

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of )  
 American Water Resources, Inc. ) DOCKET UW-990518  
 for an Order Approving Tariff Revision. )  
 ) ORDER APPROVING  
 ) TARIFF REVISION  
 ..... )

On March 31, 1999, American Water Resources, Inc., (American Water) filed for a general rate increase of \$102,106 (17%) annually, in the form of a surcharge under RCW 80.28.022. The company received its last general rate change effective January 21, 1999. American Water serves approximately 1,873 active customers in six counties.

The company requested this surcharge to cover the cost of the Department of Health (DOH) critical items. The critical item list consists of upgrades to 13 water systems as contained in the company's capital improvement plan. The surcharge collections will be used to repay a bank loan. The DOH critical item list is attached to this order, and by this reference incorporated herein.

The annual per customer revenue impact of this filing will be approximately \$54.50. The surcharge is to apply to all water customers served by the company. The surcharge will expire May 1, 2004, or upon recovery of the loan principle (\$380,350), plus interest and taxes, whichever comes first.

<u>Monthly Rate Schedule</u>	<u>Current</u>	<u>Proposed</u>
1999 DOH Critical Item List Surcharge	--	\$ 4.54

The funds received as a result of this 1999 DOH Critical Item List Surcharge shall be deposited into a separate reserve account exclusively for the purpose of making capital improvements identified as part of the company's capital improvement plan approved by the Department of Health. This separate reserve account shall be listed on all company financial records and shall be considered a cash account asset (NARUC account #127). Expenditures from the reserve account shall be treated as customer contributions for ratemaking purposes. American Water has agreed to provide quarterly reports as shown in attachments.

FINDINGS

THE COMMISSION FINDS:

1. American Water Resources, Inc., a Washington business, is a public service company subject to the jurisdiction of this Commission under the

provisions of Title 80 RCW.

2. As to form, the application herein, meets the requirements of Title 80 RCW and the rules and regulations of the Commission adopted pursuant thereto.

3. It appears, upon investigation, that the tariff for 1999 Critical Item List Surcharge is reasonable and consistent with the public interest and should therefore be approved.

O R D E R

THE COMMISSION ORDERS:

1. Subject to the conditions of this order, it is hereby authorized that the filing herein filed March 31, 1999, shall become effective May 1, 1999.

2. The surcharge imposed by this filing will apply to all water customer served by this company and will expire May 1, 2004, or upon recovery of the loan principle (\$380,350), plus interest and taxes, whichever comes first.

3. The funds received as a result of this 1999 Critical Item List Surcharge will be deposited into a separate reserve account exclusively for the purpose of making capital improvements identified as part of the company's water system plan approved by the Department of Health. This separate reserve account shall be listed on all company financial records and shall be considered a cash account asset (NARUC account #127). Expenditures from the reserve account shall be treated as customer contributions for ratemaking purposes.

4. The company will seek competitive bids on all projects over \$20,000 or projects involving V.R. Fox Company (an affiliated interest), except projects costing less than \$5,000 total for the water system involved.

5. The company will submit quarterly reports of the separate reserve account to the Commission. This report shall consist of Commission staff approved Quarterly Report form. Quarterly reports are to be filed 30 days following the last billing date of each quarter, starting with the quarter ended June 30, 1999, and continuing until notified by Commission staff letter to be no longer necessary.

6. This order shall in no way affect the authority of this Commission over rates, service, or accounts, evaluations, estimates, or determination of cost or any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted.

DATED at Olympia, Washington, and effective this 28th day of April,  
1999.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



MARILYN SHOWALTER, Chairwoman



RICHARD HEMSTAD, Commissioner

**SUMMARY LIST OF PROJECTS**

The 13 water systems and the applicable projects listed by priority are detailed in the table below:

<b>Water System</b>	<b>Project</b>	<b>Cost</b>	<b>Cumulative Total</b>
Pleasant Valley (#307)	Reconstruct Pumphouse Install Permanent Chlorination Clean/Refurbish Reservoir	\$12,500	\$12,500
Loma Vista* (#369)	Install Permanent Chlorination Source Meters Fix/Replace Pumps Upgrade Pumphouse Install Corrosion Control	24,200	36,700
Crowder Road* (#213)	Rebuild Pumphouses Rework Reservoirs Install Permanent Chlorination Install Corrosion Control Source Meters	27,000	63,700
Clerget/Hubert (#253/254)	New Reservoir Install Permanent Chlorination Repair Pumphouse Service Meters	30,900	94,600
Valley Meadows (#240)	Rebuild Pumphouses Replace Booster Pump Install Permanent Chlorination Replace Pump	16,400	111,000
Prairie Villa (#230)	Install Permanent Chlorination General Repair Source Meter	11,500	122,500
Elk Heights (#247)	New Reservoir Enlarge and Repair Pumphouse Sediment Filter Rebuild Wellcovers (dog houses) Rework Pump	35,200	157,700
Crescent Park (#355)	Rebuild Pumphouse New Reservoir Source Meter Service Meters	60,000	217,700
Tolmie Park Estates (#239)	Rebuild Pumphouses Install Booster Pumps Rewire Pressure Switches Replace Pressure Tanks Source Meter	18,850	236,550
Evergreen Vista (#308)	Rework/Upgrade Pumphouse Install 5hp Pump	9,500	246,050
Lazy Acres (#351)	Replace 2 Pumps Rebuild Pumphouses Service Meters Source Meters	29,800	275,850
Terry Lane (#354)	Refurbish Reservoir Source Meter Service Meters	30,000	305,850
View Royal (#343)	Relay 400' of 8" main - Pierce County Roads Project	12,000	317,850
	Water System Plan Update and Approval	20,000	\$510,529
	Engineering for Projects/Project Administration	42,500	
	Interest on Financing	104,529	
	Public Utility Tax	25,650	