

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

WASHINGTON UTILITIES AND)	DOCKET UW-070291
TRANSPORTATION)	
COMMISSION,)	ORDER 01
)	
Complainant,)	
)	
v.)	
)	
CANYON VILLAGE WATER)	
SYSTEM, INC.,)	
)	COMPLAINT AND ORDER
Respondent)	SUSPENDING TARIFF REVISIONS
.....)	

BACKGROUND

- 1 On February 9, 2007, Canyon Village Water System, Inc., (Canyon Village Water) filed with the Commission revisions to its currently effective Tariff WN U-1, designated as WN U-2. The stated effective date is April 1, 2007. This filing will generate \$14,304 (26 percent) of additional revenue per year. On March 22, 2007, the Company extended the effective date until May 1, 2007. The company added several new ancillary charges. The rate design will provide a zero water allowance with the base meter charge to help encourage water conservation.

- 2 Staff reviewed the company's supporting financial documents, books and records to analyze the proposed rates. Current rates result in a rate of return of 1.04 percent. Staff recommends a 9.64 percent rate of return. The Company's proposed rates will provide a rate of return of 135 percent. Staff believes the proposed rates are excessive and the company has not yet demonstrated that the proposed rates are fair, just, reasonable and sufficient.

- 3 The filing would increase charges and rates for service provided by Canyon Village Water. Because those increases might injuriously affect the rights and interests of the public and Canyon Village Water has not demonstrated that the increases would result in rates that are fair, just, reasonable and sufficient, the Commission suspends the tariff filing and will hold public hearings if necessary to determine whether the proposed increases are fair, just and reasonable.

4 Four customers commented on this filing. Three are opposed to the amount of increase the company proposed. One customer said she feels the company may need an increase, but one based on actual costs, not cost of living data. Several customers mentioned that their bills do not show meter readings and usage amounts. Staff is working with the company to ensure future bills comply with UTC rules.

FINDINGS AND CONCLUSIONS

- 5 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, and transfers of public service companies, including water companies. *RCW 80.01.040, RCW 80.04, RCW 80.28, RCW 80.08 and RCW 80.12.*
- 6 (2) Canyon Village Water is a water company and is a public service company subject to the jurisdiction of the Commission.
- 7 (3) This matter was brought before the Commission at its regularly scheduled meeting on April 27, 2007.
- 8 (4) The tariff revision filed by Canyon Village Water on February 9, 2007, would increase charges and rates for service provided by Canyon Village Water, and might injuriously affect the rights and interest of the public.
- 9 (5) Canyon Village Water has not yet demonstrated that the tariff revisions would result in rates that are fair, just, and reasonable.
- 10 (6) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130, the Commission believes it is necessary to investigate Canyon Village Water's books, accounts, practices and activities; to make a valuation or appraisal of Canyon Village Water's property; and to investigate and appraise various phases of Canyon Village Water's operations.
- 11 (7) As required by RCW 80.04.130 (4), Canyon Village Water bears the burden of proof to show that the proposed increases are fair, just, reasonable and sufficient.

- 12 (8) Canyon Village Water may be required to pay the expenses reasonably attributable and allocable to such an investigation to the extent the requirements for such payment are in accordance with the provisions of RCW 80.20.

O R D E R

THE COMMISSION ORDERS:

- 13 (1) The tariff revision filed on February 9, 2007, is suspended.
- 14 (2) The Commission will hold hearings at such times and places as may be required.
- 15 (3) Canyon Village Water System, Inc., must not change or alter the tariffs filed in this docket during the suspension period, unless authorized by the Commission.
- 16 (4) The Commission will institute an investigation of Canyon Village Water System, Inc.'s books, accounts, practices, activities, property and operations as described above.
- 17 (5) Canyon Village Water System, Inc., shall pay the expenses reasonably attributable and allocable to the Commission's investigation to the extent the requirements for such payment are in accordance with the provisions of RCW 80.20.

DATED at Olympia, Washington, and effective April 27, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner