

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Complainant,

v.

WASHINGTON RURAL UTILITIES
COMPANY

Respondent.

DOCKET UW-260064

ORDER 01

COMPLAINT AND ORDER
ALLOWING RATES
SUBJECT TO REFUND AND
LATER REVIEW; SETTING
MATTER FOR
ADJUDICATION

BACKGROUND

- 1 On January 26, 2026, Washington Rural Utilities Company (Washington Rural or Company) filed its initial tariff to become regulated with the Washington Utilities and Transportation Commission (Commission), that if approved would generate approximately \$305,973 in revenue, with an effective date of March 1, 2026. Currently, the Company serves a total of 203 customers on 14 systems across Cowlitz, King, Kitsap, Mason, Pierce and Thurston counties.
- 2 Prior to submitting this filing, the Company contacted Commission staff (Staff) in January 2025, seeking guidance about regulation and informing Staff that Washington Rural purchased a total of 14 water systems between 2020 and 2025. Washington Rural maintained the existing rates established by the prior owners until November 2025, when the Company increased its rates to customers. After the Company submitted workpapers along with its January 26, 2026, tariff filing, Staff proposed conducting a full rate case review of the initial rates given the recent rate increase.
- 3 On January 27, 2026, the Company notified its customers of its initial tariff filing to become regulated. Staff received eight comments. Most commenters expressed concern about Washington Rural increasing rates with short notice to customers before it filed for regulation with the Commission.
- 4 On February 13, 2026, Washington Rural filed a request for a 30-day extension to allow Staff additional time to complete their review with a new proposed effective date of April 1, 2026.

5 As a result of further review of documents, Staff discovered that Washington Rural has a contract with a satellite management agency (SMA), Northwest Water Systems, to do everything from reading meters, to billing customers, and maintaining the water systems. However, since Washington Rural does not have any salary or wage expenses because of their contract with Northwest Water Systems, this discovery required a recalculation of the revenue requirement.

6 After further discussions with Staff, both Staff and Washington Rural agreed to a lower revenue requirement of \$247,785. Washington Rural filed revised tariff pages on March 18, 2026, with an effective date of April 1, 2026.

7 Staff notes that Washington Rural purchased two water systems in September 2025. Because these systems were recently purchased, there is insufficient meter usage data. Accordingly, Staff proposes the Commission condition approval of the revised tariffs on the Company being required to file a general rate case no later than 18 months from the effective date of this filing to review the rate structure with additional and sufficient data, because the company is new to regulation, and to verify that rates remain fair, just, reasonable and sufficient.

8 With these changes, Staff asserts that the revised rates are fair, just, reasonable, and sufficient.

9 This matter came before the Commission at its regularly scheduled meeting on March 26, 2026. The Public Counsel Unit of the Washington Attorney General's Office (Public Counsel) opposed allowing the rates to go into effect, arguing that the rate increase proposed prior to coming under regulation was excessive and required additional investigation.

10 The Commission heard comments from four customers, several of whom have filed written comments with the Commission. While the customers acknowledged the need for additional investment to ensure homeowners have access to safe, clean and reliable drinking water, they raised concerns about the base rate as proposed more than doubling from approximately \$45 to \$100 per month, and that measures be put in place to prevent 100 percent of the costs being passed on to customers. Other commenters raised concerns about not being provided with a cost-of-service study, information about whether the Company was properly capitalized, or additional documentation that any increased rates collected be dedicated to improving the existing and aging infrastructure. As such, the commenters urge the Commission to review the current rates before seeking Commission

regulation to ensure they are justified, and to reduce monthly rates that allow a phased in approach to an appropriate amount of increase.

- 11 As a result of the discussion, Staff amended its recommendation during the open meeting to suggest allowing the rates to go into effect subject to refund and suspending the matter for adjudication.

DISCUSSION

- 12 Given the questions raised by customers and Public Counsel about the Company's rate increase prior to filing an initial tariff with the Commission, we believe suspension of Washington Rural's revised tariffs, subject to refund would best preserve the public interest. We thank Staff for its thorough review of invoices, contracts and the workbook of the Company. However, given the circumstances, there are several concerns that would benefit from a fuller record.
- 13 We conclude that Washington Rural's proposed tariff revisions might injuriously affect the rights and interests of the public, and Washington Rural has not demonstrated that the proposed changes would result in rates that are fair, just, reasonable, equitable, and sufficient. While the Commission suspends the tariff filing pursuant to RCW 80.04.130(1), due to concern that a suspension of the filing would preclude lower rates going into effect, the Commission allows the Staff recommended lower rates to go into effect to benefit customers. The Commission further subjects these rates to refund to ensure that customer rates resulting from further review will result in rates that are fair, just, reasonable, equitable and sufficient.
- 14 While suspending the tariff filing will result in the matter being set for adjudication, and to allow the Commission to hold public hearings, as necessary, to determine whether the proposed increases are fair, just, reasonable, equitable, and sufficient, we encourage all parties to work on resolving the issues without the increased expenses of adjudication, which would then be passed on to customers in rates.
- 15 The Commission therefore suspends the tariff pages filed by Washington Rural on January 26, 2026, and revised on March 18, 2026, allowing the tariff pages to become effective April 1, 2026, subject to refund, and sets this matter for adjudication, pending the Commission's final determination in this Docket. By allowing the rates to be collected beginning April 1, 2026, subject to refund, the Commission notes this Order does not represent a resolution or final determination of any matter raised in this Docket.

16 Additionally, we agree with Staff and find that, with regard to the two recently purchased systems, further data collection will assist the Company and Commission in verifying proposed consolidated system rates and rate structure. Accordingly, we find it appropriate to require the Company to file a general rate case no later than 18 months from the effective date of final rates in this Docket, to update consolidated system rates and rate structure when sufficient meter usage data is available for the two new water systems. We also require the Company to hold at least one meeting with customers, Public Counsel and Staff, to discuss the issues raised in the Open Meeting.

FINDINGS AND CONCLUSIONS

- 17 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including water companies.
- 18 (2) Washington Rural is a water company and a public service company subject to Commission jurisdiction.
- 19 (3) This matter came before the Commission at its regularly scheduled meeting on March 26, 2026.
- 20 (4) The tariff revisions Washington Water filed on January 26, 2026, as revised on March 18, 2026, could injuriously affect the rights and interests of the public.
- 21 (5) Washington Rural has not yet demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, and sufficient.
- 22 (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 Washington Rural's books, accounts, practices, and activities; to make a valuation or appraisal of Washington Rural's property; and to investigate and appraise various phases of Washington Rural's operations.
- 23 (7) In order to carry out the duties imposed upon the Commission by law, the Commission believes it is necessary to order Washington Rural to file a general rate case no later than eighteen months from the effective date of final rates in this Docket.
- 24 (8) The Commission finds that this docket meets the criteria of WAC 480-07-

400(2)(b)(i), and that the parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400 – 425.

- 25 (9) As required by RCW 80.04.130(4), Washington Rural bears the burden to prove that the proposed increases are fair, just, reasonable, and sufficient.
- 26 (10) The Company may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020
- 27 (11) After considering the Company's filing, Staff's recommendation, and for good cause shown, the Commission suspends the tariff pages filed by Washington Rural on January 26, 2026, and revised on March 18, 2026, and allows the tariff pages to become effective April 1, 2026, subject to refund, and set this matter for adjudication pending the Commission's final determination in this Docket.
- 28 (12) The Commission further agrees with Staff that, with regards to the two recently purchased systems, further data collection will assist the Company and the Commission to verify the rates and rate structures. Therefore, we find it appropriate to require Washington Rural to file a general rate case no later than 18 months from the effective date of final rates in this Docket to update rates and the rate structure when sufficient meter usage data is available for the two new water systems. Finally, we require Washington Rural to hold at least one meeting with customers, Public Counsel and Staff to discuss the issues raised in the Open Meeting.

ORDER

THE COMMISSION ORDERS:

- 29 (1) The Commission orders suspending the tariff pages filed by Washington Rural Utilities Company on January 26, 2026, and revised on March 18, 2026, allowing the tariff pages to become effective April 1, 2026, subject to refund, and sets this matter for adjudication pending the final determination of this matter.
- 30 (2) The Commission will hold hearings at such times and places as may be required.
- 31 (3) Washington Rural Utilities Company must not change or alter the tariffs filed in these Dockets during the suspension period unless authorized by the Commission.

- 32 (4) The Commission will institute an investigation of Washington Rural Utilities Company's books, accounts, practices, activities, property, and operations as described above.
- 33 (5) The parties may conduct discovery pursuant to the Commission's discovery rules in WAC 480-07-400-425.
- 34 (6) Washington Rural is required to hold at least one meeting with customers, Public Counsel, and Staff, in order to discuss and clarify outstanding issues within 30-60 days from the date of this Order.
- 35 (7) Washington Rural is required to file a general rate case with this Commission, no later than eighteen-months from the effective date of final rates in this Docket.

DATED at Lacey, Washington, and effective March 30, 2026.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



BRIAN J. RYBARIK, Chair



ANN E. RENDAHL, Commissioner



MILTON H. DOUMIT, Commissioner