

Agenda Date: June 16, 2017
Item Number: A1

Docket: UW-170375
Company Name: Rainer View Water Company, Inc.

Staff: Scott Sevall, Regulatory Analyst
John Cupp, Consumer Protection

Recommendation

Take no action, thereby allowing the tariff pages filed by Rainer View Water Company, Inc. on May 15, 2017, and revised on June 7, 2017, to become effective June 16, 2017, by operation of law.

Discussion

On May 15, 2017, Rainer View Water Company, Inc. (Rainer View or company), filed with the Utilities and Transportation Commission (commission) a tariff revision that would increase monthly water rates and revenues by approximately \$430,630 annually (6.7 percent). Staff and the company have agreed on a lower increase of approximately \$367,000 (5.8 percent) annual revenue. The company serves 18,000 metered customers in Pierce and Kitsap Counties. The proposed effective date is June 16, 2017. The company's last rate change was effective January 1, 2015.

The company has stated that the purpose of this filing is to seek rates that cover the company's operating costs, primarily employee wages, increases to insurance, and to recover capital investment in plant. The company filed to apply this increase only to their base rate, however staff disagreed with the proposal. The company agreed with staff and filed revised pages to increase the rates in block 1, with a lower increase to the base rate. Staff has completed its review of the company's records and believes the revised rates are fair, just, reasonable, and sufficient.

A comparison of the current, company proposed, and staff revised rates, and a customer bill comparison are below.

Rate Comparison

Monthly Rate	Current Rate	Company Proposed Rate	Staff Revised Rate
¾ Meter Base	\$ 13.90	\$ 15.75	\$ 14.90
0-600 Cubic Feet	\$ 0.94	\$ 0.94	\$ 1.00
601-3,000	\$ 1.15	\$ 1.15	\$ 1.15
Over 3,000 (October 31- April 30)	\$ 2.42	\$ 2.42	\$ 2.42
Over 3,000 (May 1- September 30)	\$ 5.00	\$ 5.00	\$ 5.00

Bill Comparison

Meter Size and Usage	Current Bill	Company Proposed	Staff Revised
¾ inch, 600 cubic feet	\$ 19.54	\$ 21.39	\$ 20.90
¾ inch, 1200 cubic feet	\$ 26.44	\$ 28.29	\$ 27.80
1 inch, 1,500 cubic feet	\$ 31.85	\$ 40.40	\$ 39.83
2 inch, 4,800 cubic feet	\$ 119.32	\$ 131.37	\$ 127.47
2 inch, 9,600 cubic feet	\$ 174.52	\$ 186.57	\$ 182.67
4 inch, 15,000 cubic feet	\$ 372.70	\$ 411.50	\$ 398.33
4 inch, 30,000 cubic feet	\$ 545.20	\$ 584.00	\$ 570.83

Comment Summary

On May 15, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns. Staff received 28 consumer comments, all opposed to the increase.

Concern about rates for one-inch meters

Fourteen customers expressed concerns about the amount the company proposes to increase the base rate for one-inch meters. They believe the bulk of residential customers are served by one-inch meters.

Staff Response

Out of over 17,000 residential customers, 30 are served by one-inch meters. Staff provided information to help customers determine the size of their meter.

Service Quality

Five customers believe the company should not get an increase when they are receiving discolored water.

Staff Response

Staff spoke with a Department of Health staff member who said there has been one complaint in the past year against Rainier View concerning manganese. There was an issue with manganese at the Fir Meadows well. The well has been taken off line until the manganese treatment facility is completed.

General Comments

Customers feel the company should manage its money better instead of increasing its rates so frequently.

Staff Response

The customers were advised that state law requires rates to be fair, just, reasonable and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Recommendation

Take no action, thereby allowing the tariff pages filed by Rainer View Water Company, Inc. on May 15, 2017, and revised on June 7, 2017, to become effective June 16, 2017, by operation of law.