

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

WASHINGTON UTILITIES AND	)	DOCKET NO. UW-040414
TRANSPORTATION COMMISSION,)	
	)	ORDER NO. 01
Complainant,)	
	)	ORDER INITIATING
v.	)	CLASSIFICATION PROCEEDINGS
	)	UNDER RCW 80.04.015;
SJM WATER SERVICES, INC.,	)	COMPLAINT AGAINST RATES
	)	AND CHARGES; AND NOTICE
Respondent.	)	OF PREHEARING CONFERENCE
.....	)	(Set for Wednesday, June 2, 2004, 1:30 p.m.)

- 1 The Washington Utilities and Transportation Commission (Commission) hereby initiates a special proceeding pursuant to RCW 80.04.015 to determine whether SJM Water Services, Inc. (SJM Water or Company) is subject to regulation under Chapter 80.28 RCW and is performing any act requiring approval of the Commission without securing such approval.

- 2 Based on the results of an informal Staff investigation, the Commission believes that SJM Water may be engaged in business as a water company, as defined by RCW 80.04.010 and WAC 480-110-255, without having filed a tariff as required by RCW 80.28.050 and WAC 480-110-295(3).

- 3 If the Commission determines, on the basis of evidence received in this formal proceeding, that SJM Water’s activities are subject to the provisions of Title 80 RCW, the Commission may issue such orders as may be necessary to require SJM Water to comply with the title and the Commission’s rules adopted under that title.

4 The Commission also hereby initiates 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 SJM Water.

5 The significant findings of the informal Staff investigation, which remain to be
proven in this formal proceeding, are as follows:

- 6 (1) SJM Water owns, controls, and manages a water plant known as Cherry
Creek Water System for the purpose of providing water service to the public
for hire in King County, Washington.
- 7 (2) SJM Water is solely owned by Sonja J. Myklebust.
- 8 (3) SJM Water has not filed a tariff with the Commission.
- 9 (4) Water companies are exempt from Commission's jurisdiction if they have
fewer than 100 customers and receive average annual per-customer revenue
of less than \$429.00. Thus, a small company that is below the jurisdictional
threshold could come within the Commission's jurisdiction either upon
connecting its 100th customer or upon receiving, over a period of one year,
average per-customer revenue of more than \$429.00. WAC 480-110-255(5)
details how to determine when the jurisdictional threshold for per-customer
revenue is met.
- 10 (5) Until August of 2003, SJM Water charged its customers a monthly flat rate of
\$32.85 plus tax. Effective September 2003, the Company changed from a flat
rate to a metered rate. The Company set the metered base rate at \$32.85 plus
a \$0.04 per cubic feet of usage above 750 cubic feet plus tax.

11 (6) As a result of the increases in its monthly charge, SJM Water—which had
previously been below the threshold—met the revenue test for Commission
jurisdiction as of the end of September 2003. Based on 2003 average usage, its
current rates produce annual per-customer revenue of approximately \$1,097.

12 (7) In accordance with the Commission’s rules, the Company should have filed a
tariff to become effective on the date on which its revenues met the threshold
for jurisdiction. *WAC 480-110-295.*

13 THEREFORE, the Commission enters into a full and complete investigation into the
matters alleged and will commence hearings pursuant to Chapter 34.05 RCW and
Chapter 480-07 WAC for the following purposes:

14 (1) To determine whether SJM Water Services, Inc. is conducting business subject
to regulation under Title 80 RCW and is performing any act requiring
approval of the Commission without securing such approval.

15 (2) To determine whether the rates or charges demanded, exacted, charged or
collected by SJM Water Services, Inc. for water, or in connection therewith, or
that the rules, regulations, practices or contracts affecting such rates are
unjust, unreasonable, unreasonably discriminatory or unduly preferential, or
are in any way in violation of the provisions of law.

16 (3) If it is determined that SJM Water Services, Inc. is conducting such business,
to issue such orders as may be necessary to require the Company to comply
with Title 80 RCW and the Commission’s rules adopted under that title.

17 (4) If it is determined that SJM Water Services, Inc.’s rates or charges, including
its connection charges, are unjust, unreasonable, unjustly discriminatory or
unduly preferential, or in any way in violation of the provisions of the law, to
determine the just, reasonable, and sufficient rates or charges to be in force as
of the issuance of this complaint.

- 18 (5) To make such other determinations and enter such orders as may be just and reasonable.

ORDER AND NOTICE OF PREHEARING CONFERENCE

19 IT IS HEREBY ORDERED That SJM Water Services, Inc. appear before the Commission in this special proceeding to give testimony and evidence under oath as to its operations.

20 **PLEASE TAKE NOTICE That the Commission will convene a prehearing conference at 1:30 p.m., on Wednesday, June 2, 2004, in Room 108, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.** SJM Water Services, Inc., shall appear at the time and place set forth above unless the Secretary of the Commission, by notice of hearing, specifies a different time and place, and at such further times and places set for hearing in this matter.

21 If a limited English-speaking or hearing-impaired party needs an interpreter, a form is attached to this notice to be filled out and returned as indicated, so that a qualified interpreter may be appointed at no cost to the party or witness.

22 IT IS FURTHER ORDERED That, pursuant to RCW 80.04.015 and 80.04.130, SJM Water Services, Inc. shall bear the burden of proving that the alleged operations are not subject to the provisions of RCW 80.04.010.

23 The hearing in this matter is being held pursuant to Part IV of the Administrative Procedure Act (APA), chapter 34.05 RCW. The Commission has jurisdiction over this matter pursuant to chapter 80.28 RCW, which authorizes the Commission to regulate any water system for hire within this state. In addition to the foregoing statutes, this matter involves chapter 80.01 RCW, including but not limited to RCW 80.01.040, chapter 80.04 RCW, including but not limited to RCW 80.04.010, 80.04.015,

and 80.04.110. This matter also involves the administrative rules set forth in chapter 480-110 WAC and chapter 480-07 WAC.

24 **THE COMMISSION GIVES FURTHER NOTICE that any party who fails to attend or participate in the prehearing set by this notice, or any other stage of this proceeding, may be held in default in accordance with RCW 34.05.440.**

25 The names and mailing addresses of all parties and their known representatives are shown as follows:

Respondent: SJM Water Services, Inc.
15035 SE 46th Street
Bellevue, WA 98006-2568
(425) 653-7890

Commission: Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250
(360) 664-1160

Representative: Jonathan Thompson
Assistant Attorney General
1400 S. Evergreen Park Drive S.W.
P.O. Box 40128
Olympia, WA 98504-0128
(360) 664-1225

26 Karen M. Caillé has been appointed as the Administrative Law Judge from the Utilities and Transportation Commission's Administrative Law Division, 1300 S. Evergreen Park Drive S.W., Olympia, Washington 98504-7250, and will preside at the prehearing conference.

DATED at Olympia, Washington, and effective this 5th day of May, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner

Inquiries should be addressed to:

Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive S.W.
P. O. Box 47250
Olympia, WA 98504-7250
(360) 664-1160

NOTICE

PLEASE BE ADVISED that the hearing facilities are accessible to interested people with disabilities; that smoking is prohibited; and that if limited English-speaking or hearing impaired parties or witnesses are involved in a hearing and need an interpreter, a qualified interpreter will be appointed at no cost to the party or witness.

The information needed to provide an appropriate interpreter or other assistance should be designated below and returned to:

Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P. O. Box 47250
Olympia, WA 98504-7250.

(SUPPLY ALL REQUESTED INFORMATION)

Docket No.: **UW-040414**

Case Name: **SJM WATER SERVICES, INC.**

Hearing Date: _____ Hearing Location: _____

Primary Language: _____

Hearing Impaired (Yes) (No)

Do you need a certified sign language interpreter: (Yes) (No)

Visual _____ Tactile _____

Other type of assistance needed: _____

English-speaking person who can be contacted if there are questions:

Name: _____

Address: _____

Phone No.: (____) _____