

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PARKLAND WATER SYSTEM, INC.,

Seeking Removal from Regulation under
the provisions of RCW 80.04.010(30)(e)

DOCKET UW-120756

ORDER 01

ORDER DENYING PETITION FOR
REMOVAL FROM REGULATION

BACKGROUND

- 1 On May 25, 2012, Parkland Water System, Inc. (Parkland or Company), filed a petition to be removed from regulation. The Company states that at the same time that the Company is removed from regulation, it would increase rates to \$50 per month (\$600 per year) to pay for operating costs including power, testing, repairs and maintenance. The Company alleges if it remains under the jurisdiction of the Commission it will be necessary to increase the rates an additional \$15.00 (\$65 total) per month per customer to hire the required part time employees to perform record keeping, taxes, and reporting at an estimated annual cost of \$1,260.
- 2 RCW 80.04.010(30)(e) provides that a water company may petition the Commission for removal from regulation if the number of customers falls below one hundred or the average annual revenue per customer falls below three hundred dollars. The Commission is authorized to maintain continued regulation if it finds that the public interest so requires.
- 3 The Commission interprets the three hundred dollar “threshold” in RCW 80.04.010(30)(e) to remove a water company from regulation is subject to the same adjustment as the three hundred dollar “threshold” in RCW 80.04.010(30)(b) for a water company to become regulated. The current revenue threshold, set in WAC 480-110-255(1)(b), is \$471 average annual revenue per customer, and will increase to \$557 average annual revenue per customer effective September 9, 2012.

- 4 The Company serves eight connections on a single water system located near Olympia in Thurston County. The Company became regulated effective October 14, 1992, and the Company's original rates remain in effect today.
- 5 Parkland's 2010 annual report shows a loss of \$3,390 on \$3,942 revenue and \$7,332 expense (\$3,720 operating and \$3,612 depreciation). The Company has confirmed that monthly revenue per customer is approximately \$41.00.
- 6 Because the Company states that at the same time that the Company is removed from regulation, it would increase rates to \$50 per month (\$600 per year), which would exceed the current \$471 threshold and the \$557 threshold that will become effective September 9, 2012, the Company would still be subject to regulation. Therefore, Staff recommends that the Commission deny Parkland's petition to be removed from regulation.

FINDINGS

- 7 RCW 80.04.010(30) (e) provides that a water company may petition the Commission for removal from regulation if the number of customers falls below one hundred or the average annual revenue per customer falls below three hundred dollars. The Commission is authorized to maintain continued regulation if it finds that the public interest so requires.
- 8 The Commission interprets the three hundred dollar "threshold" in RCW 80.04.010(30)(e) to remove a water company from regulation is subject to the same adjustment as the three hundred dollar "threshold" in RCW 80.04.010(30)(b) for a water company to become regulated. The current revenue threshold, set in WAC 480-110-255(1)(b), is \$471 average annual revenue per customer, and will increase to \$557 average annual revenue per customer effective September 9, 2012.
- 9 The Company states that at the same time that the Company is removed from regulation, it would increase rates to \$50 per month (\$600 per year).

10 This matter came before the Commission at its regularly scheduled open meeting on August 30, 2012. The Commissioners, having determined the following order to be consistent with the public interest entered the following order and related provisions.

CONCLUSIONS OF LAW

- 11 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this petition.
- 12 (2) Parkland Water System, Inc., is subject to the provisions of Chapter 80.04 RCW requiring water companies to file a petition for removal from regulation.
- 13 (3) The petition filed by Parkland Water System, Inc., for removal from regulation is not in the public interest because the Company intends to raise its rates above the jurisdictional threshold that would automatically make the Company subject to regulation by the Commission.

ORDER

THE COMMISSION ORDERS:

14 The petition filed by Parkland Water System, Inc., to be removed from regulation under the provisions of RCW 80.04.010(30)(e) is denied.

DATED at Olympia, Washington, and effective August 30, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PHILIP B. JONES, Commissioner