



WASHINGTON WATER SERVICE

East Pierce Region P.O. Box 44168
Tacoma, WA 98448 Tel: (888) 490-3741

DRAFT NOTICE FOR UTC REVIEW

IMPORTANT NOTICE FOR EAST PIERCE SYSTEM CUSTOMERS

Washington Water Service (Washington Water) bills customers for the true costs to provide safe, clean, reliable water utility service; as such, we have filed an application with the Washington Utilities and Transportation Commission (UTC) to increase revenues needed to continue providing East Pierce system customers a reliable, high-quality water supply. The filing requests a phased increase to reduce the impact to customers; if approved as filed, annual revenue would increase \$3,043,780 by the second year of its proposed multi-year rate plan.

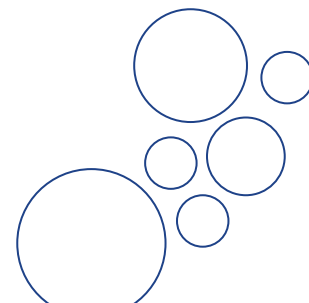
The East Pierce (formerly Rainier View Water) system's last general rate increase became effective February 15, 2022 and was based on 2020 capital and operating expenses. Since acquiring the system in 2020, Washington Water has made numerous capital investments, such as:

- New treatment plant to remove iron and manganese
- Supervisory Control and Data Acquisition (SCADA) system remote monitoring software improvements
- 2,500 feet of 12-inch water main to replace aging pipes and allow for county right-of-way improvements in Southwood system
- 1,700 feet of new 8-inch water main in Artondale system
- New booster pump station to support higher elevations
- Tank coating upgrade to extend the life of aging tank
- Customer Care software conversion to enhance customer service support

East Pierce's current rates, both base and volumetric, are significantly lower than current rates for original Washington Water systems, with higher quantity usage tier breakpoints. Washington Water is proposing to increase rates to cover higher operating expenses in order to:

- Account for increased wholesale water, depreciation, and building lease costs
- Gradually consolidate the utility's rate structures
- Bring the system in line with the revenue required to responsibly operate the system and deliver safe, clean water

These increases are offset by the administrative efficiencies gained by sharing departmental costs and by reduced costs for transportation, insurance, and taxes. The proposed rates will also incrementally reduce the cubic feet included in the first and second tiers, or blocks, to support conservation efforts similar to longtime Washington Water customers. Washington Water is proposing to institute the proposed increase and consolidation of tiers through a series of limited increases over the next two years.



If approved, the new Phase 1 rates will become effective July 14, 2023, and Phase 2 rates will become effective July 14, 2024.

The tables below show the present and proposed rate structure.

Table 1A: Residential Service - Existing Rates

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ¹	2nd Block (cubic feet)	2nd Usage Rate ¹	3rd Block (cubic feet)	3rd Usage Rate ¹
3/4-inch ²	\$ 16.40	0 - 600	\$ 1.40	601 - 2,800	\$ 1.61	Over 2,800	\$ 2.49
1-inch	\$ 27.33	0 - 1,335	\$ 1.40	1,336 - 6,230	\$ 1.61	Over 6,230	\$ 2.49
1 ½-inch	\$ 54.67	0 - 2,670	\$ 1.40	2,671 - 12,460	\$ 1.61	Over 12,460	\$ 2.49
2-inch	\$ 87.49	0 - 4,272	\$ 1.40	4,273 - 19,936	\$ 1.61	Over 19,936	\$ 2.49
3-inch	\$ 164.00	0 - 8,010	\$ 1.40	8,011 - 37,380	\$ 1.61	Over 37,380	\$ 2.49
4-inch	\$ 273.33	0 - 13,350	\$ 1.40	13,351 - 62,300	\$ 1.61	Over 62,300	\$ 2.49
6-inch	\$ 546.67	0 - 26,700	\$ 1.40	26,701-124,600	\$ 1.61	Over 124,600	\$ 2.49
8-inch	\$546.67	0 - 26,700	\$ 1.40	26,701-124,600	\$ 1.61	Over 124,600	\$ 2.49
Ready to Serve	\$ 16.40	-	-	-	-	-	-
Flat	\$ 32.57	-	-	-	-	-	-

Table 1B: Residential Service - Existing Rates

(for residential customers with 1-inch or smaller meter for the period of May 1 to September 30)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ¹	2nd Block (cubic feet)	2nd Usage Rate ¹	3rd Block (cubic feet)	3 rd Usage Rate	4 th Block (cubic feet)	4 th Usage Rate ²
3/4-inch ²	\$16.40	0 - 600	\$ 1.40	601 - 2,800	\$ 1.61	Over 2,800	\$2.49	Over 3,000	\$ 5.00
1-inch	\$27.33	0 - 1,335	\$ 1.40	1,336 - 3,000	\$ 1.61	Over 3,000	\$5.00	n/a	n/a

Table 2A: Residential Service - Proposed Rates Phase 1 – Effective Jul. 14, 2023

(all usage rates per 100 cubic feet or fraction thereof; subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ²	2nd Block (cubic feet)	2nd Usage Rate ²	3rd Block (cubic feet)	3rd Usage Rate ²
3/4-inch ²	\$ 18.86	0 - 600	\$ 1.62	601 - 2,400	\$ 2.43	Over 2,400	\$ 3.24
1-inch	\$ 31.43	0 - 1,223	\$ 1.62	1,224 - 5,042	\$ 2.43	Over 5,042	\$ 3.24
1 ½-inch	\$ 62.87	0 - 2,447	\$ 1.62	2,448 - 10,084	\$ 2.43	Over 10,084	\$ 3.24
2-inch	\$ 100.62	0 - 3,915	\$ 1.62	3,916 - 16,135	\$ 2.43	Over 16,135	\$ 3.24
3-inch	\$ 188.60	0 - 7,340	\$ 1.62	7,341 - 30,253	\$ 2.43	Over 30,253	\$ 3.24
4-inch	\$ 314.33	0 - 12,233	\$ 1.62	12,234 - 50,422	\$ 2.43	Over 50,422	\$ 3.24
6-inch	\$ 628.67	0 - 24,467	\$ 1.62	24,468 - 100,844	\$ 2.43	Over 100,844	\$ 3.24

¹ Based on per 100 cubic feet or fraction thereof

² 3/4" or smaller

8-inch	\$ 628.67	0 - 24,467	\$ 1.62	24,468 - 100,844	\$ 2.43	Over 100,844	\$ 3.24
Ready to Serve	\$ 18.86	-	-	-	-	-	-
Flat	\$ 38.15	-	-	-	-	-	-

Table 3A: Residential Service - Proposed Rates Phase 2 – Effective Jul. 14, 2024
(subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ²	2nd Block (cubic feet)	2nd Usage Rate ²	3rd Block (cubic feet)	3rd Usage Rate ²
3/4-inch ²	\$ 19.68	0 - 600	\$ 2.04	601 - 2,400	\$ 3.06	Over 2,400	\$ 4.08
1-inch	\$ 33.46	0 - 1,223	\$ 2.04	1,224 - 5,042	\$ 3.06	Over 5,042	\$ 4.08
1 ½-inch	\$ 64.94	0 - 2,447	\$ 2.04	2,448 - 10,084	\$ 3.06	Over 10,084	\$ 4.08
2-inch	\$ 104.30	0 - 3,915	\$ 2.04	3,916 - 16,135	\$ 3.06	Over 16,135	\$ 4.08
3-inch	\$ 196.80	0 - 7,340	\$ 2.04	7,341 - 30,253	\$ 3.06	Over 30,253	\$ 4.08
4-inch	\$ 328.66	0 - 12,233	\$ 2.04	12,234 - 50,422	\$ 3.06	Over 50,422	\$ 4.08
6-inch	\$ 655.34	0 - 24,467	\$ 2.04	24,468 - 100,844	\$ 3.06	Over 100,844	\$ 4.08
8-inch	\$ 655.34	0 - 24,467	\$ 2.04	24,468 - 100,844	\$ 3.06	Over 100,844	\$ 4.08
Ready to Serve	\$ 19.68	-	-	-	-	-	-
Flat	\$ 43.73	-	-	-	-	-	-

The UTC has the authority to set final rates that are either lower or higher than the company's request, and approve or deny the proposed rate plan depending on the results of its analysis. UTC staff will make a recommendation to the commissioners at an open meeting, which is scheduled for Thursday, June 13, 2023. You will have an opportunity to provide your comments at this meeting, which will be conducted remotely. If you intend to listen or participate, call 360-664-1234 at least one day before the open meeting for instructions and to sign in.

You may also comment by using the "Submit a Comment" feature at the UTC's web site at www.utc.wa.gov or by using the contact information below.

Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250
Email: comments@utc.wa.gov
Telephone: 888-333-WUTC (9882)

If you have any questions about the proposed filing and how it will affect you, please contact our Customer Service Department toll-free at 888-490-3741 or via email at InfoEP@wawater.com.

Sincerely,

Washington Water Service
P.O. Box 44168
Tacoma, WA 98448