

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

WASHINGTON UTILITIES AND	)	DOCKET UW-082264
TRANSPORTATION COMMISSION,	)	
	)	ORDER 02
Complainant,	)	
	)	ORDER RESCINDING APPROVAL
v.	)	OF REVISED RATES ON
	)	TEMPORARY BASIS, SUBJECT TO
SOUTHGATE WATER COMPANY,	)	REFUND; DISMISSING
	)	COMPLAINT AND ORDER
Respondent.	)	SUSPENDING TARIFF REVISION;
	)	ALLOWING TARIFF REVISION
.....	)	

**BACKGROUND**

- 1     On December 30, 2008, Southgate Water Company (Southgate or Company) filed with the Washington Utilities and Transportation Commission (Commission) a revision to its currently effective Tariff WN U-1, designated as Second Revision of Sheet No. 22 Cancelling First Revision Sheet No. 22. The Company filed for an increase in general rates of \$10,554 (27 percent) in additional annual revenue. The Company serves 54 customers in Benton County. Southgate requested the increase to cover increases in maintenance and repairs; utilities; water testing; meter reading, billing, legal, and accounting services; property and business taxes; and office supplies and postage. The Company’s last general rate increase became effective in April 2007.
- 2     Staff reviewed Southgate’s books, records and supporting documents and concluded Southgate’s request for an additional \$10,554 in annual revenue was reasonable.
- 3     Staff prepared a revised rate design to generate the additional \$10,554 in revenue. Staff’s design differs from Southgate’s proposed rate design, and includes a \$40 base charge; zero usage allowance in the base charge; and, two usage blocks to encourage water conservation. The Company’s proposed rate design included a \$50 base charge, 10,000 gallon water usage allowance in the base charge, and two usage blocks.
- 4     Prior to the February 26, 2009, open meeting, Southgate agreed to file revised rates using Staff’s recommended rate design by February 13, 2009. Believing the proposed revised rates to be fair, just, reasonable and sufficient based on Southgate’s supporting documentation, and believing the substitute tariff pages were appropriately filed, Staff recommended at the February 26, 2009, open meeting, that the Commission issue a

Complaint and Order suspending the Company's tariff revision and approving revised rates on a temporary basis, subject to refund. The Commission did so, and on February 26, 2009, entered Order 01, Complaint and Order Suspending Tariff; Approving Revised Rates on a Temporary Basis, Subject to Refund. While the Company claims that it did mail the revised tariff page to the Commission and the Company did submit the revised tariff page to Staff via e-mail, the Commission's Records Center did not receive the revised tariff page.

- 5 On March 18, 2009, Staff discovered that the Commission's Records Center never received the Company's February 13, 2009, revised tariff filing. The Company immediately prepared and submitted a substitute filing including the revised tariff page via fax to the Commission's Records Center on March 19, 2009.
- 6 The Company notified its customers of the original increase by mail on January 4, 2009. The notice advised customers that the Commission would take customer comments at its January 15, 2009 open meeting. One customer commented. The Company notified the customers of the revised rate structure on February 13, 2009. Seven additional customer comments were received. Consumer Protection Staff responded to all commenters by March 10, 2009. The Commission has not received any additional customer comments.
- 7 Because the substitute tariff page was not formally filed with the Commission on February 13, 2009, Order 01 erroneously approved revised rates on a temporary basis, subject to refund, and the Commission should rescind that portion of Order 01. The Company bills its customers in arrears, and, therefore has not billed its customers using the temporary rates erroneously approved. The Company has agreed not to bill or collect charges based on the temporary rates approved in Order 01.
- 8 Staff believes the Company's financial information supports the requested revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient, and that the revised rates should become effective on a permanent basis on April 1, 2009.

### **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, rules, 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) Southgate 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 meetings on February 26, 2009, and March 26, 2009.
- 12 (4) The revised tariff revision is fair, just, reasonable and sufficient because the Company's books, records and supporting documents demonstrate Southgate has a revenue deficiency of \$10,554 (27 percent).
- 13 (5) Because the Commission erroneously approved the temporary rates, subject to refund in Order 01, entered February 26, 2009, the portion of the Order approving temporary rates, specifically, ordering paragraph 2, should be rescinded.
- 14 (6) After reviewing the tariff revisions Southgate filed in Docket UW-082264 and giving due consideration, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revision in Docket UW-082264, dated February 26, 2009, and allow the revised tariff revision to Tariff WN U-1 filed on March 19, 2009, to become effective on April 1, 2009, on a permanent basis.

## **ORDER**

### **THE COMMISSION ORDERS:**

- 15 (1) Ordering paragraph 2 of Order 01 in Docket UW-082264, entered February 26, 2009, is rescinded.
- 16 (2) The Complaint and Order Suspending Tariff Revision in Docket UW-082264, entered on February 26, 2009, is dismissed.

- 17 (3) The revised tariff revision Southgate Water Company filed in this docket on March 19, 2009, shall become effective on April 1, 2009, on a permanent basis.

DATED at Olympia, Washington, and effective March 26, 2009.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**JEFFREY D. GOLTZ, Chairman**

**PHILIP B. JONES, Commissioner**