

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Request of

BURTON WATER COMPANY, INC.,

Petitioner,

For Approval of a Surcharge for Cost
Recovery of Well Field Protection

DOCKET UW-190454

ORDER 01

ORDER APPROVING SURCHARGE
SUBJECT TO CONDITIONS

BACKGROUND

- 1 On May 31, 2019, Burton Water Company, Inc., (Burton Water or Company) filed with the Utilities and Transportation Commission (Commission) a proposed tariff to add a well field protection surcharge that would generate \$15,264 (5.5 percent) in additional annual revenue. The monthly rate would be \$3.18 per customer. The Company serves 415 customers located near Burton on Vashon Island in King County. The Company's last general rate increase was effective September 1, 2018, for \$40,300 (16 percent) of additional annual revenue.
- 2 Burton Water filed the proposed surcharge to reimburse the Company for expenses incurred in well field protection efforts. In 2018, a major road construction project left debris in the area of the Company's wells that was supposed to be taken off-island. The surcharge reimburses the Company for expenses, and also covers additional well field testing for the next five years.
- 3 The Company's claimed expenses as originally filed include \$11,920 in wages, \$11,277 in legal consultation costs, \$607 in lab testing costs, \$6,075 for 5 years of well field monitoring, and \$1,680 for surcharge filing notice and attorney costs. The total amount of \$31,560, when grossed up for taxes and a surcharge carrying cost at five percent, results in a final recovery of \$45,792 over a three-year period. The Company's calculation for 400 customers is a surcharge of \$3.18 per month.
- 4 On May 31, 2019, the Company notified its customers by mail of the proposed surcharge. Commission staff (Staff) has received four customer comments, one opposed and three in

favor of the proposed surcharge. The Company also provided two comments it had received from customers in favor of the surcharge.

5 Staff reviewed the Company's initial filing and determined that the Company did not provide adequate support for the requested surcharge funding. Staff and the Company subsequently agreed to a revised surcharge of \$1.30 per customer per month for a period of three years. On August 19, 2019, the Company filed revised pages reflecting the agreed amount.

6 Accordingly, Staff recommends the Commission approve the surcharge filed on May 31, 2019, as revised on August 19, 2019, to become effective September 1, 2019, subject to the following conditions:

- (a) The surcharge applies to all water customers served by the Company. The surcharge expires on September 30, 2022, or upon recovery of \$19,350 for principal and taxes, whichever occurs first.
- (b) Funds received from the surcharge, including interest earned on the funds while held in a reserve account, must be treated as contributions-in-aid-of construction (CIAC).
- (c) Surcharge funds collected and interest earned upon such funds must be held in a separate well field protection surcharge reserve account for customers' benefit. Such funds do not become the property of the Company or Company owners and may not be disbursed, alienated, attached, or otherwise encumbered by the Company or its owners. In the event the Company is sold or transferred, the trust obligations established in Chapter 480-110 WAC regarding any unspent surcharge funds must be transferred to the Company's new owners.
- (d) The Company must report the following information to the Commission within 60 days of the end of each calendar quarter, per WAC 480-110-455(4):
 - i. Beginning balance;
 - ii. Amounts received, detailed by source;
 - iii. Amounts spent, detailed by project or expense;
 - iv. Ending balance;
 - v. Reconciliation of bank balance to general ledger.

- (e) The Company must immediately deposit all monthly payments received and related to the surcharge in the same separate reserve account specified in condition (c), above.
- (f) Upon completion of the surcharge recovery from customers, the Company must provide the Commission with a complete accounting of all expenses. Burton Water must file this report no later than 60 days after completion of recovery and annual testing so the surcharge amount can be adjusted, if needed, to the actual cost of the remaining testing expenses.

7 The Commission has received four customer comments related to this filing. One commenter expressed concerns about the impact to customers of such a large, sudden increase to rates and whether the expediency with which Burton Water has pursued this surcharge is appropriate in this circumstance. Other commenters support the Company's request, stating that the Company took appropriate action and should be allowed to recover its costs.

DISCUSSION AND DECISION

8 We agree with Staff's recommendation and approve the surcharge as revised by the Company on August 19, 2019. The Company provided sufficient information to support a finding that its revised surcharge amount of \$1.30 per customer per month is fair, just, reasonable, and sufficient.

9 We also agree with Staff that the proposed conditions are reasonable and should be required. Accordingly, we approve the proposed tariff revisions, as revised on August 19, 2019, subject to the conditions set out in paragraph 6, above.

FINDINGS AND CONCLUSIONS

- 10 (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.
- 11 (2) Burton Water is a water company and a public service company subject to Commission jurisdiction.

- 12 (3) This matter came before the Commission at its regularly scheduled meeting on August 29, 2019.
- 13 (4) WAC 480-110-455 allows companies to file surcharge tariffs including that for which Burton Water seeks approval. No company may collect a surcharge or facilities charge except as authorized by Commission order or approval.
- 14 (5) The Commission has reviewed the tariff revisions Burton Water filed in Docket UW-190454, including related documentation.
- 15 (6) The surcharge tariff in this docket will fund recovery of well field protection expenses and annual testing for a period of five (5) years.
- 16 (7) After reviewing Burton Water's proposed tariff filed in Docket UW-190454 on May 31, 2019, as revised on August 19, 2019, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the proposed surcharge is fair, just, reasonable, and sufficient and should be approved, subject to conditions (a) through (f) set forth in paragraph 6 of this Order.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Burton Water Company, Inc.'s surcharge filed on May 31, 2019, as revised on August 19, 2019, is approved to become effective September 1, 2019, subject to conditions (a) through (f) set forth in paragraph 6 of this Order.
- 18 (2) 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. This Order shall not be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 19 (3) The Commission retains jurisdiction over the subject matter and Burton Water Company, Inc., to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective August 29, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner