

Agenda Date: August 25, 2004
Item Number: **A2 and A3**

Docket: UW-041270 & UW-041384
Company Name: Rainier View Water Company, Inc.

Staff: Danny Kermodé, Regulatory Analyst

Recommendation:

Issue a Complaint and Order Suspending the Tariff Revisions filed by Rainier View Water Company, Inc., in Dockets UW-041270 and UW-041384.

Discussion:

On July 14, 2004, Rainier View Water Company, Inc., (Rainier View or Company) filed with the Commission a tariff that creates a new class of customers for *Irrigation Service*. The filed tariff affects only customers who use water primarily for irrigation and not domestic consumption. The Company proposes that 84 irrigation customers, currently provided water service under the Company's *Metered Service* tariff (schedule 1), will instead be charged under the provisions of the new irrigation tariff. The Company's proposed irrigation tariff includes a provision that allows, not requires, Rainier View to restrict or discontinue service to the customer if water usage exceeds a total of 55,845 gallons (7,465 cubic feet) during a five-month period beginning May 1 and ending September 30 each year. The 55,845 gallons represent an average of 365 gallons (49 cubic feet) per day per customer. Notwithstanding the gallonage limit, the proposed tariff is identical to the basic metered-rate structure the customers currently pay.

Sixteen days later, on July 30, 2004, Rainier View filed a proposed *Conservation Rate Service* tariff. In that filing, Company proposes to add a water conservation tier to its current *Metered Service* tariff. The Company proposes a \$5.00 per 100 cubic-foot charge for water usage over 3,000 cubic feet (22,443 gallons) per month that would apply only to water usage beginning May 1 and ending September 30 each year.

<u>Monthly Rate</u>	<u>Current</u>	<u>Proposed</u>
Schedule 1 Metered Rate (includes 500 cubic feet)	\$15.80	\$15.80
Over 500 cubic feet per 100 cubic feet	0.85	0.85
Over 3000 cubic feet per 100 cubic feet	0.85	5.00

Although the Commission received no comments from customers regarding the proposed irrigation tariff, the Commission did receive 67 comments in opposition of the proposed *Water Conservation* tariff. Customers in opposition of the water conservation tariff expressed concerns about the Company's ability to keep up with the area's population growth along with comments regarding homeowners associations requiring customers to keep their lawns and landscaping green. Many customers mentioned their concern that the proposal will result in huge profits for the Company with no benefit to the customers. The customer in favor of the proposal felt the 3,000 cubic-foot threshold may actually be too high and that the threshold should be lowered.

The Company proposes to set aside all revenue that exceeds average revenue from the last three years and to treat that revenue as capital contributed by customers. The Company would use that revenue to increase the water system's capacity by, for example, purchasing additional source and building additional storage.

The Company has not yet responded to Staff's data requests.

Conclusion

The Company has not yet demonstrated that the proposed rates are fair, just, and reasonable. Therefore, Staff recommends that the Commission issue a Complaint and Order Suspending the Tariff Revisions filed by Rainier View Water Company, Inc., in Dockets UW-041270 and UW-041384.