

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	DOCKET NO. UW-040414
TRANSPORTATION COMMISSION,)	
)	ORDER NO. 05
Complainant,)	
)	
v.)	FINAL ORDER GRANTING
)	MOTION AND DISMISSING
SJM WATER SERVICES, INC.,)	COMPLAINT
)	
Respondent.)	
.....)	

1 **SYNOPSIS:** *The Commission grants Staff's motion and dismisses the complaint against SJM Water Services, Inc. as to the reasonableness of its rates and charges.*

2 **NATURE OF PROCEEDING.** The Washington Utilities and Transportation Commission (Commission) initiated a special proceeding pursuant to RCW 80.04.015 to determine whether SJM Water Services, Inc. (SJM) is subject to regulation under Chapter 80.28 RCW and WAC 480-110-255, and if so, to require it to comply with the statutes and rules that govern a jurisdictional water company.

3 **APPEARANCES.** Richard Finnigan, attorney, Olympia, Washington represents SJM. Jonathan Thompson, Assistant Attorney General, Olympia, Washington, represents the Commission's regulatory staff ("Commission Staff" or "Staff").

4 **BACKGROUND.** On May 6, 2004, the Commission initiated a special proceeding pursuant to RCW 80.04.015 to determine whether SJM is subject to regulation under Chapter 80.28 RCW and WAC 480-110-255, and if so, to require it to comply with the statutes and rules that govern a jurisdictional water company. In the same order, the Commission initiated a complaint proceeding

pursuant to RCW 80.04.110 and RCW 80.28. 020 as to the reasonableness of the rates and charges being charged or collected by the Company.

- 5 At the prehearing conference convened on July 15, 2004, the parties presented a stipulation that the Commission accepted in its Order No. 04, served on July 19, 2004. Under the terms of the stipulation, SJM submitted to the Commission's jurisdiction for purposes of entry of an order that required the Company to file an initial tariff on or before July 30, 2004, accompanied by the Company's 2003 financial data, customer count and, to the extent available, water usage data.
- 6 The stipulation further provided that the docket would remain open and that, after the Company filed its tariff, Staff could, as it deemed appropriate, either (1) move for dismissal of the proceeding if it concluded that the tariffed rates were just and reasonable, or (2) go forward with evidence to establish rates different than those set out in the Company's initial tariff if it concluded the tariffed rates were not just and reasonable.
- 7 On July 26, 2004, SJM filed an initial tariff in accordance with Order No. 04 to be effective July 27, 2004. The initial tariff stated a flat monthly rate of \$34.50 per month for customers without meters, and for customers with meters installed, a base rate of \$32.85, plus a usage rate of \$4.00 per hundred cubic feet. The Company also provided its financial data for Staff's review.
- 8 Following discussions with Staff, the Company subsequently filed, on October 29, 2004, in Docket No. UW-041939, a second tariff to decrease the measured usage rate set out in its initial tariff. Under the new tariff, the base rate remains \$32.85, but the usage rate is reduced from \$4.00 to \$3.00 per hundred cubic feet. This decrease went into effect by operation of law effective December 1, 2004.

9 On April 4, 2005, Commission Staff filed a motion to dismiss complaint against SJM Water Services, Inc., accompanied by the Declaration of Danny P. Kermode In Support of Motion to Dismiss.

10 **MOTION TO DISMISS COMPLAINT.** Commission Staff moves for the dismissal of the complaint as to the reasonableness of the rates and charges of SJM based on Staff's analysis of the Company's financial information, and supported by the Declaration of Danny P. Kermode In Support of Motion to Dismiss. The results of Staff's analysis of the Company's financial information shows that the December 1, 2004, rates will produce revenues sufficient to provide an 8.14% return on the total rate base of \$118,248. *Decl. of Kermode at ¶¶ 4, 5.* Accordingly, it is Staff's view that the present rates are fair, just, reasonable and sufficient. *Id. at Kermode at ¶ 5.* The Company does not object to dismissal of the complaint.

11 **DISCUSSION AND DECISION.** Based on our review of the record in this proceeding, including the July 15, 2004, stipulation between Staff and the Company, the Motion to Dismiss Complaint, and the Declaration of Commission Regulatory Analyst Danny Kermode, we find that the revised tariff filed on October 29, 2004, by SJM Water Services, Inc. in Docket No. UW-041939, that became effective December 1, 2004, produces rates that are fair, just, reasonable and sufficient. Accordingly, the complaint against SJM Water Services, Inc. as to the reasonableness of its rates and charges should be dismissed.

ORDER

12 THE COMMISSION ORDERS That the motion to dismiss is granted and the complaint against SJM Water Services, Inc. in Docket No. UW-040414 is dismissed.

DATED at Olympia, Washington, and effective this 22nd day of April, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner

NOTICE TO PARTIES: This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 or RCW 81.04.200 and WAC 480-07-870.