

Agenda Date: May 27, 2010
Item Number: A2

Docket: UW-091466
Company Name: Rainier View Water Company, Inc.

Staff: Jim Ward, Regulatory Analyst
Amy White, Regulatory Analyst
Chris Mickelson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

Issue an Order to:

1. Allow the revised rates and tariff revisions filed by Rainier View Water Company, Inc. on May 24, 2010, to become effective June 1, 2010, on a temporary basis, subject to refund.
2. Grant the company's request, as permitted by WAC 480-80-122, to allow the revised rates and tariff revisions to become effective on June 1, 2010, on less than statutory notice.
3. Grant the company's request for an exemption from WAC 480-110-425, Customer Notice, to allow the company to notify customers of increases in the next billing cycle.

Discussion

This memorandum supplements staff's memorandum dated May 13, 2010.

The commission considered this matter at the May 13, 2010, open meeting. Staff and the company agreed to revised rates that the company filed on May 3, 2010, and proposed to become effective June 1, 2010. The company filed an additional revised page on May 13, 2010, to clarify the application of irrigation rates. On May 13, 2010, the Company filed 3rd Revised Page 49 with a scheduled effective date of June 13, 2010, to add a reference to Schedule 14, Irrigation, to Rate Schedule 1A, which was mistakenly assigned a new Docket UW-100830. On May 24, 2010, the company refiled all pages, including 3rd Revised Page 49 (Schedule 14, Irrigation), to change the customer class identification from "commercial" customers to "nonresidential" customers, clarify application of rates to compound meters and irrigation service, and to simplify the administration of the docket. The company requests the commission to allow, as permitted by WAC 480-80-122, the revised rates and tariff revisions filed on May 24, 2010, to become effective on June 1, 2010, on less than statutory notice, and to grant an exemption from WAC 480-110-425, Customer Notice, to allow the company to notify customers of increases in the next billing cycle.

The revised rates would result in increases, as compared to the proposed rates. On May 5, 2010, the commission sent a notice to the interested parties that this item would again be heard at the May 13, 2010 open meeting. The District filed written comments on May 12, 2010, and appeared at the May 13, 2010, open meeting. The District, the company and staff agreed to postpone

commission consideration of the matter until May 27, 2010, to give the parties additional time to review the filing.

Staff worked with the District and the company to explain the rate design. On May 18, 2010, staff provided the District a summary of staff's analysis of the District's water usage and estimated annual charges under the proposed revised rates. The District questioned the accuracy of staff's usage data for several of its meters. After further review, staff discovered errors in adjusting the company's raw meter usage data to account for "compound meters". The error affected eight of the 74 nonresidential compound meters, five of which serve the District. The company verified the accuracy of the revised data, and staff provided the District and the company with its revised analysis on May 19, 2010. Correcting the usage data decreased the District's estimated annual charges from \$118,287 to \$82,106, and would increase the District's annual water charge by 116 percent as compared to current rates.

The following table shows the results of staff's additional analysis. The table shows the relationship between annual water usage and annual revenue for the residential and nonresidential classes, and, within the nonresidential class, for the District and all other nonresidential customers. The additional analysis provides additional support for staff's proposed revised rate design.

	Total Yearly Bill (\$)	Total Yearly Usage (cubic feet)	Average Monthly Usage (cubic feet.)
Bethel School Dist	\$ 82,106	4,100,300	17,085
<i>Percent of Total Non-Residential</i>	17.4%	18.7%	
<i>Percent of Total Company</i>	1.8%	2.2%	
All Other Non-Residential	\$ 390,907	17,877,500	3,355
<i>Percent of Total Non-Residential</i>	82.6%	81.3%	
<i>Percent of Total Company</i>	8.8%	9.6%	
Total Non-Residential	\$ 473,013	21,977,800	4,249
<i>Percent of Total Company</i>	10.6%	11.8%	
Residential	\$ 3,972,586	164,107,700	866
<i>Percent of Total Company</i>	89.4%	88.2%	
Total Company	\$ 4,445,599	186,085,500	
	100.0%	100.0%	

Although the parties have made some progress in resolving issues, the District asks the commission to further postpone consideration of this matter to allow the District more time to understand and analyze the filing and prepare comments. The District claims that it would be disproportionately impacted by the rate increases in a manner that is unfair, unjust and

unreasonable. Although staff agrees that the District would be disproportionately impacted by the revised rates, staff notes that the disproportionate impact is less, not more, than other customer groups. Based upon usage, the District would pay relatively less than “all other nonresidential” customers, as a group, and that the nonresidential class of customers would pay relatively less than the residential class of customers.

The company opposes further delay of the implementation of the revised rates. Review of the company’s historical usage and revenue pattern demonstrates the critical timing of implementing rates that will apply during the higher usage months during the summer.

Conclusion

To balance the interests of all parties, staff recommends that the commission allow the revised rates to go into effect June 1, 2010, on a temporary basis, subject to refund. This recommendation allows the District additional time to analyze the filing and prepare comments, protects all customers should the commission ultimately determine that lower rates, and a refund are appropriate, and protects the company by allowing the company to begin collecting increased revenue during the high usage summer months. Staff also recommends that the commission direct the District to file its final comments no later than June 10, 2010, so the commission can consider this matter at the June 24, 2010, open meeting.

Staff recommends that the commission issue an Order to:

1. Allow the revised rates and tariff revisions filed by Rainier View Water Company, Inc. on May 24, 2010, to become effective June 1, 2010, on a temporary basis, subject to refund.
2. Grant the company’s request, as permitted by WAC 480-80-122, to allow the revised rates and tariff revisions to become effective on June 1, 2010, on less than statutory notice.
3. Grant the company’s request for an exemption from WAC 480-110-425, Customer Notice, to allow the company to notify customers of increases in the next billing cycle.