

Agenda Date: January 11, 2024
Item Number: A1

Docket: UW-230997
Company Name: Washington Water Supply, Inc.

Staff: Mike Young Regulatory Services

Recommendation

Issue a Complaint and Order suspending the Tariff Revisions filed by Washington Water Supply, Inc. on December 8, 2023.

Background

On July 12, 2023, Washington Water Supply, Inc., (Company) filed with the Washington Utilities and Transportation Commission (Commission) a tariff revision in Docket UW-230598 to include a surcharge of \$60 per month for the recovery of purchased water expenses due to well issues and high summer usage on the Echo Glenn water system located in Maple Valley. The total number of customers on the Echo Glenn water system is 42 connections.

On August 10, 2023, the Commission issued Order 01 in Docket UW-230598 that allowed the surcharge in the amount of \$60.00 per month to become effective August 15, 2023, subject to the following conditions:

- (1) the surcharge will expire on November 15, 2023,
- (2) the Company file a general rate case with an effective date no later than February 15, 2024, and
- (3) per WAC 480-110-455(4), the Company report to the Commission within 60 days of the end of each calendar quarter that the surcharge is in effect:
 - i. Quarter beginning balance.
 - ii. Amounts received, detailed by source (i.e., customer billing, customer one-time payments, or interest earned on amounts held in accounts).
 - iii. Amounts spent, detailed by project or type of expense.
 - iv. Quarter ending balance; and,
 - v. Reconcile the bank balance to the general ledger.

On December 8, 2023, the Company filed tariff pages to re-institute the \$60.00 per month surcharge for a period of six months or until it collects \$13,710.00 whichever occurs first.

Discussion

The Echo Glen water system (Echo Glen) well supply has been gradually decreasing over the last few years and the well was in need of repair or replacement. The Company was aware of the decline. According to the Echo Glen customers, a meeting was held in June 2022 with the Company where they agreed at that time on a new well and to interim rates to rehabilitate the existing well. The Department of Health provided Commission staff (Staff) with a copy of a letter date August 7, 2023, sent to the Company which states Echo Glen is currently on a Boil Water Advisory and before lifting the advisory demonstrate the water is safe to drink by receiving bacteriological sample results indicating no coliforms are present.

In April 2023, the Company hired a well driller to rehabilitate the well. Due to an accident where the well driller employee was injured, the well drilling company was not able to complete the work until September 2023. In May of this year the Company again had well capacity issues and started to purchase water which was trucked in and put into the water system to maintain pressure and provide adequate water to customers.

The Company has meters installed on about half of the 42 customers of the Echo Glen Water System but does not read or bill for water usage. The Company's current tariff has a usage rate but does not use it. In answer to Commission Staff's data request, the Company noted it would cost about \$700 per customer to install a meter connection and would take about four hours per installation.

The Company states it has completed the well rehabilitation and the well is functioning at the required capacity. The Company ceased trucking in water at the end of September, and the system is no longer on a boiled water notice. Staff confirmed with Department of Health (DOH) officials that the Company has provided the necessary documentation to vacate the boiled water notice. DOH officials conveyed to Staff that the well is functioning properly, but the engineering report from the drilling company has not been submitted to DOH due to some disagreement between the water system owner and the drilling company.

Based on invoice data provided by the Company, Staff determined that the initial surcharge did not provide sufficient recovery of the trucked water costs and that a subsequent surcharge is in order. However, Staff's calculation showed that the amount of the surcharge should be reduced to \$54.40 for six months to avoid overcollection. On December 27, 2023, the Company informed Staff that it disagrees with Staff's review and is not filing revised tariff pages at the revised rate.

Staff's review further determined that the Company has not yet complied with the requirements in paragraph 7 of Order 01 in Docket UW-230598. In that order the Commission directed Staff to initiate a complaint against the Company for failure to maintain its system and provide safe, clean drinking water as required by RCW 80.28.030. The Company was aware of issues with the well production before 2023 but failed to act, even though in a meeting with customers, the water customers agreed that the well needs to be rehabilitated and that customers would bear the cost of the repairs. Since the Company has now made the repairs, Staff has not yet filed the complaint. The Company has not provided the documentation required by WAC 480-110-455 for surcharges, even though that requirement was reiterated in paragraph 7 of the order. The Company has not filed a general rate case, but has until January 16, 2024, to make that filing. Although the order was issued in a different docket than this filing, the issues are germane to the situation here as well. Staff

believes the Company has demonstrated the need for a surcharge to finish recovery of the trucked in water.

Customer Comments

On December 8, 2023, the Company notified customers of the proposed surcharge. No additional customer comments have been received by the Commission.

Conclusion

Staff has completed its review of the Company's books and supporting records and finds a surcharge to be necessary to the provision of water service. However, the Company disagrees with Staff's calculation of the amount of the surcharge.

Recommendation

Issue a Complaint and Order suspending the Tariff Revisions filed by Washington Water Supply, Inc. on December 8, 2023.