

Agenda Date: May 30, 2013
Item Number: A1

Docket: UW-130522
Company Name: Rainier View Water Company, Inc.

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Take no action, thereby allowing the revised rates and tariff revisions filed by Rainier View Water Company, Inc., on May 24, 2013, to become effective on June 1, 2013, by operation of law.

Background

On April 12, 2013, Rainier View Water Company, Inc. (Rainier View or company), filed tariff revisions that would decrease residential rates by four percent and increase non-residential rates by 37 percent. Rainier View proposed that the filing would be revenue neutral. This filing is the final step to bring residential and non-residential charges to parity and normalize rates. The company serves approximately 17,200 residential and non-residential customers on 26 water systems in Pierce County and on two water systems in Kitsap County. The proposed effective date is June 1, 2013. The company's last general rate increase became effective January 1, 2012.

Discussion

In September 2009 (Docket UW-091466), the company filed its first rate case in over eight years. Commission staff found that the company's rate design resulted in residential customers subsidizing non-residential customers. However, eliminating the entire subsidy in one step would have resulted in significant increases to non-residential customers. The company agreed, and the Commission ordered, that the non-residential and residential customers would move to parity over three rate filings.

On August 1, 2011, the company filed the second step in rate parity in Docket UW-111399. In that filing, the proposed rates increased base rates in order to up size meters and adjusted usage blocks for both residential and non-residential customers. The commission issued an order that:

1. Allowed rates to become effective January 1, 2012,
2. Required the company to file a rate case no later than April 15, 2013, to eliminate the remaining subsidy (an additional 33.3 percent of the original subsidy), and
3. Required the company to notify all non-residential customers, no later than February 29, 2012, advising them of the upcoming 2013 rate case and the expected impact to non-

residential rates. The purpose of this notice was to give non-residential customers sufficient time to plan and budget for the expected changes in 2013.

On February 10, 2012, the company notified non-residential customers of the upcoming 2013 rate case and the expected impact to non-residential rates. On April 10, 2013, the company also notified all residential and non-residential customers of the current rate case, as required by commission rule.

Staff's review of the filing found the company's proposed rates would result in a revenue increase of approximately \$79,800 (1.4 percent). Staff lowered the rate of return the company filed based on the company's actual capital structure, and lowered expenses for compensation and rate case cost to known and measurable amounts. Staff recommended revised rates that also reflect additional revenue the company received due to customer growth and increased water usage.

The company agreed with staff's adjustments and on May 24, 2013, and the company filed revised rates at staff-recommended levels. The revised tariff revisions would lower proposed rates and generate about \$199,000 (3.8 percent) less annual revenue than the company's original filing, resulting in an overall revenue decrease.

Customer Comments

On April 10, 2013, the company notified its customers of the proposed rate increase by mail. No comments were received.

Rate Comparison

Monthly Rate*	Current Rate	Proposed Rate	Revised Rate
Residential Metered Rate Service			
Base Rate (3/4-Inch Meter)	\$13.90	\$13.90	\$13.90
0 – 600 Cubic Feet**	\$.95	\$.95	\$.94
601 – 3,000 Cubic Feet**	\$1.00	\$1.00	\$1.00
Over 3,000 Cubic Feet**	\$5.00	\$2.94	\$2.05
Non-Residential Metered Rate Service			
Base Rate (3/4-Inch Meter)	\$13.90	\$13.90	\$13.90
0 – 600 Cubic Feet**	\$.95	\$.95	\$.94
601 – 3,000 Cubic Feet**	\$1.25	\$1.00	\$1.00
Over 3,000 Cubic Feet**	\$1.50	\$2.94	\$2.05

* Other upsize meter rates are also changed and available in the proposed tariff.

** Usage rates(s) are stated per 100 cubic feet. The company charges customers by the cubic foot (.01 x 100 cubic foot rate).

Average Bill Comparison--Residential

Average of Residential Customers	Current Rate	Proposed Rate	Revised Rate
Average Monthly Bill	\$23.95	\$23.10	\$22.68
Increase From Current Rates		(\$0.85)	(\$1.27)
		(3.6%)	(5.3%)

Average Bill Comparison—Non-Residential

Average of Non-Residential Customers	Current Rate	Proposed Rate	Revised Rate
Average Monthly Bill	\$73.07	\$100.23	\$84.89
Increase From Current Rates		\$27.16	\$11.82
		37.2%	16.2%

Conclusion

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review of the filing shows that the revised expenses are reasonable and required as part of the company's operation. The company's financial information supports the revised revenue requirement, and the revised rates and charges are fair, just, reasonable and sufficient.

Staff recommends that the commission take no action, thereby allowing the revised rates and tariff revisions filed by Rainier View Water Company, Inc., on May 24, 2013, to become effective on June 1, 2013, by operation of law.