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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: Docket UW-143295 - Comments of Rainier View Water Co., Inc.

Dear Mr. King:

Rainier View Water Co., Inc. ("Rainier View") welcomes the opportunity to file comments in this Docket. The Commission is quite correct in its assessment that it may be appropriate to adopt alternative rate making approaches for water companies. In the alternatives that are suggested, the first two appear to apply more to small water companies or water companies that do not have opportunity for growth. Rainier View will comment on the third and fourth approaches.

The third approach is one that would allow for inflation adjustment filings. It is a short form of rate case to be filed after a company's general rate case has been completed. This is contemplated to be an annual inflation adjustment filing containing limited information. This is an approach that Rainier View has advocated for many years. Rainier View urges the Commission to adopt this approach since it will mitigate against needing larger rate case increases on a more frequent basis.

Rainier View thinks that the three year window that is proposed in the Notice of Opportunity to File Written Comments ("Notice") is appropriate. This approach would neither be unfair to rate payers nor would it result in an unjust windfall for the company. It would not be unfair to rate payers because it is a methodology that reflects actual increases in prices through the inflation adjustment. This approach is beneficial to rate payers in that it mitigates against expensive rate cases having to be filed more frequently since the rate payers end up paying for those rate case costs. This approach would not result in an unjust windfall to the company since the increase is simply the inflation that has actually occurred that affects the cost of operation of the company.

The Commission sets out a fourth alternative in the Notice for consideration. This

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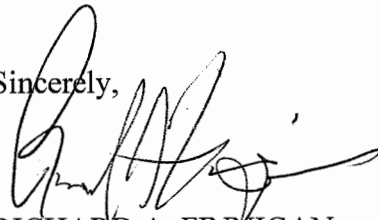
approach has to do with the handling of contributions in aid of construction. In the Notice, the Commission states that it may consider a rule permitting "or even compelling" the uses of Advances for Construction. Under the Commission's proposal, water companies would need to repay developers for their contributed plant through a portion of the revenues received from the operation of the facilities that were contributed by the developer. Rainier View would need more information about how this proposal might work before it could comment more meaningfully. On its surface, this approach does not appear to be a very attractive alternative.

The reason this approach does not appear attractive is that there would need to be a source of funds available to repay the developer. Rates are set in such a way that there is very little revenue that is generated which is greater than the cost of providing service. This means that revenues from rates charged to the customers who are on the system served by the plant contributed by the developer would have very little margin to provide payments to developers. There would either need to be a larger margin built into the rates (which would be contrary to the unified rate concept that the Commission follows) or there would need to be rates that were charged to the developer during the construction phase, such as a standby fee or ready-to-service fee, that would create the pool of revenue that could be used to repay the developer.

There may be other companies that have greater sources of free standing revenue. However, Rainier View operates in a way where its costs of operation are recovered through rates, but there is not a lot of contribution from rate payers that raise monies that can be used for other purposes. That said, Rainier View is willing to discuss this concept further. However, at this stage, there clearly is no evidence that would support a Commission rule that compels companies to follow this practice.

Thank you for the opportunity to comment.

Sincerely,



RICHARD A. FINNIGAN

RAF/cs

cc: Client (via e-mail)