

Law Office of  
Richard A. Finnigan  
2112 Black Lake Blvd. SW  
Olympia, Washington 98512

Richard A. Finnigan  
(360) 956-7001  
rickfinn@localaccess.com

Candace Shofstall  
Legal Assistant  
(360) 753-7012  
candaces@localaccess.com

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May 31, 2016

**VIA E-FILING**

Mr. Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

Re: Rainier View Water Company, Inc. - Seventeenth Revised Sheet No. 21  
Canceling Sixteenth Revised Sheet No. 21; Fourth Revised Sheet No. 21.2  
Canceling Third Revised Sheet No. 21.2

Dear Mr. King:

The purpose of this filing is to reinstate the Rainier View's conservation rate. The reasons for the filing are set forth below.

1. Background.

For a number of years, running from 2007 to 2012,<sup>1</sup> Rainier View had in place a conservation rate for residential customers that operated from May 1 through September 30 of each year. That conservation rate, which was \$5.00 per one hundred cubic feet in the third usage tier, was effective in reducing usage during peak summer months. A schedule that shows the change in usage on a per customer basis is attached as Exhibit 1. As set out on Exhibit 1, the conservation rate, along with a company education program, reduced usage. When the conservation rate was removed, per customer usage began to move up again and is trending higher.

The coming summer is projected to have warm, above average temperatures. Attached as Exhibit 2 is an excerpt from the Weather Channel based on government forecasts describing what is expected for the coming summer. This type of weather can drive usage in an upward direction.

The conservation rate was an effective tool in reducing overall consumption. It is the Rainier View's desire to reinstate the conservation rate to promote more efficient use of domestic water.

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<sup>1</sup>The conservation rate was in effect for a portion, but not all, of the 2006 summer usage period.

2. This filing.

This filing would reinstate the \$5.00 per hundred cubic feet rate for the third usage tier. In order for the Company to be sure that the conservation rate does not effect overall earnings (rate-of-return), Rainier View is proposing to introduce a concept of a Base Revenue Ceiling. Under this concept, what Rainier View would do is to calculate what the third tier produced for calendar year 2015 for the months of May, June, July, August and September. Then, the way the Base Revenue Ceiling would work is that if revenue from the conservation rate exceeds the revenue received in the corresponding period in 2015, any additional revenue would be deposited into a dedicated account to be used only for specific purposes. This way the purposes of conservation are achieved and Rainier View does not benefit by seeing an increase in its rate-of-return. Instead, the additional revenue, if any, will be used to benefit all customers.<sup>2</sup>

Rainier View proposes to use any revenue above the Base Revenue Ceiling to repair, refurbish or treat water sources. The reason for this proposal is that Rainier View is experiencing a series of unexpected changes to several of its water sources that raise questions about whether Rainier View will be able to rely on those sources during peak usage months. If Rainier View cannot rely on those sources, Rainier View's only other option would be to purchase large quantities of water from the City of Tacoma at a substantial cost. Such an alternative could ultimately result in higher rates for customers.

3. Well Issues.

The wells that are developing problems include the following:

- Behm Well Field - One of the Behm wells is producing significant amounts of air that make usage of the water problematic. Rainier View has run every available test to try to determine the source of the air and has not, as of this date, found a cause that will allow it to address the problem through treatment or another solution.
- Fir Meadows Well - The Fir Meadows Well is now producing manganese at a level that exceeds applicable standards. While manganese is a secondary contaminant, high levels of manganese produce water that is unsightly and causes customer concerns, as well as potential discoloration of customer fixtures and property. It can also cause the water to have a metallic taste. The manganese level is .13 milligrams per liter. The maximum contaminant level established by the EPA is a standard of .05 milligrams per liter. This means the contamination level is a little over 2.5 times the recommended level.
- Emerald Terrace Well - The Emerald Terrace well is producing a fine silt. The silt

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<sup>2</sup> Please note that for 2016, the Base Revenue Ceiling would be calculated using the period July 1 through September 30. Subsequent years will use the period of May 1 through September 30.

becomes cement-like when it dries out. The water from this well could cause substantial damage to customer fixtures if it is used in significant amounts.

The loss of these wells will put a significant strain on Rainier View's production resources during peak periods. The conservation rate will help address the situation in two ways. One, it will reduce the amount of water that is used. Second, if revenues exceed the Base Revenue Ceiling, and it is not known whether that will happen, the revenues can be used to address the problems at the sources delineated above.

4. Other Matters.

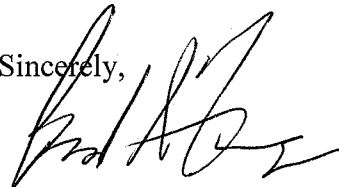
It should be kept in mind that peak summer usage is, in Rainier View's experience, largely driven by irrigation, not domestic consumption. Most people tend to over water when they irrigate. Thus, a more controlled usage should not damage customer landscaping.

In the past, the conservation rate applied only to residential customers. Rainier View is again proposing that the conservation rate apply to residential customers. Although, in theory, there is no reason why a conservation rate should not apply to industrial/commercial customers, most commercial customers use far less water on a per customer basis than does the average residential customer during peak months. This is because most commercial customers do not have landscaping that needs irrigation. In addition, application of this rate to non-residential customers could have a substantial impact on the Bethel School District. Without significant advance lead time, Bethel School District is unable to plan and budget for any financial impact that this filing might produce. Because of the need, from Rainier View's perspective, to get this conservation rate in place and the potential impact on Bethel School District, Rainier View believes that it is the better choice to proceed to establish the conservation rate for residential customers at this time.

A customer notice is being provided to the residential customers. A copy of that notice is attached as Exhibit 3.

Based on the foregoing, Rainier View respectfully requests approval of this filing.

Sincerely,



RICHARD A. FINNIGAN

RAF/cs  
Enclosures

cc: Client (via e-mail)