

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the proposed tariff)	DOCKET NO. UW-040657
)	
RAINIER VIEW WATER)	ORDER NO. 01
COMPANY, INC.,)	
)	
)	
)	ORDER ALLOWING TARIFF
)	REVISION, WITH CONDITIONS
.....)	

BACKGROUND

- 1 By Order dated September 23, 1998, in Docket UW-981128, the Commission allowed Rainier View Water Company (Rainier View or Company) to establish a treatment surcharge labeled the "8/98 Treatment Surcharge." The purpose of the surcharge was to cover the costs of installation and maintenance for a corrosion control system installed for many of the Company's sources of supply.

- 2 By letter dated April 28, 2004, the Company has filed a tariff by which it proposes to expand the use of the surcharge and to increase the rate for the surcharge. In doing so, it proposes to change the name of the surcharge to "Treatment Surcharge" (Surcharge).

- 3 The proposed increase in the surcharge is to implement a resolution adopted by the Tacoma-Pierce County Board of Health requiring fluoridation of drinking water in Pierce County water systems that serve 5,000 or more people. Rainier View must comply with the requirement.

- 4 The Company is proposing to increase the amount of the existing surcharge from \$2.15 per month to \$3.29 per month. The surcharge is to apply to all water customers served by the Company. The amount of the increase is \$1.14

per month. Of this amount, \$0.46 per month is to cover the capital costs and \$0.68 per month is to recover ongoing operations and maintenance costs.

- 5 Rainier View asserts that because the fluoride treatment will be a new treatment mechanism for the company, its operations and maintenance costs may be highly variable. The Company has agreed with a suggestion from Commission Staff that on or before the fifth anniversary date of this Order, the company will file to remove the operations and maintenance cost from the Treatment Surcharge. At that time, the company will also remove from the surcharge the operations and maintenance costs associated with the original corrosion control treatment. Rainier View may file to recover the recurring operations and maintenance costs in general rates.
- 6 In addition, Rainier View has applied for a grant to cover a portion of the capital costs. It is unknown whether such a grant will be awarded to the company. The Company agrees that if it is awarded such a grant, it shall use the proceeds from that grant to pay down the obligation to its lender for the capital costs associated with the surcharge, thus shortening the life of the surcharge.
- 7 The funds received as a result of the Treatment Surcharge will be used exclusively for the purpose of making capital improvements or the servicing of related debt, and operation and maintenance costs identified as part of the Company's proposal filed in this docket. Maintenance and operation expenses charged to the fluoridation project should not exceed the revenues allocated in the surcharge to such purposes. All surcharge revenue will be considered contributions in aid of construction, the accounting of which will follow standard regulatory accounting principles.

FINDINGS AND CONCLUSIONS

- 8 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including water companies. *RCW 80.01.040; Chapter 80.04 RCW and Chapter 80.28 RCW.*
- 9 (2) Rainier View Water Company, Inc., a Washington corporation, is a public service company subject to the jurisdiction of this Commission under the provisions of Title 80 RCW.
- 10 (3) As to form, the proposed tariff herein meets the requirements of Title 80 RCW and the rules and regulations of the Commission adopted pursuant thereto.
- 11 (4) This matter was brought before the Commission at its regularly scheduled meeting on April 28, 2004.
- 12 (5) It appears, upon investigation, that the request for changes to the Treatment Surcharge is reasonable and consistent with the public interest, and it therefore should be allowed.

ORDER

THE COMMISSION ORDERS:

- 13 (1) Subject to the conditions of this Order, the filing by Rainier View Water Company, Inc., filed on April 8, 2004, shall become effective by operation of law May 9, 2004.

- 14 (2) The funds received as a result of the Treatment Surcharge will be accounted for separately as Contributions in Aid of Construction and be used exclusively for the purpose of making capital improvements or the servicing of related debt, and operation and maintenance costs identified as part of the company's proposal filed in this docket. Maintenance and operation expenses charged to the fluoridation project may not exceed the revenues allocated in the surcharge to such purposes.
- 15 (3) Rainier View Water Company, Inc., shall reduce the Treatment Surcharge on or before the fifth anniversary date of this Order to remove the operation and maintenance costs that are included in the Surcharge.
- 16 (4) Any funds received by Rainier View Water Company, Inc., from grants for fluoride treatment construction must be applied to pay down the loan taken out by the Company to finance the construction.
- 17 (5) Rainier View Water Company, Inc., must terminate the Treatment Surcharge when all debt supported by the surcharge has been paid for in full, at which time it must submit to the Commission a final report of all capital costs associated with the treatment facilities.
- 18 (6) Rainier View Water Company, Inc., must submit to the Commission quarterly reports of the separate reserve account. This report shall be submitted on the quarterly report form on which it currently reports the account status. Quarterly reports must be filed sixty days following the last billing date of each quarter, starting with the quarter ending June 30, 2004, and must continue until termination of the

surcharge or until notification by letter of the Commission Secretary that the report is no longer necessary.

- 19 (7) This Order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs claimed or asserted.
- 20 (8) The Commission retains jurisdiction over the subject matter of the proceeding and over Rainier View Water Company, Inc., to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 28th day of April, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner