

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

WASHINGTON UTILITIES AND)	DOCKET NO. UW-051062
TRANSPORTATION)	
COMMISSION,)	ORDER NO. 01
)	
Complainant,)	
)	
v.)	
)	
H&R Waterworks, Inc.,)	
)	COMPLAINT AND ORDER
Respondent.)	SUSPENDING TARIFF REVISIONS
.....)	

BACKGROUND

1 On July 11, 2005, H&R Waterworks, Inc., (H&R Waterworks or Company) filed with the Commission revisions to its currently effective Tariff WN U-2. The stated effective date is September 1, 2005. H&R Waterworks' filing proposed a general rate increase of approximately \$256,808 (22%) per year, plus business and occupation taxes. On August 29, 2005, following settlement discussions with Commission Staff, the Company filed substitute tariff revisions designed to produce \$131,400 (12%) per year, plus business and occupation taxes. H&R Waterworks is located in Tumwater and serves approximately 2,888 customers on about 116 water systems in Thurston, Mason, Lewis, Kitsap and Pierce Counties. On December 2, 2004, H&R Waterworks, Inc. merged with Meadows Water System, LLC, Quail Run Water Company, Inc., Tall Timbers Water Systems, LLC, Timberline Village Water Company, Inc., The Water Company of Washington, LLC, Transitions Water Service, LLC, and Utility Management Services, LLC. The Company proposes that rates be brought to parity in this filing. The resulting increase or decrease in monthly water bills depends on the existing rates for services and if the proposed rates are higher or lower. The proposed monthly charge, based upon the average customer usage, varies from a decrease of 3.9% to an increase of 36.5%. The Company states the reason for the

revenue increase is to recover full costs of operations for all water customers under a single tariff.

- 2 The filing would increase charges and rates for service provided by H&R Waterworks. At the Commission's Open Meeting of August 31, 2005, comments were received from the Company, Staff, and customers of the Company as to whether the proposed settlement would result in rates that are fair, just and reasonable. In order to fully consider this matter the Commission suspends the tariff revisions and, if necessary, will conduct additional proceedings to determine whether the proposed increases are fair, just and reasonable. For purposes of this order, the tariff revisions under suspension include the filing made July 11, 2005, as revised by substitute pages filed August 29, 2005.

FINDINGS AND CONCLUSIONS

- 3 (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; Chapter 80.04 RCW; and Chapter 80.28 RCW.*
- 4 (2) H&R Waterworks is a water company and is a public service company subject to the jurisdiction of the Commission.
- 5 (3) This matter was brought before the Commission at its regularly scheduled meeting on August 31, 2005.
- 6 (4) The tariff revisions filed by H&R Waterworks on July 11, 2005, as revised on August 29, 2005, would increase charges and rates for service provided

by H&R Waterworks, and might injuriously affect the rights and interest of the public.

7 (5) H&R Waterworks and Commission Staff have proposed a settlement that they believe will result in rates that are fair, just and reasonable. The Commission has received some comments from the Company's customers in opposition to the proposed settlement.

8 (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 more fully consider the merits of the proposed settlement.

9 (7) As required by RCW 80.04.130 (4), H&R Waterworks bears the burden of proof to show that the proposed increases are fair, just and reasonable.

ORDER

THE COMMISSION ORDERS:

10 (1) The tariff revisions filed on July 11, 2005, as revised on August 29, 2005, are suspended.

11 (2) The Commission will undertake such additional proceedings as may be required.

12 (3) H&R Waterworks, Inc. must not change or alter the tariffs filed in this docket during the suspension period, unless authorized by the Commission.

DATED at Olympia, Washington, and effective this 31st day of August, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner