

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

WASHINGTON UTILITIES AND	)	DOCKET UW-101718
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	ORDER 02
	)	
v.	)	
	)	ORDER APPROVING REVISED
BURTON WATER COMPANY, INC.,	)	RATES ON A TEMPORARY BASIS,
	)	SUBJECT TO REFUND; AND
Respondent.	)	REQUIRING NOTICE TO
	)	CUSTOMERS
.....	)	

**BACKGROUND**

- 1     On October 20, 2010, Burton Water Company, Inc., (Burton) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-02 that increase rates and would generate \$58,785 (38.2 percent) additional annual revenue. Burton serves 415 customers on Vashon Island located in King County. Burton stated that the proposed rates are prompted by revenues falling below the level projected in the last rate case, costs associated with replacing computers and billing software, and increased fees charged by regulatory agencies.
- 2     Burton notified its customers of the original increase by mail on October 20, 2010. The Commission received two customer comments on this filing. Both customers are opposed to Burton’s proposed increase.
- 3     Staff’s review of Burton’s books, records and supporting documents shows a large portion of the rate increase resulted from additional investment in plant, which increased rate base by \$185,136, increased depreciation by \$4,623, increased interest by \$12,222, and increased return on equity by \$6,458. Expense increases included increased repair, materials and supplies of about \$4,900, increased amortization of rate case costs of about \$4,900, and increased federal and state taxes by about \$3,300. Staff concluded that Burton has a revenue deficiency of \$50,162 (31.8 percent).
- 4     Staff prepared a revised rate design to generate the lower revenue requirement. Staff’s rate design differs from Burton’s proposed rate design. Staff’s recommended revised rate design increases the base charge from \$21.59 to \$25.25 and lowers the usage blocks. Usage block one is changed from 0 – 2,500 cubic feet to 0 – 1,000 cubic feet, usage block

two is changed from 2,501 – 5,000 cubic feet to 1,001 to 1,700 cubic feet, and usage block three is changed from over 5,000 cubic feet to over 1,700 cubic feet. The rate for each usage block does not change.

5 Burton agreed to the lower revenue requirement and on January 3, 2011, filed revised rates at the Staff's recommended levels. Staff believes the proposed revised rates are fair, just, reasonable and sufficient based on Burton's supporting documentation.

6 Notwithstanding Staff's recommendation, the Commission accepts the revised rates and associated rate design on a temporary basis to become effective on January 21, 2011, subject to refund. The Commission may hold public hearings to determine whether the proposed changes are fair, just, reasonable and sufficient.

7 The Commission approves the revised rates and rate design on a temporary basis because the rates and rate design are markedly different from what Burton had originally noticed to its customers. Therefore, in order to provide customers an opportunity to comment on the revised rates and rate design, Burton must send to customers additional notice that provides information on the revised rates and rate design. The Commission will then consider any additional customer comments prior to making its final determination on the filing. Therefore, until Burton provides additional notice and an opportunity to comment, the Commission finds that Burton has not yet demonstrated that the revised rates and rate design are fair, just, reasonable and sufficient.

8 To allow customers the opportunity to review and comment on the revised rates and rate design, Burton must send another notice to customers. Burton should work with the Commission's Consumer Protection Staff to prepare an appropriate notice. The Company must notify its customers no later than February 1, 2011.

### **FINDINGS AND CONCLUSIONS**

9 (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.*

- 10 (2) Burton is a water company and a public service company subject to Commission jurisdiction.
- 11 (3) This matter came before the Commission at its regularly scheduled meeting on January 13, 2011.
- 12 (4) The tariff revisions Burton filed on January 3, 2011, would increase charges and rates for service Burton provides, and might injuriously affect the rights and interest of the public.
- 13 (5) Although Burton 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 January 21, 2011, on a temporary basis, subject to refund.
- 14 (6) Customers are entitled to receive notice of, and the opportunity to comment on, the revised rates and rate design. Burton and the Commission's Consumer Protection Staff will work together to develop an appropriate notice. The Company must notify its customers no later than February 1, 2011.

**ORDER**

**THE COMMISSION ORDERS:**

- 15 (1) The revised tariff Burton Water Company, Inc., filed on January 3, 2011, shall become effective on January 21, 2011, on a temporary basis, subject to refund if the Commission determines that different rates will be fair, just, reasonable and sufficient.
- 16 (2) Burton Water Company, Inc., must notify customers of the revised rates and rate design, and customers may make comments to the Commission. Burton and the Commission's Consumer Protection Staff will work together to develop an appropriate notice. The Company must notify its customers no later than February 1, 2011.

DATED at Olympia, Washington, and effective January 13, 2011.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**JEFFREY D. GOLTZ, Chairman**

**PATRICK J. OSHIE, Commissioner**

**PHILIP B. JONES, Commissioner**