

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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| WASHINGTON UTILITIES AND |) | DOCKET UW-141363 |
| TRANSPORTATION COMMISSION, |) | |
| |) | ORDER 03 |
| Complainant, |) | |
| |) | |
| v. |) | |
| |) | ORDER DISMISSING COMPLAINT |
| RAINIER VIEW WATER |) | AND ORDER SUSPENDING TARIFF |
| COMPANY, INC., |) | REVISION; ALLOWING REVISED |
| |) | RATES TO BECOME EFFECTIVE |
| 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 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. On November 14, 2014, the Commission approved the Company's rates on a temporary basis in Order 02 in this docket, as follows:

- The base charge for 3/4 inch meters was increased from \$13.90 to \$14.21 (2.25 percent).
- The third block (greater than 3,000 cubic feet per month¹) usage rate was increased from \$2.05 per 100 cubic feet to \$2.71 per 100 cubic feet.

5 At the Commission's direction, Staff researched the issues related to Bethel School District's water supply agreements with the Company and found that those agreements have no impact on this rate filing. Staff, the Company, and Bethel School District met on December 9 and 16, 2014, and ultimately agreed on a rate design that meets the revised revenue requirement of \$183,439 (3.3 percent) by spreading the increase across the second and third usage blocks, as follows:

- The base charge for 3/4 inch meters would return to \$13.90.
- The second block (600-3,000 cubic feet per month) would increase from \$1.00 per 100 cubic feet to \$1.15 per 100 cubic feet.
- The third block (greater than 3,000 cubic feet per month) would decrease from the temporary amount of \$2.71 per 100 cubic feet to \$2.42 per 100 cubic feet.

6 The revised rates result in a more equal distribution of revenue among the Company's customers. The revised rates also promote conservation in both the second and third usage blocks, which may reduce peaking water usage during high use months, thereby reducing the need for the Company to purchase additional water at increased costs from Tacoma Water.

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

7 Staff finds that 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 also finds that the water supply agreements between Rainier View and Bethel School District have no impact on this rate filing.

DISCUSSION AND DECISION

8 We find the revised rates filed by the Company on December 23, 2014, to be fair, just, reasonable, and sufficient. We agree with Staff's finding that the Company has demonstrated the need for additional annual revenue, and we appreciate the parties' willingness to work together to construct a mutually satisfactory rate design to achieve that end. In addition to bringing resolution to this proceeding, the revised rates distribute the increase across both the second and third usage blocks, which promotes conservation among a much larger group of customers.

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 December 30, 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, November 10, 2014, and December 23, 2014, to become effective on January 1, 2015.

ORDER

THE COMMISSION ORDERS:

- 14* (1) Order 01, the Complaint and Order Suspending Tariff Revision, in Docket UW-141363, entered on August 14, 2014, is dismissed.
- 15* (2) The tariff revision Rainier View Water Company, Inc. filed in this docket on December 23, 2014, shall become effective on January 1, 2015.

DATED at Olympia, Washington, and effective December 30, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner