

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET UW-141363
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	ORDER 02
)	
v.)	
)	ORDER ALLOWING REVISED
RAINIER VIEW WATER)	RATES TO BECOME EFFECTIVE
COMPANY, INC.,)	ON A TEMPORARY BASIS
)	
Respondent.)	
.....)	

BACKGROUND

- 1 On June 30, 2014, Rainier View Water Company, Inc. (Rainier View or Company), filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-2. The proposed revisions would generate \$166,083 (2.9 percent) additional annual revenue. The filing addresses a revenue shortfall related to employment costs and Department of Health fees and requirements, and modifies the Company’s rate design to promote conservation in the third usage block. The Company provides water service to approximately 17,350 customers served on 26 water systems located in Pierce County, and two water systems in Kitsap County. Rainier View’s last general rate increase was effective June 1, 2013. The Commission allowed a \$.75 Capital Plant Treatment surcharge to become effective August 1, 2014.
- 2 On August 14, 2014, the Commission entered Order 01 in this docket, Complaint and Order Suspending Tariff Revision, pending an investigation to determine whether the revisions are fair, just, reasonable, and sufficient.
- 3 Commission Staff (Staff) reviewed the filing and worksheets provided by the Company and found that while the residential customer class would receive a 2.9 percent increase in gross revenue, the non-residential customer class would receive a 12.9 percent increase in gross revenue. Accordingly, Staff found that the filing met the definition of a general rate case under WAC 480-07-505(1)(b) based on a gross revenue increase of greater than 3 percent for a given customer class, as reflected by the Company’s tariff. Following the entry of Order 01, the Company filed required work papers and additional supporting documentation for the revised revenue requirement. Staff has completed its review and determined the Company’s books and records support a revised revenue requirement of

\$183,439 (3.3 percent) additional annual revenue, which is greater than the originally requested amount of \$166,083 (2.9 percent).

- 4 Staff found that Rainier View currently charges \$2.05 per 100 cubic feet for third block usage, but pays the City of Tacoma \$2.64 per 100 cubic feet as of September 1, 2014, for peaking water usage. Rainier View paid the City of Tacoma \$2.56 per 100 cubic feet for third block usage in 2013. The Company's revised rate for third block usage would both cover the cost of the water purchased and promote conservation. The proposed changes would primarily impact customers whose water usage exceeds 3,000 cubic feet per month,¹ and customers with 3/4 inch meters, whose base charge will increase by \$.31 (2.25 percent). The average consumption for residential customers is 877 cubic feet per month. The average consumption for non-residential customers is 3,661 cubic feet per month.
- 5 Staff received comments from three customers opposed to the rate increase. Bethel School District commented that it will see a \$13,660 (8 percent) increase in its water expenses if the Commission approves the proposed rates. Rainier View has established the same rate schedules and usage blocks for all customers based on meter size, regardless of intended use or customer classification; the Company does not have a separate rate for schools. Staff surveyed several purveyors including Seattle Public Utilities and Tacoma Water and found that, like Rainier View, neither of those utilities has a separate rate for schools. Staff found that the proposed and revised rates do not discriminate against Bethel School District or any other non-residential customers.
- 6 By letter dated November 13, 2014, and at the Commission's regularly scheduled open meeting on November 14, 2014, Bethel School District raised issues related to a potential conflict between its water supply agreements with Rainier View and the Company's proposed rate design.
- 7 Overall, the customers' comments do not change Staff's opinion that the Company's financial information supports the revised revenue requirement, and that the revised rates and charges are fair, just, reasonable, and sufficient. Staff's review shows that the expenses are reasonable and required as part of the Company's operations. Staff acknowledges, however, that it has not had the opportunity to review the water supply agreements between Rainier View and Bethel School District in the context of this

¹ 3,000 cubic feet third block applies to 3/4-inch or smaller meter size. Other third block usage amounts are based on meter size factors established by the American Water Works Association and available in the proposed tariff.

proceeding.

DISCUSSION AND DECISION

8 Among other issues, the Bethel School District's concerns about the potential conflict between its water supply agreements with Rainier View and the Company's proposed rate design warrant further attention and analysis. Accordingly, we approve the proposed rates on a temporary basis with the understanding that further discussion between Staff, the Company, and Bethel School District – as well as any other customers who wish to participate – will occur in the near future. Following that discussion, this matter will be heard at the Commission's regularly scheduled open meeting on a later date. To ensure the Company's proposed rates temporarily take effect on November 15, 2014, the Commission grants authority to sign this Order to the Commission's Secretary.

FINDINGS AND CONCLUSIONS

- 9 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
- 10 (2) Rainier View is a water company and a public service company subject to Commission jurisdiction.
- 11 (3) This matter came before the Commission at its regularly scheduled meeting on November 14, 2014.
- 12 (4) The tariff revision presently under consideration is fair, just, reasonable, and sufficient because the Company has demonstrated the need for additional annual revenue and for revision of the Company's rate structure.
- 13 (5) After reviewing the revised tariff revision Rainier View filed in Docket UW-141363 and giving due consideration, the Commission finds it is consistent with the public interest to allow the revised rates and tariff revision filed on August 18, 2014, and November 10, 2014, to become effective on November 15, 2014, on a temporary basis.

- 14 (6) Rainier View, Commission Staff, and Bethel School District should convene to discuss any outstanding issues, and should specifically address issues related to Rainier View's water supply agreements with the Bethel School District.
- 15 (7) Following that discussion, this matter should be heard at the Commission's regularly scheduled open meeting on a later date.
- 16 (8) To ensure the proposed rates temporarily take effect on November 15, 2014, the Secretary should be authorized to enter this Order.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The tariff revision Rainier View Water Company, Inc., filed in this docket on August 18, 2014, and November 10, 2014, shall become effective on November 15, 2014, on a temporary basis.
- 18 (2) Rainier View Water Company, Inc., Commission Staff, and the Bethel School District shall convene to discuss any outstanding issues, and shall specifically address issues related to Rainier View's water supply agreements with the Bethel School District.
- 19 (3) Following that discussion, this matter shall be heard at the Commission's regularly scheduled open meeting on a later date.
- 20 (4) The Commissioners authorized the Secretary to enter this Order.

DATED at Olympia, Washington, and effective November 14, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary