

4 AWRI's request for temporary rates focuses on the concern that current rates will not generate sufficient income in November to pay current November operating expenses. The Commission sets rates that will cover reasonable expenses and provide an opportunity to earn a reasonable return, using a representative test year, to ensure both high usage summer months and low usage winter months are represented. The rates are set as an average and will generate higher revenues during the hot, dry summer and relatively lower revenues during the cool, wet winter months. Therefore, a company must budget its use of cash receipts in higher revenue months to cover its expenses in lower revenue months.

5 American Water has not yet demonstrated that the proposed temporary rates are fair, just, and reasonable. It appearing that the filing herein would provide increased charges and rates for water service rendered by the company and that the rights and interests of the public might be injuriously affected thereby, it is the decision of the Commission to deny the request for temporary rates pending a hearing or hearings and decision thereon. The Commission further directs that the hearing be held on an expedited basis. In determining whether the temporary rates should be approved, the Commission will apply the standard for interim rates, as discussed in several recent orders of the Commission.

FINDINGS

- 6 (1) American Water Resources, Inc., is an investor-owned water company and a public service company subject to the jurisdiction of the Commission.
- 7 (2) The tariff revisions filed by American Water Resources, Inc., on July 3, 2001, with the revised effective date of November 1, 2001, would increase charges and rates for service provided and might injuriously affect the rights and interests of the public.
- 8 (3) American Water Resources, Inc. has not demonstrated that the increased rates and charges in its tariff revision would result in rates that are fair, just, and reasonable.
- 9 (4) As required by RCW 80.04.130, American Water Resources, Inc., bears the burden of proof to show that the proposed increases are fair, just, and reasonable.
- 10 (5) A hearing on the proposed temporary rate increase should be held on an expedited basis.

ORDER

IT IS THEREFORE ORDERED:

- 11 (1) The operation of the above tariff filing, filed July 3, 2001, is hereby
suspended.
- 12 (2) A hearing or hearings, on the Commission's own motion, will be held on an
expedited basis at such times and places as may be required.
- 13 (3) No change or alteration will be made in the tariff filed herein, during the
period of suspension, unless authorized by the Commission.

DATED at Olympia, Washington, and effective this 26th day of October, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner