

Agenda Date: October 15, 2009
Item Number: A2

Docket: UW-091466
Company Name: Rainier View Water Company, Inc.

Staff: Jim Ward, Regulatory Analyst
Amy White, Regulatory Analyst
Chris Mickelson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by Rainier View Water Company, Inc., on September 15, 2009.

Discussion

On September 15, 2009, Rainier View Water Company, Inc., (Rainier View or company), filed tariff revisions to its currently effective tariff that would generate approximately \$164,487 (3.4 percent) in additional annual revenue. The filing also cancels the current \$.61 per month generator surcharge. The company states the increase is prompted by increases in wages, medical benefits, cost of chemicals used for treatment, and most products used to provide service. The company serves about 16,688 connections on 26 water systems located in Pierce County and on two water systems located in Kitsap County. The proposed effective date is October 16, 2009. The company's last rate increase was in July 2001.

Customer Comments

On September 14, 2009, the company notified its customers of the proposed rate increase by mail. Twenty customer comments have been received to date; all customers are opposed to the proposed increase. Please note that customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff has advised customers that they may access company documents pertinent to this rate case at www.utc.wa.gov, and www.utc.wa.gov/water and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- Two customers believe the flat rate allowing unlimited usage should be removed, which would require all customers to pay for the water they use.

Staff Response

The company currently has 211 unmetered customers. Although the company does not have a written work plan with completion deadlines, the company is working to install meters for those customers. Metering will result in all customers paying for the water they use.

General Comment

- Eleven customers believe the proposed rates are excessive. Nine customers believe the current rates are already too high.

Staff Response

Although staff understands the customers’ concerns, our responsibility is to recommend the “right” rates that will allow the company to recover prudent operating expenses and the opportunity to earn a reasonable return.

A customer using 930 cubic feet of water per month (the calculated company-wide average water usage) would pay \$4.59 (22.9 percent) more per month using the proposed rates than using the current rates (see “Average Bill Comparison” table below).

Rate Comparison

Monthly Rate*	Current Rate	Proposed Rate
Generator Surcharge	\$0.61	NA
Unmetered Service	\$19.90	\$24.00
Base Rate (3/4 inch meter)	\$15.80	\$12.20
0 – 500 Cubic Feet	NA	\$.90
500 – 3,000 Cubic Feet	\$.85	\$1.85
Over 3,000 Cubic Feet**	\$5.00	\$5.00
Base Rate (1-inch meter) Residential	\$15.80	\$18.15
0 – 500 Cubic Feet	NA	\$.90
500 – 3,000 Cubic Feet	\$.85	\$1.85
Over 3,000 Cubic Feet**	\$5.00	\$5.00
Base Rate (1-inch meter) Commercial	\$15.80	\$18.30
0 – 500 Cubic Feet	NA	\$1.00
500 – 3,000 Cubic Feet	\$.85	\$1.85
Over 3,000 Cubic Feet**	\$5.00	\$1.85

* Other upsize meter rates are also changed and available in the proposed tariff.

** Previously, over 3,000 cubic feet, per 100 cubic feet or fraction thereof during the period May 1 to September 30.

Average Bill Comparison

Average Monthly Usage 930 cubic feet	Current Rate	Proposed Rate
Base Rate (3/4 inch meter)	\$15.80	\$12.20
Generator Surcharge	\$0.61	NA
0 - 500 cubic feet	NA	\$4.50
500 - 893 cubic feet	\$3.66	\$7.96

Average Monthly Bill	\$20.07	\$24.66
Increase From Current Rates		22.9 %

Commission staff has not completed its review of the company's supporting financial documents, books and records. Data requests are outstanding and the company is working to answer them. Therefore, the company has not demonstrated that the proposed rates are fair, just, reasonable and sufficient.

Conclusion

Issue a Complaint and Order Suspending the Tariff Revisions filed by Rainier View Water Company, Inc., on September 15, 2009.