BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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WASHINGTON UTILITES AND TRANSPORTATION COMMISSION,))) DOCKET UW-010866
Complainant,) COMPLAINT AND ORDER
1 /) SUSPENDING TARIFF
VS.) REVISION, AND
) INSTITUTING
American Water Resources, Inc.,) INVESTIGATION
)
Respondent.)
)

BACKGROUND

On June 14, 2001, American Water Resources, Inc., (American Water or Company) filed a tariff revision with the Commission designated as:

Third Revision of Sheet No. 17.3 canceling Second Revision of Sheet No. 17.3.

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- The Company requested this surcharge extension to cover the additional cost of Department of Health (DOH) critical items. The original surcharge of \$380,350 was filed in May, 1999 for (DOH) capital projects under RCW 80.28.022. American Water serves approximately 1,822 active customers in Lewis, Thurston, Pierce, and Grays Harbor County. The critical item list consists of upgrades to 13 water systems as contained in the Company's capital improvement plan. The surcharge collections will be used to repay a new bank loan the Company will be using to refinance the original loan with. This refinanced loan will have a lower interest rate and longer term.
- The annual per customer revenue impact of this filing will be approximately \$54.50. The surcharge is to apply to all water customers served by the Company. The surcharge was originally set to expire May 1, 2004, or upon recovery of the loan principal (\$380,350), plus interest and taxes, whichever comes first. Due to Company reported cost overruns this filing would extend the expiration date to December 1, 2009, or upon recovery of the loan principal (\$659,589), plus interest and taxes, whichever comes first. This extension would allow the Company to collect an additional \$279,239 for the cost overruns over an additional five and a half years.

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- 4 American Water has not yet demonstrated that the proposed charges are fair, just, and reasonable. It appearing that the filing herein would provide charges and rates for water service rendered by respondent and that the rights and interests of the public might be injuriously affected thereby, it is the decision of the Commission to suspend the operation of the above filing pending such hearing or hearings and decision thereon.
- 5 The Commission deems it necessary, in order to carry out the duties imposed upon it by law, to investigate the books, accounts, practices and activities of respondent; to make an evaluation or appraisal of the property of respondent; and to investigate and appraise various phases of the operation of respondent. Respondent may be required to pay the expenses reasonably attributable and allocable to such investigation to the extent the requirement for such payment may be in accordance with the provisions of chapter 80.20 RCW.

FINDINGS

- 6 (1) American Water Resources, Inc., is an investor-owned water company and a public service company subject to the jurisdiction of the Commission.
 - (2) The tariff revision filed by American Water Resources, Inc. on June 14, 2001, would increase charges and rates for service provided and might injuriously affect the rights and interests of the public.
- 8 (3) Respondent has not demonstrated that the increase rates and charges in its tariff revision would results in rates that are fair, just, and reasonable.
- 9 (4) As required by RCW 80.04.130, American Water Resources, Inc. bears the burden of proof to show that the proposed increases are fair, just, and reasonable.
- 10 (5) In order to carry out the duties imposed upon the Commission by law, and as authorized in RCW 80.20.20, the Commission believes it necessary to investigate the Respondent's books, accounts, practices and activities; to make a valuation or appraisal of Respondent's property; and to investigate and appraise various phases of Respondent's operations. Respondent may be required to pay the expenses reasonably attributable and allocable to such investigation to the extent the requirement for such payment may be in accordance with the provisions of chapter 80.20 RCW.

O R D E R

IT IS THEREFORE ORDERED:

- 12 (1) The operation of the above tariff filing, filed June 14, 2001, is hereby suspended.
- 13 (2) A hearing or hearings, on the Commission's own motion, will be held at such times and places as may be required.
- 14 (3) No change or alteration will be made in the tariff filing filed herein, during the period of suspension, unless authorized by the Commission.
- 15 (4) An investigation is hereby instituted by the Commission.
- 16 (5) Respondent may be required to pay the expenses reasonably attributable and allocable to such investigation to the extent the requirement for such payment may be in accordance with the provisions of chapter 80.20 RCW.

DATED at Olympia, Washington, and effective this 11th day of July, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner