

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

WASHINGTON UTILITIES AND	)	DOCKET UW-071885
TRANSPORTATION COMMISSION,	)	
	)	ORDER 01
Complainant,	)	
	)	
v.	)	
	)	COMPLAINT AND ORDER
ILIAD WATER SERVICES, INC.,	)	SUSPENDING TARIFF; APPROVING
	)	REVISED RATES ON A TEMPORARY
Respondent.	)	BASIS, SUBJECT TO REFUND
.....	)	

**BACKGROUND**

- 1     On September 17, 2007, Iliad Water Services, Inc., (Iliad or Company) filed with the Washington Utilities and Transportation Commission (Commission) an increase in general rates for \$32,324 (143 percent) of additional revenue per year. Iliad serves 89 customers on three water systems located near Elbe (Pierce County), Silverdale (Kitsap County) and Marysville (Snohomish County). Iliad requested the increase to cover increased operational and capital improvement costs. Iliad’s last general rate increase was in August 1992.
- 2     Iliad notified its customers of the original increase by mail on September 17, 2007. The Commission received 11 customer comments on this filing, all opposed to the proposed increase. Customers stated concerns regarding the size of the proposed increase, poor customer service, poor water quality and the seasonal nature of some customers. Customers are also interested in the Company installing a back-up generator and want to know why the Company is connecting new customers at the same time the systems are experiencing water shortages.
- 3     Staff reviewed Iliad’s books, records and supporting documents and concluded Iliad has a revenue deficiency of \$18,026 (63) percent.
- 4     Staff prepared a revised rate design to generate the lower revenue requirement. Staff’s rate design differs from Iliad’s proposed rate design. Iliad proposed a rate design that includes 500 cubic feet of water in the base charge and a single usage block. Staff recommends a conservation rate design with (1) a base charge that provides no water use

(so-called “zero usage” rate design) and (2) includes three usage blocks with increasing unit rates for each block.

5 Iliad agreed to the lower revenue requirement and on November 27, 2007, filed revised rates at the Staff’s recommended levels. Notwithstanding Staff’s continuing concerns about Iliad’s management and financial viability, Staff believes the proposed revised rates are fair, just, reasonable and sufficient based on Iliad’s supporting documentation.

6 Customers deserve to know about, and comment on, the proposed revised rates of \$18,026 (63 percent). The Commission should consider all information, including any additional customer comments on the revised rates, Iliad’s financial structure, financial viability and the Company’s ability to continue operating in the future, in deciding whether to conduct an evidentiary hearing on the revised rates. Therefore, the Commission finds Iliad has not yet demonstrated the revised rates are fair, just, reasonable and sufficient.

7 The Commission accepts the revised rates as temporary rates and approves those revised rates to become effective on December 1, 2007, on a temporary basis, subject to refund. The Commission may hold public hearings to determine whether the proposed changes are fair, just, reasonable and sufficient.

### FINDINGS AND CONCLUSIONS

8 (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.*

9 (2) Iliad is a water company and a public service company subject to Commission jurisdiction.

10 (3) This matter came before the Commission at its regularly scheduled meeting on November 28, 2007.

- 11 (4) The tariff revision(s) Iliad filed on September 17, 2007, and revised on November 27, 2007, would increase charges and rates for service Iliad provides, and might injuriously affect the rights and interest of the public.
- 12 (5) Although Iliad 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 December 1, 2007, on a temporary basis, subject to refund.
- 13 (6) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.04.130 and RCW 80.04.220, the Commission finds it necessary to investigate this tariff filing, which may involve an investigation of Iliad's books, accounts, practices and activities, to make a valuation or appraisal of Iliad's property and to investigate and appraise various phases of Iliad's operations.
- 14 (7) As required by RCW 80.04.130 (4), Iliad bears the burden of proof to show that the proposed increases are fair, just, reasonable and sufficient. Nothing in this Order is intended to limit the issues as to the fairness, justness, reasonableness and sufficiency of the proposed increases.
- 15 (8) In addition, the Commission invokes the rights, remedies and procedures contained in the reparations statute, RCW 80.04.220, to the extent the Commission finds that any rate subject to this investigation is excessive or exorbitant.
- 16 (9) Iliad may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.

**ORDER**

**THE COMMISSION ORDERS:**

- 17 (1) The tariff revisions Iliad Water Services, Inc., filed on September 17, 2007, and November 27, 2007, are suspended.

- 18 (2) The revised tariffs Iliad Water Services, Inc., filed on November 27, 2007, shall  
become effective on December 1, 2007, on a temporary basis, subject to refund if  
the Commission determines that different rates will be fair, just, reasonable and  
sufficient.
- 19 (3) The Commission will hold hearings at such times and places as may be required.
- 20 (4) Iliad Water Services, Inc., must not change or alter the tariffs filed in this docket  
during the suspension period, unless authorized by the Commission.
- 21 (5) The Commission will institute an investigation of Iliad Water Services, Inc.'s  
books, accounts, practices, activities, property and operations as described above.
- 22 (6) Iliad Water Services, Inc., shall pay the expenses reasonably attributable and  
allocable to the Commission's investigation, consistent with RCW 80.20.

DATED at Olympia, Washington, and effective November 28, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner