

## Water Utility Rates

Both Chapter 80.38 RCW and RCW 35.92.010 apply to establishment of utility water rates; while the utility has the reasonable discretion to fix its rates, those rates must be just, fair, reasonable, and sufficient.

*West Terrace Golf v. City of Spokane, et. al.* (2/6/2024) – Water users residing outside of the city sued the city for imposing higher water rates on nonresident users. The water users alleged this higher rate violated [chapter 80.28 RCW](#), which requires adopted rates to be just, fair, reasonable and sufficient, prohibits unreasonable preferences and rate discrimination, and prohibits water utilities from charging different rates for the same service. The city claimed [RCW 35.92.010](#) controlled over [chapter 80.28 RCW](#); [RCW 35.92.010](#) grants cities and town “full power to regulate and control...the price” of water services.

After exploring extensive legislative history, the court held the grant of “full power” in [RCW 35.92.010](#) “does not overcome the legislature’s subsequent enactment of the rule that rates be ‘just, fair, reasonable and sufficient.’” Rather, the court found the statutory requirements to be reconcilable and gave effect to both: (1) under [RCW 35.92.010](#), the utility must charge a uniform rate to the same classification of customers or service; and (2) under [RCW 80.29.010](#)(1), that rate must be just, fair, reasonable, and sufficient. The city, therefore, has the discretion to fix rates and those rates are presumptively reasonable. Evaluating whether rates are excessive and disproportionate requires consideration of whether the rates are so low so as to deprive the utility of means to render adequate service or so high as to unduly burden the public. The matter was remanded to the trial court for consideration consistent with the opinion.