

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

WASHINGTON WATER SERVICE
COMPANY,

Applicant,

Seeking Exemption from the Provisions
of WAC 480-110-425 Relating to
Noticing Customer 30-Days Prior to
Commission Action; Seeking
Commission Approval of Changes in
Charges

DOCKET UW-220859

ORDER 01

WAIVING CUSTOMER NOTICE
REQUIREMENTS; APPROVING
CHANGES IN CHARGES

BACKGROUND

- 1 On November 18, 2022, Washington Water Service Company (Washington Water or Company) filed tariff revisions with the Washington Utilities and Transportation Commission (Commission) requesting to add the Driftwood Valley Camp Water System (DOH WFI No. 20003L) (Driftwood or System) to its tariff as a new service under a one-day filing authorized by Washington Administrative Code (WAC) 480-80-123. Washington Water further seeks to bring the System into the tariff at the Company’s current rates instead of adopting the rates currently charged to customers of Driftwood. Washington Water’s last general rate case became effective February 15, 2022.
- 2 Driftwood Valley Camp Water System is in eastern Pierce County. Driftwood Valley Camp is a privately owned recreational area with 85 campsites and single lots that are privately owned. The System provides water services at flat rates determined by the sites residency status: campsites are billed \$20 per month; part-time residents are billed \$30 per month; and full-time residents are billed \$45 per month.
- 3 After reviewing the initial filing, Commission staff (Staff) informed the Company the request did not meet the definition of “new services” under WAC 480-80-123. Staff advised Washington Water that a customer notice would be required for the sale and transfer as required by WAC 480-110-425. Furthermore, the Company is required to adopt the rates Driftwood is currently billing unless the Company received Commission approval to charge different rates per WAC 480-110-433(2)(c).

- 4 On December 8, 2022, Washington Water filed a petition requesting the Commission approve the system being brought under the current tariffed water rates of Washington Water. Washington Water provided documentation showing the billing for all customers will be reduced by approximately \$13.60 per month. Only eight individual bills increased over the customers' current costs based on the metered usage; the largest increase was \$6.56.
- 5 On December 16, 2022, Washington Water filed a petition for exemption requesting the Commission waive customer notice requirements required by WAC 480-110-425. Washington Water contends the customers were informed of the sale and, as owners of the system through the HOA, approved the sale by vote. The Company provided documentation showing the results of the vote.
- 6 After reviewing the Company's request and supporting documentation, Staff agrees that waiving the requirement for customer notice will not harm customers because the sale was approved by those customers. Staff also agrees that allowing the system to come under Washington Water's current rates benefits the customers.

DISCUSSION

- 7 We grant the Company's petition for exemption. WAC 480-110-215 allows the Commission to grant exemptions from its rules in WAC Chapter 480-110, consistent with WAC 480-07-110, if doing so it consistent with the public interest, the purposes underlying the regulation, and applicable statutes. Here, we agree with Staff that by approving the sale and transfer of the water system from the homeowner's association to Washington Water, the customers affected by the transfer were informed and aware of the sale and who was acquiring the system. Accordingly, we find that granting the requested exemption is consistent with the public interest, the purposes underlying the regulation, and applicable statutes.
- 8 Additionally, we agree with Staff that through analysis of the rates, the Company has provided clear evidence the customers would benefit from being brought under the Company's tariff rates rather than adopting the current rates in effect. We approve the rates to go into effect upon the effective date of the tariff incorporating Driftwood into Washington Water's tariff.

FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
- 10 (2) Washington Water is an investor-owned water company and is a public service company subject to Commission jurisdiction.
- 11 (3) Driftwood is a water system privately-owned by a Homeowner's Association interested in selling itself to a public service company subject to Commission jurisdiction.
- 12 (4) Driftwood held a public meeting of its members on September 25, 2021, at which the members voted to sell the water system to Washington Water.
- 13 (5) Washington Water will acquire the water system assets of Driftwood.
- 14 (6) WAC 480-110-425 requires water companies to notify customers and potential customers who may be affected by the water company's proposal 30-days prior to the requested effective date of changes in ownership or changes in terms and conditions of existing services.
- 15 (7) Washington Water requests the Commission waive the customer notice requirements in WAC 480-110-425 because the customers voted to approve the sale and transfer.
- 16 (8) WAC 480-110-215 allows the Commission to grant exemptions from its rules in WAC Chapter 480-110, consistent with WAC 480-07-110, if doing so is consistent with the public interest, the purposes underlying the regulation, and applicable statutes.
- 17 (9) As a result of this sale and transfer of water system assets, Washington Water is required to adopt Driftwood's rates into its tariff rates, unless the Commission authorizes different rates. WAC 480-110-433.

- 18 (10) Washington Water requests Commission approval of different rates, bringing Driftwood customers under its current tariff rates.
- 19 (11) This matter was brought before the Commission at its regularly scheduled meeting on December 22, 2022.
- 20 (12) The proposed transfer and tariff rate adoption will have an effective date of the transfer date. For accounting purposes, the Company's accounting records will be transferred and effective on January 1, 2023.
- 21 (13) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 22 (14) After reviewing the Petition submitted by Washington Water Service Company in Docket UW-220859 on December 16, 2022, and giving due consideration, the Commission finds that the Petition to for exemption from the notice requirements in WAC 480-110-425 by Washington Water is consistent with the public interest, the purposes underlying the regulation, and applicable statutes, and that it should be granted.
- 23 (15) After reviewing the petition submitted by Washington Water Service Company in Docket UW-220859 on December 8, 2022, to approve rates other than currently charged by Driftwood, and to use the rates and charges of Washington Water's tariff is consistent with the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 24 (1) The Commission grants Washington Water Service Company's request to waive the customer notice requirements in WAC 480-110-425.
- 25 (2) The Commission approves Washington Water Service Company's request to apply the rates and charges in its tariff to Driftwood Valley Camp Water System (DOH WFI No. 20003L), to be effective on the date of the transfer, January 1, 2023.
- 26 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may

come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 27 (4) The Commission retains jurisdiction over the subject matter and Washington Water Service Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective December 22, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary