

Agenda Date: November 8, 2018
Item Number: A16

Docket: UW-171068
Company Name: Richardson Water Company, LLC

Staff: Jim Ward, Regulatory Analyst

Recommendation

Issue an Order Removing Richardson Water Company, LLC, from Regulation, effective November 8, 2018.

Discussion

On October 17, 2017, Richardson Water Company, LLC (Richardson Water or company) filed a tariff with the Utilities and Transportation Commission (commission), in response to staff review of the company's revenue and number of customers. Richardson Water currently serves only two customers on a water system located near Yakima in Yakima County.

The current jurisdictional threshold for regulation by the commission (WAC 480-110-255) is:

- 1) serving 100 or more customers; or
- 2) charging more than \$557 average annual revenue per customer.

Richardson Water has an annual revenue of \$72,576 and two customers produce an annual average per customer of \$36,288. This amount far exceeds the annual threshold of \$557 per customer.

On December 7, 2017, Richardson filed to withdraw the tariff and on December 8, 2017, filed a petition requesting an exemption from WAC 480-110-255, Jurisdiction. The company argues that pursuant to the provisions the company's ground water permit, the company is precluded from providing service to additional customers and therefore is not, according to the petition, a public utility subject to the commission's jurisdiction.

Commission staff has reviewed the company's petition and on September 21, 2018, filed a Motion for Order Removing Richardson Water LLC from Regulation. See attachment 1 to this memo.

Background

In 1978, the Richardson family started the development of Sun Country Estates, a planned home development. At that time a ground water permit was obtained from Department of Ecology to provide water for the Sun Country Estates development, a truck line business (owned by the Richardson family) and two single family houses. Since then, the two single family houses have

connected to an independent water system and are no longer served by Richardson Water Company.

Sun Country Estates is now fully developed and serves water to 174 residential lots as part of Sun Country Estates Maintenance Association (HOA). The water system is limited (by water rights) to serve only the truck line business and the Sun Country Estates. The company is limited by Department of Ecology water rights and cannot serve any more than the two existing properties and customers.

Richardson Water charges the Sun Country Estates Maintenance Association \$5,848 monthly, which equates to about \$34.00 per month per lot resident. The truck line business served by the water company, is charged \$200 monthly.¹ Both customers are charged flat rates and may have meters installed.

The truck line business is renting the property it uses. The owner of the rented property (Richardson Land Investment Company) is affiliated with owner of the water system. This leaves only Sun Country Estates Maintenance Association as a non-affiliated customer of Richardson Water.

On August 23, 2018, Sun Country Estates Maintenance Association and Richardson Water entered into a ten (10) year agreement for water services. Under the agreement starting October 1, 2018, will be \$7,830 monthly² with price increases to be fixed on a flat rate basis and periodically adjusted. Both parties agreed that a ten year known price agreement for water services was in both parties interest.

In its Petition, Richardson Water seeks an exemption from regulation based on several points that were outlined in staff's memo of July 26, 2018.

Staff's final conclusion, is that while the Commission has jurisdiction over Richardson Water, the Commission should remove the company from regulation based on the public interest analysis outlined in Staff's Motion filed September 21, 2018.

Customer Comments

Staff did not receive comments from representatives of either customer, Sun Country Estates or the truck line business.

Conclusion

After reviewing the petition requesting an exemption filed on December 8, 2017, by Richardson Water Company, LLC, UW-171068, and for reasons outlined in Staff's petition filed September 21, 2018, Staff believes granting the Motion for Order Removing Richardson Water

¹ Revenue and expenses have not been audited by staff. Revenues and customer count have been provided by the company. Water System Questionnaire, July 12, 2017.

² Agreement charges and expenses have not been audited by staff.

Company, LLC from regulation is in the public interest. An order finding that the Commission has jurisdiction, but declines to regulate Richardson Water based on public interest considerations at this time. Should conditions change, the Commission has the authority to reconsider its decision to remove Richardson water from regulation. RCW 80.04.200.

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Attachment - 1