

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

WASHINGTON UTILITIES AND)	DOCKET UW-101718
TRANSPORTATION COMMISSION,)	
)	ORDER 03
Complainant,)	
)	
v.)	ORDER DISMISSING COMPLAINT
)	AND ORDER SUSPENDING TARIFF
BURTON WATER COMPANY, INC,)	REVISIONS AND ALLOWING
)	TARIFF REVISIONS TO BECOME
Respondent.)	PERMANENT
.....)	

BACKGROUND

1 On October 20, 2010, Burton Water Company, Inc. (Burton or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-2 that increase rates and would generate \$58,785 (38.2 percent) additional annual revenue. Burton serves 415 customers on Vashon Island located in King County. Burton stated that the proposed rates are prompted by revenues falling below the level projected in the last rate case, costs associated with replacing computers and billing software, and increased fees charged by regulatory agencies.

2 On November 10, 2010, the Commission entered a Complaint and Order Suspending Tariff Revisions pending an investigation to determine whether the revisions are fair, just, reasonable and sufficient.

3 Staff’s review of Burton’s books, records and supporting documents shows a large portion of the rate increase resulted from additional investment in plant, which increased rate base by \$185,136, increased depreciation by \$4,623, increased interest by \$12,222, and increased return on equity by \$6,458. Expense increases included increased repair, materials and supplies of about \$4,900, increased amortization of rate case costs of about \$4,900, and increased federal and state taxes by about \$3,300. Staff concluded that Burton has a revenue deficiency of \$50,162 (31.8 percent).

4 Staff prepared a revised rate design to generate the lower revenue requirement. Staff’s rate design differs from Burton’s proposed rate design. Staff’s recommended revised rate design increases the base charge from \$21.59 to \$25.25 and lowers the usage blocks. Usage block one is changed from 0 – 2,500 cubic feet to 0 – 1,000 cubic feet, usage block two is changed from 2,501 – 5,000 cubic feet to 1,001 to 1,700 cubic feet, and usage

block three is changed from over 5,000 cubic feet to over 1,700 cubic feet. The rate for each usage block does not change.

- 5 Burton agreed to the lower revenue requirement and on January 3, 2011, filed revised rates at the Staff's recommended levels. Staff concluded that Burton's financial information supports the revised revenue requirement and Staff's revised rates and charges are fair, just, reasonable, and sufficient.
- 6 Burton notified its customers of the original increase by mail on October 20, 2010. The Commission received two customer comments on this filing. Both customers are opposed to Burton's proposed increase.
- 7 On January 13, 2011, the Commission found it reasonable, based on Staff's analysis, to allow the revised rates to become effective January 21, 2011, on a temporary basis, subject to refund. The Commission suspended the revised rates to give customers notice of, and an opportunity to comment on, the revised rates.
- 8 The Commission accepted the revised rates and rate design on a temporary basis because the rates and rate design are markedly different from what Burton had originally noticed to its customers. Therefore, in order to provide customers an opportunity to comment on the revised rates and rate design, Burton was required to send to customers additional notice that provided information on the revised rates and rate design.
- 9 Burton worked with the Commission's Consumer Protection Staff to prepare an appropriate notice. The Company sent a second notice to its customers on January 19, 2011.
- 10 The Commission has received one additional comment on the revised rates and rate design. The comment does not change Staff's opinion that the revised rates are fair, just, reasonable and sufficient.

DISCUSSION

11 After reviewing the tariff revisions Burton filed in Docket UW-101718 and giving due consideration to all relevant matters and for good cause shown, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revisions in Docket UW-101718, dated November 10, 2010, and allow the revised tariff revisions filed January 3, 2011, to Tariff WN U-2 to become effective on February 26, 2011, on a permanent basis for the following reasons:

- a. Burton has demonstrated that it needs additional revenue.
- b. Staff and Burton have agreed upon the revised revenue requirement and the revised rate design.
- c. Staff concluded that Burton's financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

FINDINGS AND CONCLUSIONS

- 11 (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.*
- 12 (2) Burton is a water company and a public service company subject to Commission jurisdiction.
- 13 (3) This matter came before the Commission at its regularly scheduled meeting on February 25, 2011.
- 14 (4) The tariff revisions presently under suspension are fair, just, reasonable and sufficient. Commission Staff reviewed the Company's supporting financial documents, books and records and concluded that the operating expenses are reasonable and required as part of the Company's operation. The Company's

financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The Complaint and Order Suspending Tariff Revisions in Docket UW-101718, entered on November 10, 2010, is dismissed.
- 16 (2) The revised tariff revisions Burton Water Company, Inc., filed in this docket on January 3, 2011, shall become effective on February 26, 2011, on a permanent basis.

DATED at Olympia, Washington, and effective February 25, 2011.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner