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July 30, 2004

Carole Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

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WASHINGTON UTILITIES
COMMUNICATIONS
DIVISION

Re: Rainier View Water Company, Inc. – Ninth Revised Sheet No. 21
Canceling Eighth Revised Sheet No. 21; Third Revised Sheet No.
21.1 Canceling First Revised Sheet No. 21.1

Dear Ms. Washburn:

Enclosed for filing you will find the original and three copies of the above-referenced tariff sheets. The purpose of this filing is to put a conservation rate in place. Rainier View believes that such a rate is consistent with the adopted policies of the State of Washington to conserve water resources. Rainier View has found that it has a small portion of its customer base that is using large quantities of water during the summer season. Rainier View has been actively engaged in customer education, sending out letters concerning irrigation practices and even making phone calls to individuals customers. However, these educational efforts have failed to curtail high usage in a certain portion of the customers served by Rainier View.

Rainier View will continue to use the educational programs it has undertaken. However, a conservation rate is a necessary tool to encourage customers to curtail excessive water usage. This rate will kick in only if a customer uses more than approximately 800 gallons per day in a given billing month. To provide a sense of perspective, the average usage of a customer on Rainier View's largest system is 365 gallons per day. This means that the conservation rate will affect only those customers using well in excess of twice

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the average daily usage. Rainier View estimates that approximately ten percent of its customer base will be affected by this rate.

Rainier View proposes to send out two specific letters following adoption of this conservation rate to prepare customers for the rate next year. One would be specifically directed to the customers that would be affected by the rate based on 2004 usage and would tell them how much they would have paid had the rate been in effect in the 2004 summer months. The second notice will be to all customers in approximately April telling them to prepare for the conservation season and providing them a warning about the effect of the conservation rate.

In addition, to directly address any concerns the Commission might have that the conservation rate will provide a windfall to Rainier View, the Company has a proposal. That proposal is that the Company will use a base revenue amount per customer based upon the three-year average from 2002, 2003 and 2004. Looking at the average revenue per customer in a particular month, for example June, this would be compared to the average revenue per customer that is generated once the conservation rate is in place. If revenue exceeds the average per customer revenue from the base, that money would be put aside and accounted for separately. To even out savings in revenue, the total of the months affected by the conservation rate for any year will be balanced against one another. The funds would be earmarked and spent only for system improvements, consistent with a facilities charge concept or for conservation purposes.

The Company intends to continue to educate its customers about conservation methods. In addition, if it has a source of revenue available for that purpose, the Company will purchase conservation equipment, such as flow restricters, that it will provide to its customers on either a discounted or "free" basis. The money, if any, from this account could be used for that purpose.

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The undersigned has authority to file tariff sheets on behalf of the company.

Sincerely,

A handwritten signature in black ink that reads "Richard A. Finnigan/km". The signature is written in a cursive style with a large initial 'R' and a trailing slash followed by the initials 'km'.

RICHARD A. FINNIGAN

RAF/km
Enclosures

cc: Danny Kermode
Jolyn Leslie, Department of Health
Bob Blackman
Doug Fisher