

Agenda Date: June 13, 2019
Item Number: A4

Docket: UW-190132
Company Name: Northwest Water Services, LLC

Staff: Scott Sevall, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Issue a complaint and order suspending the tariff revisions filed by Northwest Water Services, LLC on February 26, 2019.

Background

On February 26, 2019, Northwest Water Services, LLC (Northwest Water or company) filed with the Utilities and Transportation Commission (commission) a tariff revision that would generate \$45,745.5 (4.7 percent) additional annual revenue. The company proposes to implement a Capital Improvement Surcharge of \$4.52 per month for customers on the Silver Lake Water system. The company serves 440 customers located in Island, Skagit, and Snohomish Counties. The company's last general rate increase was May 15, 2017.

Northwest Water is proposing to build iron and manganese treatment on the Silver Lake Water system. Northwest Water filed the surcharge tariff to service 70 percent of the project cost. Proceeds from the third party loan will be used for a capital improvement project on the company's water system.

Northwest Water states that the Silver Lake Water system experiences high levels of Manganese and Iron in the water. The company researched and performed a pilot test and engineering review to determine the best type of treatment. Washington Department of Health (DOH) has signed off on the engineering of the proposed water treatment.

This project consists of constructing a building, installing water treatment equipment, an engineering pilot study, plans and approvals, modifications to existing piping and pump controls.

The DOH has primary jurisdiction regarding water quality and quantity issues, including water system design, construction, and maintenance.

The company has not yet provided the final cost estimates or loan information, and proposes to implement the surcharge only on the Silver Lake system, even though the company has single tariff pricing for all its regulated systems. Therefore the company has not supported its request, and Commission staff cannot complete their review of the company's supporting financial documents, books and records, including the cost estimates for the proposed project and the terms and conditions of the loan.

Customer Comments

On April 15, the company notified customers on the Silver Lake system by mail of the proposed surcharge. Customers on all other systems were notified April 30 with their billing statements. Customers were notified that they may access relevant documents about this surcharge on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received one comment from a customer opposed to the proposed surcharge.

General Comments

The customer voiced concerns that there appears to be no cap on expenses.

Staff Response

State law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Commission staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusion

Issue a complaint and order suspending the tariff revisions filed by Northwest Water Services, LLC on February 26, 2019.