

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

WASHINGTON UTILITIES AND)	DOCKET UW-082113
TRANSPORTATION COMMISSION,)	
)	ORDER 02
Complainant,)	
)	
v.)	
)	
DEER MEADOWS WATER)	ORDER DISMISSING COMPLAINT
COMPANY, INCORPORATED,)	AND ORDER SUSPENDING TARIFF
)	REVISIONS; ALLOWING REVISED
Respondent.)	TARIFF REVISIONS
.....)	

BACKGROUND

- 1 On November 21, 2008, Deer Meadows Water Company, Incorporated (Deer Meadows or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-1, designated as First Revision of Sheet No. 2 Cancelling Original Sheet No. 2, First Revision of Sheet No. 21 Cancelling Original Sheet No. 21, First Revision of Sheet No. 22 Cancelling Original Sheet No. 22 and First Revision of Sheet No. 23 Cancelling Original Sheet No. 23. The stated effective date is January 20, 2009. Deer Meadows’ initial tariff filing with the Commission became effective November 1, 2007. Deer Meadows proposed rates would generate approximately \$215,307 (172 percent) in additional annual revenue. The proposed rates were prompted by increases in supplies, power, laboratory fees and maintenance expenses. The Company serves 351 customers: 199 residential customers, 150 ready-to-use residential customers, one golf course, and one restaurant/motel. The Company states that its last general rate increase was approximately five years ago.
- 2 The Company proposes to change residential rates from a one-block rate design with 5,000 gallon usage allowance to a zero allowance, three-block rate design to encourage conservation. Currently, the Company charges \$500 per month to serve both the restaurant/motel and the golf course. The Company proposed to change the rates for the restaurant/motel and the golf course from flat rates to metered rates using a zero allowance, three-block rate design.
- 3 On January 15, 2009, the Commission entered a Complaint and Order Suspending Tariff Revisions pending an investigation to determine whether the revisions are fair, just, reasonable and sufficient.

- 4 Staff and the Company reviewed the Company's original filing and agreed to a revised revenue requirement of \$34,499 (27.4 percent) in additional annual revenue and revised rates. On February 18, 2009, the Company filed revised rates at the Staff recommended level. The base meter charge, which does not include any water usage, increases in proportion to the meter size to reflect the potential capacity demand on the water system, consistent with standard rate design. For residential customers and ready-to-serve customers, the original proposed base charge and ready-to-serve rates of \$54.50 per month are decreased to \$26.25 per month. For the golf course customer, the original proposed base rate of \$500.00 per month is increased to \$874.38 per month. For the restaurant/motel customer, the original proposed base rate of \$115.00 per month is increased to \$438.38 per month. For all customers, the original proposed usage rates, ranging from \$1.05 to \$3.20 per 1,000 gallons, are decreased to \$.46 per 1,000 gallons.
- 5 Customers object to the amount of the increase, question a \$46,000 loan from a shareholder to the Company, and object to rate increases to the golf course and the restaurant/motel that might force them to close. Although the Company's original proposal would generate approximately \$215,307 (172 percent) in additional annual revenue, the revised rates would generate \$34,499 (27.4 percent) in additional annual revenue, and increase the average monthly customer water bill by 2 percent. Staff recommended revised rates reflect the cost of providing service. Staff understands that customers believe the golf course and restaurant/motel are important to their community, but Staff recommends the Commission not set rates that would require residential customers to subsidize the water used by the golf course and restaurant/motel. Staff did not use the affiliate loan in calculating the Company's revenue requirement or rates.

FINDINGS AND CONCLUSIONS

- 6 (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.*
- 7 (2) Deer Meadows is a water company and a public service company subject to Commission jurisdiction.

- 8 (3) This matter came before the Commission at its regularly scheduled meeting on March 12, 2009.
- 9 (4) The tariff revisions presently under suspension are fair, just, reasonable and sufficient because Staff has completed its review of the Company's supporting financial documents, books and records, and determined that the expenses are reasonable and required as part of the Company's operations and that the revised rates and charges are fair, just, reasonable, and sufficient..
- 10 (5) After reviewing the tariff revisions Deer Meadows filed in Docket UW-082113 and giving due consideration, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revisions in Docket UW-082113, dated January 15, 2009, and allow the tariff revisions to Tariff WN U-1 to become effective on March 20, 2009.

ORDER

THE COMMISSION ORDERS:

- 11 (1) The Complaint and Order Suspending Tariff Revisions in Docket UW-082113, entered on January 15, 2009, is dismissed.
- 12 (2) The revised tariff revisions Deer Meadows Water Company, Incorporated filed in this docket on February 18, 2009, shall become effective on March 20, 2009.

DATED at Olympia, Washington, and effective March 12, 2009.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner