

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

QUEEN ANNE WATER WORKS, LLC,

Respondent.

DOCKET UW-171034

ORDER 02

FINDING COMPANY SUBJECT
TO REGULATION;
DISMISSING COMPLAINT
AND ORDER; ALLOWING
REVISED TARIFF TO TAKE
EFFECT

BACKGROUND

- 1 On October 3, 2017, Queen Anne Water Works, LLC (Queen Anne Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) its initial Tariff WN U-01. The stated effective date was November 15, 2017.
- 2 In February 2016, Queen Anne Water began charging its customers \$47 per month, or \$564 per year, per connection, for un-metered water service. Pursuant to Washington Administrative Code (WAC) 480-110-255, the jurisdictional threshold for Commission regulation is \$557 in average annual revenue per customer. Since Queen Anne Water's annual revenue per customer exceeds the threshold for regulation, the Company filed its initial tariff with charges and rates consistent with those previously charged.
- 3 On November 9, 2017, the Commission issued Order 01, Complaint and Order Suspending Initial Tariff (Order 01). The Commission observed that the Company provided service to approximately 14 customers located near Belfair in Mason County. The Company's annual revenue was approximately \$7,900.
- 4 On February 2, 2022, Queen Anne Water filed a letter with the Commission outlining the history of litigation between the customers and the Company and stating that the Company prevailed. Queen Anne Water is now asking the Commission to find the Company within its jurisdiction and accept the initial tariff filing.
- 5 On April 19, 2022, the Company filed updated, replacement tariff pages and a copy of the customer notice, which the Company issued earlier on April 1, 2022.

- 6 On May 9, 2022, the Company again filed updated, replacement tariff pages, which provided an effective date of May 13, 2022.
- 7 Commission staff (Staff) reviewed the Company's customer billing statements from February 2022 and confirmed that the Company was billing customers \$47 per month as it stated. Additionally, Staff observes that the Company was billing a capital surcharge for emergency repairs conducted to fix a broken watermain that occurred in the summer of 2021. The Company provided invoices and the calculations it used to determine the amount of the surcharge, which will expire August 1, 2022. Staff further reviewed the Company's financial operations, income statement, and balance sheet for calendar year 2021. Staff determined that the majority of the Company's expenses consisted of payments to the Satellite Management Agency for operating the system, including maintenance, meter reading, and customer billings.
- 8 Staff believes that the expenses and revenues provided by the Company are prudent and necessary to provide water service to its customers. Staff believes the proposed rates contained in the Company's revised tariff are fair, just, reasonable, and sufficient. Staff therefore recommends that the Commission dismiss the complaint and order suspending the initial tariff filed by Queen Anne Water Works, LLC, on October 3, 2017, find the Company subject to Commission regulation under WAC 480-110-255, and allow the revised tariff filed on May 9, 2022, to become effective May 13, 2022, by operation of law.
- 9 While the Company instituted a surcharge for emergency repairs without first seeking approval from the Commission, Staff believes the surcharge was reasonable and necessary. Staff also notes that the surcharge will expire soon. Staff recommends that the Commission take no further action with respect to the emergency repairs surcharge.

DISCUSSION

- 10 We agree that the Company should be found subject to Commission regulation. Pursuant to RCW 80.04.010(30)(b) and WAC 480-110-255(1)(b), the Commission regulates investor-owned water companies that have one hundred or more customers or that have average revenue of more than five hundred fifty-seven dollars per customer per year. Queen Anne Water Works meets the jurisdictional threshold for annual revenue per-customer set forth in WAC 480-110-255(1)(b) and should be found subject to the Commission's jurisdiction. It is in the public interest to find the Company subject to

Commission regulation with the associated rights and privileges of consumer protection for its customers.

11 We also agree with Staff's recommendation to dismiss Order 01 and to allow the Company's revised tariff filed on May 9, 2022, to become effective May 13, 2022. We find the Company's proposed charges and rates are fair, just, reasonable, and sufficient.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
- 13 (2) Queen Anne Water is a water company and a public service company subject to Commission jurisdiction.
- 14 (3) This matter came before the Commission at its regularly scheduled meetings on November 9, 2017, on April 28, 2022, and again on May 12, 2022.
- 15 (4) The initial tariff Queen Anne Water filed on October 3, 2017, and revised on May 9, 2022, would charge rates for service provided by Queen Anne Water.
- 16 (5) Queen Anne Water has demonstrated that the initial tariff charges and rates would result in rates that are fair, just, reasonable, and sufficient.
- 17 (6) Order 01 should be dismissed, and the Company's revised tariffs should be allowed to go into effect May 13, 2022, by operation of law.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Queen Anne Water Works, LLC, is subject to Commission jurisdiction under RCW 80.04.110.
- 19 (2) Order 01 in Docket UW-171034, suspending the tariff filed by Queen Anne Water Works, LLC, is DISMISSED.

20 (3) The initial tariff Queen Anne Water Works, LLC filed on October 3, 2017, as
revised on May 9, 2022, is allowed to go into effect May 13, 2022, by operation
of law.

21 The Commissioners, having determined this Order to be consistent with the public interest,
directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective May 12, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary