

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET UW-143116
TRANSPORTATION COMMISSION,)	
)	ORDER 02
Complainant,)	
)	
v.)	ORDER DISMISSING COMPLAINT
)	AND ORDER SUSPENDING TARIFF
WASHINGTON WATER SERVICE)	REVISION; ALLOWING REVISED
COMPANY,)	RATES TO BECOME EFFECTIVE;
)	AND GRANTING EXEMPTION
Respondent.)	FROM RULE
.....)	

BACKGROUND

- 1 On August 14, 2014, Washington Water Service Company (WWSC or Company), filed with the Washington Utilities and Transportation Commission (Commission) a proposed general rate increase that would generate approximately \$1.5 million (15.9 percent) additional annual revenue. The proposed general rate increase would offset operational expenses such as transportation costs, property taxes, and employee costs, and recover depreciation and return related to approximately \$2.2 million in new capital plant investments. The Company provides water service to approximately 16,400 customers on 198 systems in Clallam, Jefferson, King, Kitsap, Mason, Pierce, San Juan, and Thurston Counties. The Company’s last rate increase became effective on February 1, 2012.

- 2 On September 24, 2014, the Commission entered Order 01, Complaint and Order Suspending Tariff Revision pending an investigation to determine whether the Company’s tariff revisions are fair, just, reasonable, and sufficient.

- 3 Commission staff (Staff) reviewed the proposed rates and found that the Company’s books and records supported an increase of approximately \$1.66 million (17.5 percent) additional annual revenue. Staff also found that the Company’s proposed rate design would have generated approximately \$52,000 less than the requested additional annual revenue of \$1.5 million. Accordingly, Staff and the Company agreed to a revised revenue requirement and rate design, and WWSC filed revised tariff rates on January 7 and 9, 2015. The revised rate design increases the base rate and the usage charges for the first and second blocks. The average customer using 825 cubic feet would experience a bill increase of \$1.16 more per month than the original rates proposed by the Company and noticed to customers.

4 The notice to customers stated that the Commission may set rates higher or lower than those included in the notice. Staff recommends that the Commission, on its own motion, grant an exemption to the 30-day notice requirement under WAC 480-110-425 due to the relatively small cost difference between the Company's proposed rates and Staff's revised rates; the additional cost of requiring a second notice to customers; and the potential injury to the Company caused by delaying the rate increase another 30 days. The Company has agreed to send a notice to its customers about the revised increase with its next customer billing.

5 Staff received comments from 49 customers; 48 were opposed to the rate increase, and one was undecided. The customers' comments do not change Staff's opinion that the Company's financial information supports the revised revenue requirement, and that the revised rates and charges are fair, just, reasonable, and sufficient. Staff's review shows that the expenses are reasonable and required as part of the Company's operation.

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.
- 7 (2) WWSC 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 January 15, 2015.
- 9 (4) The tariff revision presently under consideration is fair, just, reasonable, and sufficient because the Company has demonstrated the need for additional annual revenue and for revision of the Company's rate structure.
- 10 (5) The 30-day notice requirement under WAC 480-110-425 should be waived due to the relatively small cost difference between the Company's proposed rates and Staff's revised rates, the additional cost of requiring a second notice to customers,

and the potential injury to the Company caused by delaying the rate increase another 30 days.

- 11 (6) After reviewing the revised tariff revision WWSC filed in Docket UW-143116 and giving due consideration, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revision in Docket UW-143116, dated September 24, 2014, and allow the revised rates and tariff revision filed on January 7 and 9, 2015, to become effective on February 1, 2015.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Order 01, the Complaint and Order Suspending Tariff Revision, in Docket UW-143116, entered on September 24, 2014, is dismissed.
- 13 (2) Washington Water Service Company is granted an exemption from WAC 480-110-425, Water company customer notice requirements.
- 14 (3) The revised tariff revision filed in this docket on August 14, 2014, as revised January 7 and 9, 2015, shall become effective on February 1, 2015.
- 15 (4) Washington Water Service Company is directed to work with Commission Staff to prepare an appropriate notice of the approved increase, which will be mailed to customers with the Company's next billing.

DATED at Olympia, Washington, and effective January 15, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner