

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

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| WASHINGTON UTILITIES AND |) | |
| TRANSPORTATION COMMISSION, |) | |
| |) | DOCKET UW-010866 |
| Complainant, |) | |
| |) | ORDER DISMISSING |
| v. |) | COMPLAINT AND ORDER |
| |) | SUSPENDING TARIFF |
| AMERICAN WATER RESOURCES, |) | REVISION; GRANTING |
| INC. |) | TARIFF REVISION AND |
| |) | REQUIRING REPORTING |
| Respondent. |) | PER WAC 480-110-455(4) |
| |) | |
| |) | |

BACKGROUND

1 On June 14, 2001, American Water Resources, Inc. (AWR) filed with the Commission a tariff revision to its currently effective Tariff WN U-1, designated as

Third Revision Sheet No. 17.3
Canceling Second Revision Sheet No. 17.3.

2 On July 11, 2001, the Commission entered a Complaint and Order Suspending Tariff Revision pending an investigation to determine whether the revision is fair, just and reasonable.

3 The company requested this surcharge extension to cover the additional cost of DOH critical items. The critical item list consists of upgrades to 13 water systems as contained in the company's capital improvement plan. AWR has now submitted backup information on actual construction costs and asked the Commission to extend the time period of the original surcharge to fund a new loan to pay off the higher construction costs. This filing is to allow the company to borrow additional funds to pay for higher construction costs. The company is proposing to pay those costs by obtaining a new loan at a lower interest rate (7.25%) and longer term. The surcharge rate of \$4.54 per month will not change. AWR proposed to extend the period of collection to pay off a new loan.

4 The per customer revenue impact of this filing will be a continuation of approximately \$54.50 on an annual basis or \$4.54 for an additional estimated thirty months. The surcharge is to apply to all water customers served by the company. The surcharge was originally to expire May 1, 2004, or upon recovery of the loan

principal (\$380,350), plus interest and taxes, whichever comes first. The revised surcharge will be extended to December 31, 2006 or upon recovery of the loan principal (\$406,273), plus loan fees. The extension of the surcharge is based on the current surcharge of \$4.54 and 1822 customers.

5 The funds received as a result of the 1999 DOH Critical Item List Surcharge will be deposited into a separate reserve account exclusively for the purpose of making capital improvements identified as part of the Company's capital improvement plan approved by the Department of Health. This separate reserve account will be listed on all company financial records and will be considered a cash account asset (NARUC account #127). Expenditures from the reserve account will be treated as customer contributions for ratemaking purposes. AWR has agreed to provide quarterly reports under the provisions of WAC 480-110-455.

FINDINGS

- 6 (1) American Water Resources, Inc., is a water utility company and is a public service company subject to the jurisdiction of the Commission.
- 7 (2) It is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revision in this docket and to grant the revised tariff revision to become effective on September 1, 2001.

ORDER

8 THE COMMISSION ORDERS:

- 9 (1) The Commission dismisses the Complaint and Order Suspending Tariff Revision in this docket, dated July 11, 2001.
- 10 (2) The revised tariff revision filed in this docket, UW-010866, shall be effective on September 1, 2001.
- 11 (3) American Water Resources, Inc. is required to report quarterly per WAC 480-110-455 (4), within 45 days of the calendar quarter ending.

DATED at Olympia, Washington, and effective this 29th day of August, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

PATRICK J. OSHIE, Commissioner