



WASHINGTON WATER SERVICE

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

IMPORTANT NOTICE FOR EAST PIERCE SYSTEM CUSTOMERS

Washington Water Service (Washington Water) bills customers for the true costs to provide water utility service; as such, it has filed for approval from the Washington Utilities and Transportation Commission (UTC) to increase revenues needed to continue providing East Pierce system customers a reliable, safe, and high-quality water supply. The filing requests a phased increase to reduce the impact to customers; if approved as filed, annual revenue would increase \$3,741,069 by the third year of its proposed multi-year rate plan. On September 21, 2021, Washington Water filed to move the proposed effective date from October 15, 2021 to February 1, 2022 in order to allow interested parties in the case additional time to review its request. On December 20, 2021, Washington Water filed to further extend the proposed effective date to February 15, 2022 to ensure customers receive adequate notice of the status of the filing. This is a copy of the notice previously sent to customers in August/September 2021, with new effective dates.

The East Pierce (formerly Rainier View Water) system's last general rate increase was effective September 1, 2019, and was based on 2018 capital and operating expenses. Rainier View Water was purchased by Washington Water in mid-2020 and current rates were maintained. Since acquiring the system on June 1, 2020, Washington Water has made capital investments including:

- Pipeline repairs to improve reliability and reduce water loss
- Booster pump replacements to improve reliability
- Digital security upgrades to safeguard customers' and employees' data and online systems
- Facility security upgrades to protect the water system infrastructure and employee safety

As a condition of the acquisition, Washington Water committed to filing this rate case within one year of closing¹ and proposing a multi-step process to gradually decrease the rate disparity between East Pierce customers and current Washington Water customers. The Company was also directed to minimize the year-to-year impact on East Pierce customers.

East Pierce's current rates, both base and volumetric, are significantly lower than current rates for existing 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 achieve parity with existing 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 three years.

If approved, the new Phase 1 rates will become effective February 15, 2022; Phase 2 rates will become effective February 15, 2023; and Phase 3 rates will become effective February 15, 2024.

The tables on the following pages show the present and proposed rate structure.

¹ On June 3, 2021, the Commission approved a request to extend the filing date to no later than September 1, 2021.

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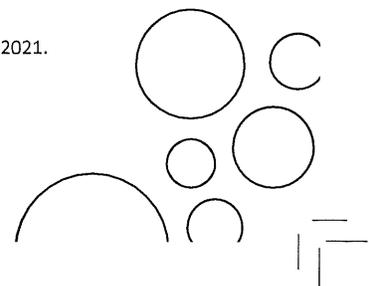


Table 1A: Residential Service—Existing Rates

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 ³	\$ 14.90	0–600	\$ 1.13	601–3,000	\$ 1.30	Over 3,000	\$ 2.49
1-inch	\$ 24.83	0–1,500	\$ 1.13	1,501–7,500	\$ 1.30	Over 7,500	\$ 2.49
1 ½-inch	\$ 49.67	0–3,000	\$ 1.13	3,001–15,000	\$ 1.30	Over 15,000	\$ 2.49
2-inch	\$ 79.47	0–4,800	\$ 1.13	4,801–24,000	\$ 1.30	Over 24,000	\$ 2.49
3-inch	\$ 149.00	0–9,000	\$ 1.13	9,001–45,000	\$ 1.30	Over 45,000	\$ 2.49
4-inch	\$ 248.33	0–15,000	\$ 1.13	15,001–75,000	\$ 1.30	Over 75,000	\$ 2.49
6-inch	\$ 496.67	0–30,000	\$ 1.13	30,001–150,000	\$ 1.30	Over 150,000	\$ 2.49
Ready to Serve	\$ 14.90	-	-	-	-	-	-
Flat	\$ 28.68	-	-	-	-	-	-

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 ²	2nd Block (cubic feet)	2nd Usage Rate ²	3rd Block (cubic feet)	3rd Usage Rate ²
3/4-inch ³	\$14.90	0–600	\$ 1.13	601–3,000	\$ 1.30	Over 3,000	\$ 5.00
1-inch	\$24.83	0–1,500	\$ 1.13	1,501–3,000	\$ 1.30	Over 3,000	\$ 5.00

Table 2A: Residential Service—Proposed Rates Phase 1—Effective February 15, 2022

(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 ³	\$ 18.93	0–600	\$ 1.19	601–2,800	\$ 1.45	Over 2,800	\$ 2.49
1-inch	\$ 31.55	0–1,335	\$ 1.19	1,336–6,230	\$ 1.45	Over 6,230	\$ 2.49
1 ½-inch	\$ 63.10	0–2,670	\$ 1.19	2,670–12,460	\$ 1.45	Over 12,460	\$ 2.49
2-inch	\$ 100.96	0–4,272	\$ 1.19	4,273–19,936	\$ 1.45	Over 19,936	\$ 2.49
3-inch	\$ 189.30	0–8,010	\$ 1.19	8,011–37,380	\$ 1.45	Over 37,380	\$ 2.49
4-inch	\$ 315.50	0–13,350	\$ 1.19	13,351–62,300	\$ 1.45	Over 62,300	\$ 2.49
6-inch	\$ 631.00	0–26,700	\$ 1.19	26,701–124,600	\$ 1.45	Over 124,600	\$ 2.49
Ready to Serve	\$ 18.93	-	-	-	-	-	-
Flat	\$ 34.05	-	-	-	-	-	-

² Based on per 100 cubic feet or fraction thereof

³ 3/4" or smaller

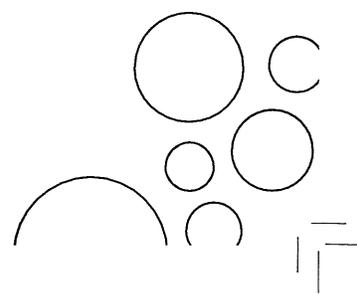


Table 2B: Residential Service—Proposed Rates Phase 1

(for residential customers with 1-inch or smaller meters for the period of May 1 to September 30, 2022; subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ⁴	2nd Block (cubic feet)	2nd Usage Rate ⁴	3rd Block (cubic feet)	3rd Usage Rate ⁴	Summer Block (cubic feet)	Summer Usage Rate ⁴
3/4-inch ⁵	\$18.93	0–600	\$ 1.19	601–2,800	\$ 1.45	2,801–3,000	\$ 2.49	Over 3,000	\$ 5.00
1-inch	\$31.55	0–1,335	\$ 1.19	1,336–3,000	\$ 1.45	Over 3,000	\$ 5.00		

Table 3A: Residential Service—Proposed Rates Phase 2—Effective February 15, 2023

(subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ⁴	2nd Block (cubic feet)	2nd Usage Rate ⁴	3rd Block (cubic feet)	3rd Usage Rate ⁴
3/4-inch ⁵	\$ 22.24	0–600	\$ 1.32	601–2,400	\$ 1.74	Over 2,400	\$ 2.49
1-inch	\$ 37.06	0–1,170	\$ 1.32	1,171–4,680	\$ 1.74	Over 4,680	\$ 2.49
1 ½-inch	\$ 74.14	0–2,340	\$ 1.32	2,341–9,360	\$ 1.74	Over 9,360	\$ 2.49
2-inch	\$ 118.62	0–3,744	\$ 1.32	3,745–14,976	\$ 1.74	Over 14,976	\$ 2.49
3-inch	\$ 222.40	0–7,020	\$ 1.32	7,021–28,080	\$ 1.74	Over 28,080	\$ 2.49
4-inch	\$ 370.66	0–11,700	\$ 1.32	11,701–46,800	\$ 1.74	Over 46,800	\$ 2.49
6-inch	\$ 741.34	0–23,400	\$ 1.32	23,401–93,600	\$ 1.74	Over 93,600	\$ 2.49
Ready to Serve	\$ 22.24	-	-	-	-	-	-
Flat	\$ 39.63	-	-	-	-	-	-

Table 3B: Residential Service—Proposed Rates Phase 2

(for residential customers with 1-inch or smaller meters for the period of May 1 to September 30, 2023; subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ⁵	2nd Block (cubic feet)	2nd Usage Rate ⁵	3rd Block (cubic feet)	3rd Usage Rate ⁵	Summer Block (cubic feet)	Summer Usage Rate ⁵
3/4-inch ⁵	\$22.24	0–600	\$ 1.32	601–2,400	\$ 1.74	2,401–3,000	\$ 2.49	Over 3,000	\$ 5.00
1-inch	\$37.06	0–1,170	\$ 1.32	1,170–3,000	\$ 1.74	Over 3,000	\$ 5.00		

⁴ Based on per 100 cubic feet or fraction thereof

⁵ 3/4" or smaller

Table 4A: Residential Service—Proposed Rates Phase 3—Effective February 15, 2024
(subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ⁷	2nd Block (cubic feet)	2nd Usage Rate ⁷	3rd Block (cubic feet)	3rd Usage Rate ⁷
3/4-inch ⁶	\$ 23.60	0–600	\$ 1.76	601–2,000	\$ 2.15	Over 2,000	\$ 2.78
1-inch	\$ 39.33	0–1,000	\$ 1.76	1,001–3,333	\$ 2.15	Over 3,333	\$ 2.78
1 ½-inch	\$ 78.67	0–2,000	\$ 1.76	2,001–6,667	\$ 2.15	Over 6,667	\$ 2.78
2-inch	\$ 125.87	0–3,200	\$ 1.76	3,200–10,667	\$ 2.15	Over 10,667	\$ 2.78
3-inch	\$ 236.00	0–6,000	\$ 1.76	6,000–20,000	\$ 2.15	Over 20,000	\$ 2.78
4-inch	\$ 393.33	0–10,000	\$ 1.76	10,000–33,333	\$ 2.15	Over 33,333	\$ 2.78
6-inch	\$ 786.67	0–20,000	\$ 1.76	20,000–66,667	\$ 2.15	Over 66,667	\$ 2.78
Ready to Serve	\$ 23.60	-	-	-	-	-	-
Flat	\$ 45.58	-	-	-	-	-	-

Table 4B: Residential Service—Proposed Rates Phase 3
(for residential customers with 1-inch or smaller meters for the period of May 1 to September 30, 2024 and every May 1 to September 30 period thereafter; subject to updates for customer growth and usage impacts)

Meter Size	Base Rate	1st Block (cubic feet)	1st Usage Rate ⁷	2nd Block (cubic feet)	2nd Usage Rate ⁷	3rd Block (cubic feet)	3rd Usage Rate ⁷	Summer Block (cubic feet)	Summer Usage Rate ⁷
3/4-inch ⁶	\$23.60	0–600	\$ 1.76	601–2,000	\$ 2.15	2,001–3,000	\$ 2.78	Over 3,000	\$ 5.00
1-inch	\$39.33	0–1,000	\$ 1.76	1,001–3,000	\$ 2.15	Over 3,000	\$ 5.00		

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 investigation. Commission staff will make a recommendation to the commissioners at an open meeting, which is scheduled for Thursday, February 10, 2022. You will have an opportunity to provide your comments at this meeting. This open meeting 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 commission’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 877-408-4060 or via email at input@wawater.com.

Sincerely,

Washington Water Service
P.O. Box 336
Gig Harbor, WA 98335

⁶ 3/4" or smaller

⁷ Based on per 100 cubic feet or fraction thereof

