

[Service Date August 22, 2012]

August 22, 2012

Linda McCrea, Superintendent  
Tacoma Public Utilities  
Water Division  
Post Office Box 11007  
Tacoma, Washington 98409

**Re: Water and Wheeling charges to be levied by City of Tacoma against Rainier View Water Company; Commission Docket UW-110054**

Dear Ms. McCrea:

Rainier View Water Co., Inc. (Rainier View) has filed a request with the Washington Utilities and Transportation Commission (Commission) for approval of various charges designed to provide revenue to finance a proposed pipeline and intertie between Rainier View and the Lakewood Water District. In attempting to demonstrate the cost savings its ratepayers would see from an intertie and pipeline to the Lakewood Water District, Rainier View provided the Commission with a Water Wheeling Agreement (Wheeling Agreement) with the City of Tacoma, Department of Public Utilities, Water Division, dated January 26, 2010.

The Wheeling Agreement provides that the City of Tacoma would wheel water from the Lakewood Water District to Rainier View along its existing pipes. The Wheeling Agreement also required a wheeling charge in the amount of \$0.189 per hundred cubic feet be paid by Rainier View to the City of Tacoma for water delivered from the Lakewood Water District. The water from the Lakewood Water District would be considered only that water delivered in excess of 1.47 million gallons per day pursuant to the City's January 27, 2003, agreement with Rainier View. The 1.47 million gallons per day obligation would be priced at the City's wholesale water commodity rates.

Rainier View indicated that the City of Tacoma's wholesale water commodity rates are set by municipal code, and the City has no ability to negotiate these rates as this would

place it in violation of its own ordinance.<sup>1</sup> Rainier View has stated that the City of Tacoma is likewise not willing to negotiate the water wheeling charge referenced above. This, according to Rainier View, is because the wheeling rate has been set by the City of Tacoma as the City's cost to provide wheeling services.

As part of its consideration of Rainier View's request, the Commission requests the City's confirmation of these assertions. The Commission is particularly interested in the following:

- Whether the City is prohibited from negotiating water commodity rates and/or wheeling rates with wholesale providers.
- If it is not prohibited from doing so, whether the City can offer private companies a lower rate than the current wholesale rate if the resulting rate provides recovery of associated variable costs while still providing a contribution to the overall fixed costs.
- The extent to which Rainier View has attempted to work out an arrangement with the City for wholesale rates and wheeling services.

We would also like the name and contact information of the appropriate City of Tacoma official or administrator in the event we have follow-up questions. Thank you for your attention to this matter. The City's participation will greatly assist the Commission in ruling on Rainier View's request.

If you have any procedural questions, please contact Marguerite E. Friedlander, Administrative Law Judge at (360) 664-1285 or [mfriedla@utc.wa.gov](mailto:mfriedla@utc.wa.gov).

Sincerely,

DAVID W. DANNER  
Executive Director and Secretary

cc: All parties of record in Docket UW-110054

---

<sup>1</sup> Response of Rainier View to Bench Request No. 3, Attachment 3.e., Testimony of Douglas R. Fisher Concerning Negotiations with the City of Tacoma, at 1:13-15 (June 25, 2012).