditions listed in WAC 480-110-455(4)(c) regarding surcharges.

Issue an order Granting Exemption from WAC 480-110-425(3) that requires 30-day notice to customers.

### **Background**

The Echo Glen Water System (Echo Glen) well supply has been gradually decreasing over the last few years and the well is in need of repair or replacement. Washington Water Supply, Inc (Company) has been aware of the decline. According to the Echo Glen customers, a meeting was held in June of 2022 with the Company where they agreed at that time on a new well and to interim rates to rehabilitate the existing well. The Department of Health provided Staff with a copy of a letter date August 7, 2023, sent to the Company which states Echo Glen is currently on a Boil Water Advisory and before lifting the advisory demonstrate the water is safe to drink by receiving bacteriological sample results indicating no coliforms are present.

In April of 2023 the Company hired a well driller to rehabilitate the well. Due to an accident where the well driller employee was injured, the well drilling company has not been able to complete the work and the expected completion date is unknown at this time. In May of this year the Company again had well capacity issues and started to purchase water which was trucked in and put into the water system.

### **Discussion**

On July 12, 2023, the Company filed with the Washington Utilities and Transportation Commission (Commission) a tariff revision to include a surcharge of \$60 per month for the recovery of purchased water expenses due to well issues and high summer usage on the Echo Glenn water system located in Maple Valley. Total customer count for the Echo Glenn water system is 42 connections. The surcharge as filed would generate an additional \$30,240 (40.9 percent) on an annual basis. The Company serves approximately 140 customers on nine water

systems located in King, Kitsap, and Clallam counties. The Company's last rate change was effective January 1, 2001.

The Company points to the issues of reduced well capacity in combination with higher summer water usage as to the reason causing several water system outages that can last up to 10 hours.

The Company has meters installed on about half of the 42 customers of the Echo Glen Water System but does not read or bill for water usage. The Company's current tariff has a usage rate but does not use it. In an answer to Commission Staff's data request, the Company noted it would cost about \$700 per customer to install a meter connection and would take about 4 hours per installation.

Commission staff (Staff) reviewed the invoices from the water trucking provider and verified the cost incurred for the purchased water. As of July 28, 2023, the Company has invoices showing the cost for purchased water to be \$10,965.

### **Surcharges**

Surcharges are subject to WAC 480-110-455(4) and as this surcharge request is for expenditures already incurred, Staff recommends the Commission to allow the surcharge and issue an order instructing the Company to file a general rate case with an effective date no later than February 15, 2024, and also report as required in (4)(c) of the WAC above. This subsection requires the Company report within 60-days of the end of each calendar quarter:

- i. Quarter beginning balance.
- ii. Amounts received, detailed by source (i.e., customer billing, customer one-time payments, or interest earned on amounts held in accounts).
- iii. Amounts spent, detailed by project or type of expense.
- iv. Quarter ending balance; and,
- v. Reconcile the bank balance to the general ledger.

### **Monthly Bill Comparison**

<b>Monthly Average 3/4-Inch Meter</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
<b>Un-Metered Rate, 3/4- Inch</b>	<b>\$43.25</b>	<b>\$43.25</b>
<b>Surcharge</b>	<b>\$0.00</b>	<b>\$60.00</b>
<b>Water Bill Total</b>	<b>\$43.25</b>	<b>\$103.25</b>

### **Customer Comments**

On July 17, 2023, the Company notified its customers by mail of the proposed \$60.00 surcharge. Staff received 10 comments, all opposed to the surcharge.

### **General Comments**

Customers say they have experienced water outages for several years now. About 25-30 customers participated in a June 2022 meeting with the Company owner. According to customers, they agreed at this meeting to a new well, and to interim efforts to rehabilitate the existing well. They don't believe there has been any effort to replace or fix the well. They believe the current situation was avoidable, and had the Company taken action to replace or fix the well, it would not have been necessary to import water by truck. They were willing to pay for a new well, however they do not feel they should have to pay a surcharge because the Company failed to take appropriate action.

### **Staff Response**

Staff understand the customers' concerns and are focused on making sure these customers receive uninterrupted water during the high-use season.

In the filing dated July 12, 2023, the Company sent notice to customers with inaccurate dates. The Company has sent a revised notice on July 28, 2023, by email with follow-up mailed notices soon after. The revised notice with corrected dates does not meet the 30-day requirement as provided in WAC 480-110-425(3). Since the original notice had the correct surcharge amount of \$60 and the revised notices had the correct date for the Open Meeting, Staff recommends the exemption be allowed.

### **Conclusion**

Commission staff has completed its review of the Company's supporting documents, invoices from the provider, and customer comments. Staff's review of the filing shows that the historical expenses are reasonable and required as part of the Company's operation to provide water service. However, the Company's financial information provided supports the surcharge be collected for three months not 12 as originally filed.

Staff recommends allowing the surcharge for the cost of having to purchase water to keep the system operational. Staff recommends the surcharge be based on cost incurred and have an expiration date of November 15, 2023. Prior to that date the Company can file to update the surcharge with additional invoices paid to recalculate the amount or time period of the surcharge. Along with this recommendation Staff request that the Company fix the well, complete the installation of meters on all customers and to start charging metered rates.

### **Recommendations**

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**Page 4**

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