

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Petitioners,

v.

RAINIER VIEW WATER CO. INC.,

Respondents.

DOCKET NO. UW-010877

COMMISSION STAFF'S
RESPONSE TO REQUEST FOR
INTERIM RATE RELIEF

On May 16, 2002, Rainier View Water Company, Inc. (Rainier View or Company) filed with the Commission revisions to its currently effective Tariff WN U-2 designed to effectuate a general rate increase of \$445,895. On July 11, 2001, the Tariff revisions were suspended, and on August 29, 2001 the matter was set for hearing. The Commission conducted an evidentiary hearing on February 13 and 14, 2002 in Olympia, Washington. On May 3, 2002, the Commission issued its Initial Order Rejecting Tariff Filing; Ordering Refiling of rates producing additional revenues of \$272,870. (*Third Supplemental Order, Docket No. UW-010877*).

On May 16, 2002, Rainier View filed a request for an interim rate increase of \$204,653, 75% of the Initial Order's proposed increase. The revisions are designated as Original Sheet No. 21.2 and Original Sheet No. 32.1. The Company requests that the Interim rates become effective June 1, 2002.

The May 16, 2002, filed revisions, Original Sheet No. 21.2 and Original Sheet No. 32.1, supercede Seventh Revision Sheet No. 21, Original Sheet No. 21.1 and Sixth Revised Sheet No. 32, of Rainier View's current tariff WN U-2 until such time as permanent rates resulting from Docket No. UW-010877 become effective.

The Company asserts that for calendar year 2001 and the first quarter of 2002, Rainier View failed to meet its debt service coverage ratios with its primary lender. Staff has reviewed the Company's calculations, and has spoken with the Company's primary lender about the issue of debt service coverage ratios. Interim rates will increase the Company's cash flow and provide assurance to the lender of the company's continuing viability.

The Regulatory Services Staff intends to file a Petition for Administrative Review of certain issues addressed in the Commission's Initial Order in this Docket. Rainier View is concerned that if its rate increase is delayed until the issuance of the Final Order in this docket, the company's ability to fulfill its public service obligation is in jeopardy.

Staff has reviewed the Company's request for interim rates and believes the proposed interim tariff revisions are fair, just, and reasonable. Staff therefore recommends that the Commission approve the Company's request, subject to refund, with an effective date of June 1, 2002.

RESPECTFULLY submitted this 20th day of May, 2002.

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