Service Date: July 1, 2022

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

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. GREAT BASIN WATER COMPANY LLC, Respondent.	DOCKET UW-220218 ORDER 01 ALLOWING RATES TO GO INTO EFFECT JULY 1, 2022, SUBJECT TO CONDITION

BACKGROUND

1 On March 28, 2022, Great Basin Water Company LLC (Great Basin or Company) filed a general rate case with the Washington Utilities and Transportation Commission (Commission) that, as stated in its cover letter, would generate approximately $108,000 (32 percent) additional annual revenue. The Company serves 513 customers on three different water systems in Benton and Walla Walla Counties.

2 This filing is the first general rate increase since merging three water companies into one in 2021. The three companies were Great Basin Water Company Kiona LLC, which had its last rate increase in 2004; Great Basin Water Co Burbank LLC, whose last rate case became effective in 2008, and Great Basin Water Co Sunrise Acres LLC, which has not had a rate increase since it became regulated in 2018.

3 Earlier, on March 21, 2022, the Company notified its customers by mail of the proposed rate increase. Staff received 13 comments regarding the proposed rate increase, all opposed.

4 The Company originally requested an effective date of May 1, 2022, but subsequently extended the proposed effective date to July 1, 2022.

5 Commission staff (Staff) reviewed the Company's filing. As an initial matter, Staff notes that these three companies had filed for individual rate increases in 2021 and that Staff requested that the owner merge the companies together and to refile with the Commission for a single tariff increase. Staff observes that the companies had previously operated as separate entities but had shared employees and expenses including affiliated nonregulated company expenses, which made the operations difficult to track. Staff submits that operating as a single company provides all customers the benefit of economies of scale and a clearer picture of the Company's overall expenses. Because it has been many years since any of the three systems have had a general rate increase, Staff submits that the Company has experienced significant increases in overall operating expenses and has made capital investments that need to be recovered in rates.

6 Staff observes that while the Company's cover letter and supporting workpapers stated a requested $108,000 (32 percent) revenue increase, the proposed rates would have actually generated about $223,000 (67 percent) in additional annual revenue. Staff also proposed adjustments to certain items, such as the Company's payroll calculations, its utilities expenses, capitalization of certain repairs and maintenance expenses, as well as removal of non-regulated expenses attributable to the Company's affiliated business entities.

7 Following these discussions, the Company and Staff have agreed to a revised revenue requirement increase of approximately $70,000 (20 percent). Staff's revised rate design would phase in the rate increase over a period of 12 months, with bill impacts varying depending on the system. This is being done to mitigate rate shock to customers on the Kiona system, who have much lower current rates than the Burbank and Sunrise systems. On a total revenue basis, the rates are set to recover half of the total $70,000 revenue increase, plus approximately $1,500 in carrying costs during the first 12 months, with the remaining portion to be recovered by the rates effective December 1, 2022. The rates and bill impacts are shown in the table below.

Revised ¾-inch
Metered Rates

Phase 1 -Effective
July 1, 2022

System	**Base Rate**	**Usage Block 1 (cu. ft.)**	**Usage Rate 1**	**Usage Block 2**	**Usage Rate 2**	**Usage Block 3**	**Usage Rate 3**
Burbank	$ 26.00	0-2,500	$ 1.00	2,501-6,500	$ 1.20	6,500+	$ 1.55
Kiona	$ 24.00	0-2,500	$ 0.80	2,501-6,500	$ 1.10	6,500+	$ 1.45
Sunrise Acres	$ 32.00	0-2,500	$ 1.00	2,501-6,500	$ 1.25	6,500+	$ 1.50

Phase 2 -Effective
July 1, 2023

System	**Base Rate**	**Usage Block 1 (cu. ft.)**	**Usage Rate 1**	**Usage Block 2**	**Usage Rate 2**	**Usage Block 3**	**Usage Rate 3**
All Systems	$ 26.00	0-2,500	$ 1.00	2,501-5,500	$ 1.25	5,500+	$ 1.70

8 Staff submits that its revised rate design reflects an attempt at gradually implementing more strict usage blocks to encourage water conservation. Because this is the first move toward a single tariff design for the Company, Staff acknowledges that there is some uncertainty as to how usage patterns will change.

9 The Company filed replacement pages on June 24, 2022, reflecting the revised rates at Staff's recommended levels. Staff believes that the revised rates are fair, just, reasonable, and sufficient. Staff therefore recommends in its memorandum filed in this Docket that the Commission take no action, allowing the replacement tariff pages filed on June 24, 2022, to take effect by operation of law.

10 The Public Counsel Unit of the Attorney General's Office (Public Counsel) also filed written comments in this docket. Public Counsel recommends that the Commission spread the Company's proposed rate increase over a three-year period to reduce rate shock. Observing that approximately 54 percent of the Company's customers are in arrearages, Public Counsel also recommends that the Commission direct the Company to address affordability and reduce these arrearages.

11 Public Counsel also recommends that the Commission clarify the Company's disconnection and reconnection practices. Noting that the Company's tariff language regarding the Reconnection Visit Charge is "confusing," Public Counsel raises concern that customers may be overcharged. Public Counsel further recommends that the Commission address this issue for other water companies as well. Public Counsel also raises broader concerns with disconnection and reconnection charges, suggesting that the Commission address these issues in its ongoing rulemaking in Docket U-210880.

12 Finally, Public Counsel notes that the Company requests a 12.0 percent return on equity. Because the Commission has not directly addressed the proper return on equity for water companies since 2001, Public Counsel recommends that the Commission further evaluate this issue.

13 At its regular June 30, 2022, open meeting, the Commission heard additional comments from the Company, Staff, and Public Counsel. Staff agreed with Public Counsel, which recommended that the Commission issue an order requiring the Company to work with Staff and Public Counsel to clarify tariff language regarding disconnection and reconnection fees.

14 Public Counsel also provided comments, discussing many of the concerns raised in its written comments in this Docket.

15 After Public Counsel presented its concerns with customer arrearages, the Company submitted that many of these arrearages were paid or reduced after it responded to Public Counsel's informal data request. The Company submitted that it is working with customers on past due bills and that some of the remaining arrearages are attributable to specific customers involving unique circumstances.

DISCUSSION

16 The Commission agrees with Staff's recommendation as presented at the June 30, 2022, open meeting and finds that Great Basin's revised revenue requirement results in rates that are fair, just, reasonable, and sufficient. The Commission should take no action and allow the Company's revised tariff sheets filed on March 22, 2022, and revised on June 24, 2022, to take effect by operation of law, subject to condition.

17 Specifically, we agree with Staff's recommendation to require the Company to work with Staff and Public Counsel, clarifying its tariff language regarding disconnection and reconnection fees. Commission rules distinguish between disconnection fees and reconnection fees. A disconnection fee allows the utility to recoup its costs for what was, ultimately, an unnecessary visit to the customer's residence. Pursuant to WAC 480-110-355(3)(e), "[w]hen disconnection does not take place due to payment made by the customer, the company may assess a fee for the disconnection visit to the service address as provided in the company's tariff." A "reconnection charge" applies in a different circumstance, when the utility is reconnecting a customer who was actually disconnected from service.[1] We share Staff's and Public Counsel's concern that the Company's tariffs are ambiguous and that a "disconnection fee" cannot generally be assessed against a customer who is seeking reconnection. We therefore require Great

[1] WAC 480-110-355(5).

Basin to file revised tariff sheets within 30 days of the entry of this order, reflecting our finding on this issue.

FINDINGS AND CONCLUSIONS

18 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts and affiliated interests of public service companies, including water companies.

19 (2) Great Basin is a water company and a public service company subject to Commission jurisdiction.

20 (3) This matter came before the Commission at its regularly scheduled meeting on June 30, 2022.

21 (4) Great Basin has demonstrated that the revised revenue requirement results in rates that are fair, just, reasonable, and sufficient.

22 (5) The revised revenue requirement and resulting rates should be allowed to go into effect by operation of law on July 1, 2022, subject to the condition set forth in paragraph 17 of this Order.

ORDER

THE COMMISSION ORDERS:

23 (1) The tariff revisions filed by Great Basin Water Company LLC in this docket on March 28, 2022, and revised on June 24, 2022, shall become effective by operation of law on July 1, 2022, subject to the condition set forth in paragraph 24, below.

24 (2) Great Basin Water Company LLC is required to work with Commission Staff and Public Counsel on revised tariff language regarding its disconnection and reconnection fees, and Great Basin Water Company, Inc., is required to file revised tariff sheets reflecting these discussions within 30 days of the entry of this Order.

25 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that

may come before it.

DATED at Lacey Washington, and effective July 1, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner