

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET UW-080312
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	ORDER 01
)	
v.)	
)	
OLYMPIC WATER & SEWER, INC.,)	COMPLAINT AND ORDER
)	SUSPENDING TARIFF; APPROVING
Respondent.)	REVISED RATES ON A TEMPORARY
)	BASIS, SUBJECT TO REFUND
.....)	

BACKGROUND

- 1 On February 15, 2008, Olympic Water & Sewer, Inc., (Olympic) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-2 which would result in an increase in its general rates for \$258,905 (50 percent) of additional revenue per year. Olympic serves 1,625 customers near Port Ludlow located in Jefferson County. Olympics’ request is prompted by increases in the cost of power, labor, fuel, and laboratory testing.
- 2 Olympic notified its customers of the original increase by mail on February 11, 2008. The Commission received nine customer comments on this filing, all opposed to Olympics’ proposed increase. The commenting customers believe the requested rate increase is: (1) higher than the rate of inflation, and (2) excessive. Additionally, one customer commented that the Company did not file its water system plan updates as required by Department of Health. Staff responded that it recommends rates that will allow the Company to recover reasonable operating costs and provide the Company an opportunity to earn a reasonable return on its investment. Staff does not explicitly consider the amount of the increase in preparing recommendations. The Department of Health has jurisdiction over all aspects of the Company’s water system plan.
- 3 Staff reviewed Olympics’ books, records and supporting documents and concluded Olympics’ additional revenue requirement is \$185,446 (36 percent), less than the Company’s original proposal.
- 4 Staff prepared a revised rate design to generate the lower revenue requirement that has a lower base charge and lower rate in each usage block.

- 5 Olympic agreed to the lower revenue requirement and on April 4, 2008, filed revised rates at the Staff's recommended levels. Staff believes the proposed revised rates are fair, just, reasonable and sufficient based on Olympics' supporting documentation.
- 6 Customers deserve to know about, and comment on, the proposed revised rates. The Commission should consider all information, including any additional customer comments on the revised rates, in deciding whether to conduct an evidentiary hearing on the revised rates. Therefore, the Commission finds Olympic has not yet demonstrated the revised rates are fair, just, reasonable, and sufficient.
- 7 The Commission accepts the revised rates as temporary rates and approves those revised rates to become effective on April 22, 2008, on a temporary basis, subject to refund. The Commission may hold public hearings to determine whether the proposed changes are fair, just, reasonable and sufficient.

FINDINGS AND CONCLUSIONS

- 8 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.
- 9 (2) Olympic is a water company and a public service company subject to Commission jurisdiction.
- 10 (3) This matter came before the Commission at its regularly scheduled meeting on April 10, 2008.

- 11 (4) The tariff revisions Olympic filed on April 3, 2008, would increase charges and rates for service Olympic provides, and might injuriously affect the rights and interest of the public.
- 12 (5) Although Olympic has not yet demonstrated that the tariff revisions would ultimately result in rates that are fair, just, reasonable and sufficient, the Commission finds it reasonable, based on Staff's analysis, to approve the revised rates to become effective April 22, 2008, on a temporary basis, subject to refund.
- 13 (6) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130 and RCW 80.04.220, the Commission finds it necessary to investigate this tariff filing, which may involve an investigation of Olympics' books, accounts, practices and activities, to make a valuation or appraisal of Olympics' property and to investigate and appraise various phases of Olympics' operations.
- 14 (7) As required by RCW 80.04.130 (4), Olympic bears the burden of proof to show that the proposed increases are fair, just, reasonable, and sufficient. Nothing in this Order is intended to limit the issues as to the fairness, justness, reasonableness, and sufficiency of the proposed increases.
- 15 (8) In addition, the Commission invokes the rights, remedies, and procedures contained in the reparations statute, RCW 80.04.220, to the extent the Commission finds that any rate subject to this investigation is excessive or exorbitant.
- 16 (9) Olympic may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The tariff revisions Olympic Water & Sewer, Inc., filed on February 15, 2008, are suspended.

- 18 (2) The revised tariff Olympic Water & Sewer, Inc., filed on April 3, 2008, shall become effective on April 22, 2008, on a temporary basis, subject to refund if the Commission determines that different rates will be fair, just, reasonable, and sufficient.
- 19 (3) The Commission will hold hearings at such times and places as may be required.
- 20 (4) Olympic Water & Sewer, Inc., must not change or alter the tariffs filed in this docket during the suspension period, unless authorized by the Commission.
- 21 (5) The Commission will institute an investigation of Olympic Water & Sewer, Inc.'s books, accounts, practices, activities, property and operations as described above.
- 22 (6) Olympic Water & Sewer, Inc., shall pay the expenses reasonably attributable and allocable to the Commission's investigation, consistent with RCW 80.20.

DATED at Olympia, Washington, and effective April 10, 2008.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner