

AMENDATORY SECTION (Amending Docket No. UW-040375, General Order No. R-519, filed 4/4/05, effective 5/5/05)

WAC 480-110-205 Application of rules. The rules in this chapter apply to any water company that distributes, sells, or supplies water, and that meets requirements for commission regulation or jurisdiction under RCW 80.04.010 and WAC 480-110-255 (Jurisdiction). This includes investor-owned water companies that meet the jurisdictional threshold of serving one hundred or more customers or have average revenue of more than (~~four~~) five hundred (~~seventy-one~~) fifty-seven dollars per customer per year.

AMENDATORY SECTION (Amending Docket No. UW-040375, General Order No. R-519, filed 4/4/05, effective 5/5/05)

WAC 480-110-255 Jurisdiction. (1) The commission only regulates investor-owned water companies that:

(a) Own, operate, control, or manage one or more water systems; except that control or management does not include management by a satellite management agency as defined in chapter 70.116 RCW if the satellite management agency is not an owner of the water company.

(b) Meet jurisdictional thresholds of one hundred or more customers, or have average revenue of more than (~~four~~) five hundred (~~seventy-one~~) fifty-seven dollars per customer per year.

If a water company serves customers	and has average annual revenue per customer	commission regulation
99 or less	\$(471) <u>557</u> or less	No
99 or less	more than \$(471) <u>557</u>	Yes
100 or more	\$(471) <u>557</u> or less	Yes
100 or more	more than \$(471) <u>557</u>	Yes

(2) The commission does not regulate the following providers of water service:

- (a) Cities, towns, or counties.
- (b) Public utility districts.
- (c) Water districts.
- (d) Local improvement districts.
- (e) Homeowner associations, cooperatives and mutual corporations, or similar entities that provide service only to

their owners or members.

(f) Homeowner associations, cooperatives and mutual corporations, or similar entities that provide service to nonmembers unless they serve one hundred or more nonmembers, or charge nonmembers more than ((four)) five hundred ((~~seventy-one~~) fifty-seven) dollars average annual revenue per nonmember.

(g) Entities or persons that provide water only to their tenants as part of the business of renting or leasing.

This may include:

- (i) Apartment buildings.
- (ii) Mobile home parks.
- (iii) Manufactured home rental communities.
- (iv) Office complexes.
- (v) Commercial or industrial parks.

(3) To determine jurisdiction, the commission considers only those customers receiving water. The commission does not consider customers who do not receive water, such as customers who have paid:

- (a) Water-availability letter fees.
- (b) Standby charges.
- (c) System-readiness fees.
- (d) Ready-to-serve charges.

(4) To calculate the average annual revenue per customer, the commission considers only the charges that water-receiving customers are billed on a recurring basis, other than contributions in aid of construction. For example, this includes money billed for flat-rate service or the metered base-charge and all usage charges.

(a) The commission does not include charges billed to customers who do not receive water, such as:

- (i) Water availability letter fees.
- (ii) Standby charges.
- (iii) System-readiness fees.
- (iv) Ready-to-serve charges.

(b) The commission does not consider contributions in aid of construction in determining jurisdiction. These contributions can be money, services or property. Payments can be made in a lump sum or financed over time. Examples of contributions in aid of construction include payments for:

- (i) Connection to system.
- (ii) Meter installation.
- (iii) System buy-in.
- (iv) Facilities charges.
- (v) Assessments for capital plant and equipment.

(5) The following example shows how to calculate the average annual revenue per customer for two hypothetical customers. The data for each customer are provided at the end of the example:

- (a) Select the most recent twelve consecutive months.

Example: February 2004 through January 2005.

(b) For each customer who received water service during the twelve-month period, add the amount the customer was billed by the

water company for items other than contribution in aid of construction items.

Example: Customer A billed \$340.
Customer B billed \$283.

(c) For each customer who received water service during the twelve-month period, add the number of months the customer received water service.

Example: Customer A received water service for twelve months.
Customer B received water service for nine months.

(d) Total the amount billed the customers during the twelve-month period.

Example:

	<u>Billed by the Water Company During the Twelve-Month Period</u>
Customer A	\$340
Customer B	+ <u>\$283</u>
Total Billed During Twelve- Month Period	\$623

(e) Total the number of months each customer received water service.

Example:

	<u>Number of Months Received Water Service During the Twelve-Month Period</u>
Customer A	12
Customer B	+ <u>9</u>
Total Months Received Water Service During the Twelve-Month Period	21

(f) Calculate the "Average Monthly Revenue Per Customer": Divide the "Total Billed During the Twelve-Month Period" by the "Total Months Received Water Service During the Twelve-Month Period."

Example:

Total Billed During the Twelve-Month Period	\$623
Total Months Received Water Service During the Twelve-Month Period	÷ <u>21</u>
Average Monthly Revenue Per Customer	\$29.67

(g) Calculate the "Average Annual Revenue Per Customer":

Multiply the "Average Monthly Revenue Per Customer" times 12 months.

(A)	Average Monthly Revenue Per Customer	\$29.67
	Months in a Year	x <u>12</u>
(B)	Average Annual Revenue Per Customer	\$356.04

**DATA USED IN THE EXAMPLE
TO CALCULATE
AVERAGE ANNUAL REVENUE PER CUSTOMER**

**Example--
Customer A**

	<u>Standby Charge</u>	<u>Ready-to-Serve Charge</u>	<u>Connection Charge</u>	<u>Facilities Charge</u>	<u>Meter Base Charge</u>	<u>Meter Usage Charge</u>	
<u>Receive Water Service</u>	No	No	Yes	Yes	Yes	Yes	
<u>Contribution in Aid of Construction</u>	No	No	Yes	Yes	No	No	
<u>Year</u>							<u>Total Billed</u>
2004					\$20	\$4	\$24
2004					\$20	\$5	\$25
2004					\$20	\$2	\$22
2004					\$25	\$5	\$30
2004					\$25	\$6	\$31
2004					\$25	\$12	\$37
2004					\$25	\$6	\$31
2004					\$25	\$4	\$29
2004					\$25	\$4	\$29
2004					\$25	\$3	\$28
2004					\$25	\$2	\$27
2005					<u>\$25</u>	<u>\$2</u>	<u>\$27</u>
	\$0	\$0	\$0	\$0	\$285	\$55	\$340

Number of months service	12	
Not Receiving Water		\$0
Receiving Water - Contribution in Aid of Construction		\$0
Receiving Water - Other than Contribution in Aid of Construction		<u>\$340</u>
Total customer billed during period		\$340

**DATA USED IN THE EXAMPLE
TO CALCULATE
AVERAGE ANNUAL REVENUE PER CUSTOMER**

**Example--
Customer B**

		<u>Standby Charge</u>	<u>Ready-to- Serve Charge</u>	<u>Connection Charge</u>	<u>Facilities Charge</u>	<u>Meter Base Charge</u>	<u>Meter Usage Charge</u>	
	<u>Receive Water Service</u>	No	No	Yes	Yes	Yes	Yes	
	<u>Contribution in Aid of Construction</u>	No	No	Yes	Yes	No	No	
								<u>Total Billed</u>
<u>Year</u>	<u>Month</u>							
2004	February	\$7						\$7
2004	March	\$7						\$7
2004	April		\$12					\$12
2004	May			\$300	\$4,500	\$25	\$5	\$4,830
2004	June					\$25	\$4	\$29
2004	July					\$25	\$3	\$28
2004	August					\$25	\$12	\$37
2004	September					\$25	\$10	\$35
2004	October					\$25	\$15	\$40
2004	November					\$25	\$5	\$30
2004	December					\$25	\$2	\$27
2005	January	—	—	—	—	<u>\$25</u>	<u>\$2</u>	<u>\$27</u>
		\$14	\$12	\$300	\$4,500	\$225	\$58	\$5,109
	Number of months service					9		
						Not Receiving Water		\$26
						Receiving Water - Contributions in Aid of Construction		\$4,800
						Receiving Water - Other than Contribution in Aid of Construction		<u>\$283</u>
						Total customer billed during period		\$5,109

(h) To ensure that all customers are treated equitably, the commission will impute the same rates to any customers receiving free or reduced service that apply to other customers receiving comparable service on the same system.