

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

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET UW-082264
	)	
Complainant,	)	ORDER 01
	)	
v.	)	
	)	
SOUTHGATE WATER COMPANY,	)	COMPLAINT AND ORDER
	)	SUSPENDING TARIFF; APPROVING
Respondent.	)	REVISED RATES ON A TEMPORARY
	)	BASIS, SUBJECT TO REFUND
.....	)	

**BACKGROUND**

- 1     On December 30, 2008, Southgate Water Company (Southgate) filed with the Washington Utilities and Transportation Commission (Commission) a revision to its currently effective Tariff WN U-1 an increase in its general rates for \$10,554 (27 percent) of additional annual revenue. The company serves 54 customers in Benton County. Southgate requested the increase to cover increases in maintenance and repairs; utilities; water testing; meter reading, billing, legal, and accounting services; property and business taxes; and office supplies and postage. The company’s last general rate increase became effective in April 2007.
- 2     Southgate notified its customers of the original increase by mail on January 4, 2009. The Commission received one customer comment on this filing. The customer did not support the rate increase as the company’s rates had originally included a 100,000 gallon monthly water allowance and the customer’s landscaping had been designed with that amount of water in mind.
- 3     Staff reviewed Southgate’s books, records and supporting documents and concluded Southgate’s request for an additional \$10,554 in revenue was reasonable.
- 4     Staff prepared a revised rate design to generate an additional \$10,554 in revenue. Staff’s design differs from Southgate’s proposed rate design, and includes a \$40 base rate charge; zero usage allowance in the base charge; and, three usage blocks to encourage water conservation. The company’s rate design included a \$50 base rate charge, 15,000 gallon usage allowance in the base charge, and two usage blocks.

5 Southgate filed revised rates using Staff's recommended design on February 13, 2009. Staff believes the proposed revised rates are fair, just, reasonable and sufficient based on Southgate's supporting documentation.

6 The Commission should consider all information, including any additional customer comments on the revised rate design, in deciding whether to conduct an evidentiary hearing on the revised rates. Therefore, the Commission finds Southgate has not yet demonstrated the revised rates are fair, just, reasonable and sufficient.

7 The Commission accepts the revised rates as temporary rates and approves the revised rates to become effective on March 1, 2009, on a temporary basis, subject to refund. The Commission may hold public hearings to determine whether the proposed change is fair, just, reasonable and sufficient.

#### **FINDINGS AND CONCLUSIONS**

8 (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, 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.*

9 (2) Southgate is a water company and a public service company subject to Commission jurisdiction.

10 (3) This matter came before the Commission at its regularly scheduled meeting on February 26, 2009.

11 (4) The tariff revision Southgate filed on December 30, 2008, would increase charges and rates for service Southgate provides, and might injuriously affect the rights and interest of the public.

12 (5) Although Southgate has not yet demonstrated that the tariff revisions would ultimately result in rates that are fair, just, reasonable and sufficient, the

Commission finds it reasonable, based on Staff's analysis, to approve the revised rates to become effective March 1, 2009, on a temporary basis, subject to refund.

- 13 (6) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130 and RCW 80.04.220, the Commission finds it necessary to investigate this tariff filing, which may involve an investigation of Southgate's books, accounts, practices and activities, to make a valuation or appraisal of Southgate's property and to investigate and appraise various phases of Southgate's operations.
- 14 (7) As required by RCW 80.04.130 (4), Southgate bears the burden of proof to show that the proposed increase is fair, just, reasonable and sufficient. Nothing in this Order is intended to limit the issues as to the fairness, justness, reasonableness and sufficiency of the proposed increase.
- 15 (8) In addition, the Commission invokes the rights, remedies and procedures contained in the reparations statute, RCW 80.04.220, to the extent the Commission finds that any rate subject to this investigation is excessive or exorbitant.
- 16 (9) Southgate may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.

## **O R D E R**

### **THE COMMISSION ORDERS:**

- 17 (1) The tariff revision Southgate Water Company filed on December 30, 2008, is suspended.
- 18 (2) The revised tariff Southgate Water Company filed on February 13, 2009, shall become effective on March 1, 2009, on a temporary basis, subject to refund if the Commission determines that different rates will be fair, just, reasonable and sufficient.
- 19 (3) The Commission will hold hearings at such times and places as may be required.

- 20 (4) Southgate Water Company must not change or alter the tariff filed in this docket during the suspension period, unless authorized by the Commission.
- 21 (5) The Commission will institute an investigation of Southgate Water Company's books, accounts, practices, activities, property and operations as described above.
- 22 (6) Southgate Water Company shall pay the expenses reasonably attributable and allocable to the Commission's investigation, consistent with RCW 80.20.

DATED at Olympia, Washington, and effective February 26, 2009.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**JEFFREY D. GOLTZ, Chairman**

**PATRICK J. OSHIE, Commissioner**

**PHILIP B. JONES, Commissioner**