

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASHINGTON WATER SUPPLY,
INC.,

Respondent.

DOCKET UW-240079

(Consolidated)

ORDER 02

In the Matter of the Request of

WASHINGTON WATER SUPPLY,
INC.,

To Approve Tariff Revisions Regarding
a Temporary Surcharge for Recovery of
Purchased Water Expenses

DOCKET UW-230598

(Consolidated)

ORDER 03

DENYING MOTION TO SEVER;
IMPOSING PENALTY

BACKGROUND

- 1 On July 12, 2023, Washington Water Supply, Inc., (Washington Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) a tariff revision in Docket UW-230598 to include a surcharge of \$60 per month for the recovery of purchased water expenses on the Echo Glenn water system located in Maple Valley. The total number of customers on the Echo Glenn water system is 42 connections.
- 2 On August 10, 2023, the Commission issued Order 01 in Docket UW-230598 that allowed the surcharge in the amount of \$60.00 per month to become effective August 15, 2023, subject to the following conditions:
 - (1) the surcharge will expire on November 15, 2023,

- (2) the Company file a general rate case with an effective date no later than February 15, 2024, and
- (3) per WAC 480-110-455(4), the Company report to the Commission within 60 days of the end of each calendar quarter that the surcharge is in effect:
 - i. Quarter beginning balance.
 - ii. Amounts received, detailed by source (i.e., customer billing, customer one-time payments, or interest earned on amounts held in accounts).
 - iii. Amounts spent, detailed by project or type of expense.
 - iv. Quarter ending balance; and,
 - v. Reconcile the bank balance to the general ledger.

- 3 The Company completed well rehabilitation and ceased trucking water in September 2023. The system is no longer on a Boil Water Advisory.
- 4 On January 22, 2024, the Company filed tariff pages in this docket requesting a surcharge in the amount of \$24,000, to recover the costs incurred by the Company to rehabilitate the Echo Glen well.
- 5 On February 1, 2024, the Company notified customers of the proposed surcharge.
- 6 Commission staff (Staff) reviewed the Company's documentation. Staff recommended the tariff revisions be suspended and that the docket be consolidated with Docket UW-230598. Staff reasoned that the requested surcharge for well rehabilitation did not qualify for a surcharge pursuant to WAC 480-110-455. Staff advanced the position the costs were capital costs and should be recovered through a general rate case, and if they were instead recovered through a surcharge, the Company would likely only be able to recover up to 70 percent of costs.
- 7 On February 22, 2024, the Commission suspended the tariff revisions for well rehabilitation and ordered this docket be consolidated with Docket UW-230598. The Commission agreed with Staff that the costs were costs more appropriately evaluated in a general rate case.
- 8 On March 5, 2024, Washington Water filed a motion to sever dockets UW-240079 and UW-230598. The Company argued that the dockets should be severed because Docket UW-230598 is closed and asserted that the dockets have no common issues of fact or law. The Company also argued that this docket should not be consolidated with a

separate docket involving the Company because the dockets are at different points in the administrative process.

9 On March 12, 2024, Staff filed a response to Washington Water's motion to sever, requesting the Commission deny the Company's motion. Staff argues that while Docket UW-230598 is reflected as closed on the Commission website, the Commission retains jurisdiction over the matter pursuant to Order 01 in Docket UW-230598, dated August 10, 2023. Staff argues that because the Company has failed to comply with the Commission's order to file a general rate case by February 15, 2024, and to file certain financial reports, the Commission continues to retain jurisdiction over Docket UW-230598. Further, Staff argues that the Commission may consolidate dockets that present common issues when it is in the public interest to do so, and here the public interest standard is met because the Commission needs to be able to fully examine the proposed surcharge, including whether the expenses are more appropriately included in general rates.

10 Staff also notes an error in Order 01/02 in the consolidated docket. The Company submitted a proposed notice to customers regarding the proposed surcharge, but the notice was not sent to customers. However, whether notice was provided to customers was not a material fact Staff considered in recommending suspension.

DISCUSSION AND DECISION

11 We agree with Staff that the motion to sever should be denied. The Company's proposed surcharge should be evaluated as part of a general rate case, which the Company was ordered to file by February 15, 2024, and has failed to do so.

12 Staff is correct in asserting that the Commission retains jurisdiction over the parties and the subject matter of the proceeding in Docket UW-230598 pursuant to the conditions included in Order 01 of that docket and the Commission acted within its discretion when it ordered the consolidation of Dockets UW-240079 and UW-230598.

13 By the express language of Order 01 in Docket UW-230598, the Commission retained jurisdiction over the docket and the Company until all of the conditions in the order were met, reviewed, and approved if necessary. Here, the Company has failed to comply with Order 01.

14 We further agree with both parties that this docket should not be consolidated with Docket UW-230997.

- 15 We further take notice of the error in Order 01/02 and find that the Company filed a proposed notice regarding the well rehabilitation surcharge, but that the notice was not sent to customers. While this does not impact this Order, we appreciate the parties correcting the record and expect that should the notice be sent to customers in the future, the Company will notify the Commission.
- 16 However, what is most concerning in this docket is not whether the dockets should be severed or remain consolidated, but the Company's continued failure to comply with the clear and direct orders of the Commission to file certain financial documents and separately, a general rate case by February 15, 2024.
- 17 Public service companies, and all officers, agents and employees of those companies are required by law to "obey, observe and comply with every order, rule, direction or requirement made by the commission."¹ Failure to comply with Commission orders may be penalized up to one thousand dollars for each violation. Further, each violation is a separate and distinct offense, and "in the case of a continuing violation every day's continuance thereof shall be and be deemed to be a separate and distinct offense.
- 18 The Company's continued failure to comply with Order 01 in Docket UW-230598 is the reason the Commission's review of the proposed tariff revisions submitted January 22, 2024, is delayed.
- 19 The Commission finds that Washington Water has failed to comply with the explicit conditions as outlined in Order 01 in Docket UW-230598, dated August 10, 2023, orders Washington Water pay a penalty of \$1,000 by April 16, 2024, and reserves its discretion to impose further penalties for Washington Water's continued violations of Order 01 in the future.²

FINDINGS AND CONCLUSIONS

- 20 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including water companies.
- 21 (2) Washington Water is a water company and a public service company subject to Commission jurisdiction.

¹ RCW 80.04.380.

² This penalty reflects the violation of Order 01/02, dated February 16, 2024, for failure to file a general rate case by that date. This penalty is for one violation incurred on February 16, 2024.

- 22 (3) Washington Water’s motion to sever dockets UW-240079 and UW-230598, filed
March 5, 2024, is denied, and the proposed surcharge filed in UW-240079 shall be
considered as part of a general rate case in the consolidated docket.
- 23 (4) Washington Water has violated the Commission’s orders in Order 01 of Docket
UW-230598, dated August 10, 2023, by failing to file certain financial documents and by
failing to file a general rate case by February 15, 2024.
- 24 (5) Washington Water’s violation of Order 01 is continuing and ongoing.
- 25 (6) In order to carry out the duties imposed upon the Commission by law, and as
authorized in RCW 80.04.380, the Commission imposes a penalty of \$1,000 on
Washington Water, and retains discretion to impose further penalties in the future.

ORDER

THE COMMISSION ORDERS:

- 26 (1) Washington Water Supply, Inc.’s motion to sever, filed on March 5, 2024, is
denied.
- 27 (2) Washington Water Supply, Inc. is ordered to pay a penalty of \$1,000 by April 16,
2024, for violation of the Commission’s Order 01 in Docket UW-230598, dated August
10, 2023.
- 28 (3) The Commission retains jurisdiction over the matter and Washington Water
Supply, Inc. to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective April 1, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ Connor Thompson
Connor Thompson
Administrative Law Judge

NOTICE TO PARTIES: This is an Interlocutory Order of the Commission. Administrative review may be available through a petition for review, filed within 10 days of the service of this Order pursuant to WAC 480-07-810.