

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, |) | DOCKET UW-111399 |
| |) | |
| |) | ORDER 02 |
| |) | |
| Complainant, |) | ORDER DISMISSING COMPLAINT |
| |) | AND ORDER SUSPENDING TARIFF |
| v. |) | REVISION; ALLOWING TARIFF |
| |) | REVISION; DIRECTING THE |
| RAINIER VIEW WATER COMPANY, INC. |) | COMPANY TO FILE A RATE CASE |
| |) | NO LATER THAN APRIL 15, 2013; |
| |) | AND DIRECTING THE COMPANY |
| Respondent. |) | TO NOTIFY NON-RESIDENTIAL |
| |) | CUSTOMERS OF THE 2013 RATE |
| |) | CASE NO LATER THAN |
| |) | FEBRUARY 29, 2012 |
| |) | |

BACKGROUND

- 1 On August 1, 2011, Rainier View Water Company, Inc. (Rainier View or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-2, designated as Twelfth Revised Sheet No. 21 Canceling Eleventh Revised Sheet No. 21 and Sixth Revised Sheet No. 22 Canceling Fifth Revised Sheet No. 22. On November 23, 2011, the Company filed Tenth Revised Sheet No. 32, Canceling Ninth Revised Sheet No. 32. Sheet No. 21 lists charges to residential customers; Sheet No. 22 lists charges to non-residential customers; and Sheet No. 32 lists charges for the Company’s unmetered rate service, which primarily serves multiple dwelling unit buildings without individual unit meters.
- 2 On August 25, 2011, the Commission entered a Complaint and Order Suspending Tariff Revision pending an investigation to determine whether the revisions are fair, just, reasonable and sufficient.
- 3 Staff’s review of the Company’s filing found that the proposed revenue requirement was not sufficient to cover the Company’s operating expenses. Staff and the Company agreed on a revised revenue requirement that would generate \$545,419 (12.6 percent) in additional annual revenue, and they agreed that the proposed rate structure would generate the revised revenue requirement.

- 4 On November 23, 2011, the Company filed an additional tariff page to publish the increased flat rate charge that the Company had included in its notice to customers but inadvertently had not included in the Company's original filing with the Commission. The effective date is stated as January 1, 2012.
- 5 During the Company's last general rate case, in Docket UW-091466, Staff and the Company agreed to a rate design for residential and non-residential customers that would generate the same proportion of revenue as the proportion of water used by each customer class. However, the rate design would have resulted in significantly higher increases to non-residential customers than to residential customers. Using that rate design, Rainier View's largest non-residential customer would have experienced a 116 percent increase, compared to a 16.4 percent increase for residential customers. Instead of adopting the proposed rate design, the Commission directed Staff to prepare a revised rate design that would mitigate the rate shock to the non-residential class. The Commission subsequently approved a revised rate design that addressed 33.3 percent of the revenue differential.
- 6 The increase proposed by the Company in its latest filing was prompted by a combination of increased expenses and lower revenue. Revenue decreased because customers used less water and there are fewer revenue generating customers. Staff concluded that without a rate increase, the Company will not meet its debt-service coverage ratio requirements.
- 7 Rates proposed by the Company would eliminate only a small amount of the remaining revenue differential, not the full "second step" contemplated in the last rate case. In support of its proposal, the Company states that this filing is made just 14 months after the last rate increase became effective on June 1, 2010, and that the Company is concerned that taking the full "second step" to eliminate the revenue differential would cause another delay, similar to the seven and one half months delay experienced in the last rate case in Docket UW-091466, and would force the Company to violate its debt-service coverage requirements. To address these issues, the Company agrees:
1. To file a full rate case no later than April 15, 2013, that will address any remaining rate design issues between residential and non-residential customers.
 2. To work with Staff to prepare a notice that the Company will send to all non-residential customers advising them of the 2013 rate case and the expected impact to non-residential rates. The Company will send the notice no later than

February 29, 2012, to give all customers sufficient time to plan and budget for the expected changes.

8 Staff concluded that with these conditions, the proposed rates and charges are fair, just, reasonable, and sufficient.

9 The Commission has reviewed Staff's analysis and agrees with its conclusion that the proposed rates are fair, just, reasonable, and sufficient under the conditions to which the Company has agreed.

FINDINGS AND CONCLUSIONS

10 (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, terms, conditions, and practices of public service companies, including water companies.

11 (2) Rainier View is a water company and a public service company subject to Commission jurisdiction.

12 (3) This matter came before the Commission at its regularly scheduled meeting on December 15, 2011.

13 (4) Rainier View has demonstrated the need for additional annual revenue and for revision of the Company's rate structure

14 (5) The tariff revisions presently under suspension, in conjunction with the Company's agreement to additional conditions, result in rates that are fair, just, reasonable, and sufficient. Accordingly, the Complaint and Order Suspending Tariff Revision in Docket UW-111399, dated August 25, 2011, should be dismissed and the revisions to Tariff WN U-2 should be allowed to become effective on January 1, 2012.

15 (6) Rainier View should be directed to file a general rate case no later than April 15, 2013, that will address any remaining rate design issues between residential and non-residential customers.

- 16 (7) Rainier View should be directed to notify its non-residential customers, no later than February 29, 2012, advising them of the 2013 rate case and the expected impact to non-residential rates.

O R D E R

THE COMMISSION ORDERS:

- 17 (1) The Complaint and Order Suspending Contract in Docket UW-111399, entered on August 25, 2011, is dismissed.
- 18 (2) The tariff revisions Rainier View Water Company, Inc., filed in this docket on August 1, 2011, and November 23, 2011, shall be allowed to become effective on January 1, 2012.
- 19 (3) Rainier View Water Company, Inc., is directed to file a general rate case no later than April 15, 2013, that that will address any remaining rate design issues between residential and non-residential customers.
- 20 (4) Rainier View Water Company, Inc., is directed to notify its non-residential customers, no later than February 29, 2012, advising them of the 2013 rate case and the expected impact to non-residential rates.

DATED at Olympia, Washington, and effective December 29, 2011.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner