



SERVICE DATE
JUN 12 1998

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 753-6423 • TTY (360) 586-8203

June 10, 1998

RE: Water Rulemaking - Chapter 480-110 WAC
Interpretive Statement UW-930006
Docket No. UW-980082

TO ALL INTERESTED PERSONS:

Enclosed is the first discussion draft of the portion of the water rules which will be discussed at the upcoming stakeholder meeting. We encourage your attendance and participation in the meeting. The meeting will be held on June 30, 1998, in Room 206, from 9:30 a.m. to 4:00 p.m. Free parking is available. The Commission's address is:

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

If you cannot attend the stakeholder meeting, the draft will be posted to the Commission's web site on the Internet at www.wutc.wa.gov. Written comments may be submitted to the Commission at the address given above. The current statutes and rules (WAC) can be found on the Internet and at most public libraries, including Commission headquarters. To find the rules on the Internet go to www.mrsc.org/wac.htm and look at Chapter 480-110 WAC.

Please call Mark Halliday at (360) 664-1245 if you plan to attend the stakeholder meeting, need directions, or would like a map sent to you. If you cannot attend the meeting, you can dial into the Commission conference bridge at (360) 664-3846. There are 12 lines available on a first come, first served basis. If you need additional information please call Sondra Walsh at (360) 664-1254 or by e-mail sondra@wutc.wa.gov.

Thank you for your involvement in this important process.

Sincerely,

CAROLE J. WASHBURN
Secretary

Enclosure



DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-021 Definitions (New definitions to be added)

Contributions in Aid of Construction - Any money or property received by a water company to fund capital investments provided by customers or potential customers, at no cost to the company, with no obligation to repay.

Ready To Serve Charge- A charge for having a service line installed to a customer's property when the company has the current ability to provide water to the customer.

Service Area - The area that has transmission and distribution infrastructure in place that currently provides, or allows a water company to provide water service, and related plant capacity has been provided for.

Stand-by Charge - A charge for having transmission and distribution infrastructure installed without the current ability to provide water to the customer.

Water Company - A person who controls, operates, or manages one or more water systems for hire within Washington state.

Water System - All plant, equipment, and other assets used to provide water service for a specific location.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-031 Accounting and Reporting Requirements and Regulatory Fees

What are the accounting and reporting requirements for regulated water companies?

Water companies must use the uniform system of accounts (USOA) published by the National Association of Regulatory Utility Commissioners (NARUC). The USOA sets out the accounting requirements for class A, B, and C water companies.

Companies are classified by revenues

<u>Class</u>	<u>Annual Gross Operating Revenue</u>
A	\$1,000,000 or more
B	\$200,000 to \$999,999
C	Less than \$200,000

Water companies may use the accounting requirements for a higher class if they choose.

The Commission will distribute an annual report form that the company must complete and file with the Commission for the preceding calendar year and pay regulatory fees by May 1.

Extensions for filing annual reports can be requested in writing prior to May 1. No extensions may be requested for payment of regulatory fees.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-032 Political Information and Political Education Expenses

What are political information and political education expenses?

Any expenses for the purpose of supporting political issues, parties, persons or for educating people on issues or activities that are political in nature will not be considered in calculating customer rates.

Will the Commission allow expenses for political information or political education in rates?

No.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-046 Application for service - potential customers.

- 1) The company must obtain applications for service from potential customers in writing, on company supplied forms. The completed form must:
 - a) include the company's name, address and telephone number;
 - b) show the date the person applied for service;
 - c) comply with the water company's filed tariffs;
 - d) clearly state the type of service requested. (Examples: flat rated or metered service, water availability letter, ready to serve);
 - e) include a property lot description, street number, or other sufficient description of location for service;
 - f) include a complete list and description of all applicable charges. (Examples: Account Set up, Service Connection, Facilities Charge, Line Extension);
 - g) include the date by which service delivery is committed;
 - h) include the application expiration date, if any;
 - i) include signatures by the potential customer and a company representative.

- 2) After completing the application, the company must:
 - a) provide the applicant with a copy of the completed form;
 - b) keep a copy of the completed application in the company's business office for no less than three years after expiration date or denial of service;
 - c) inform the applicant of its' intention to provide service or deny service within 10 days. If service is denied, the company must tell the applicant the reason service is being denied and advise the applicant of the Commission's toll-free number (1-800-562-6150) for appealing the decision.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-051 Establishment of Credit and Deposits

1) Establishment of credit - Residential

If an applicant for residential water service can establish satisfactory credit by any one of the following factors, the company must not collect a security deposit:

- a) prior service with the company within the prior 12 months and
 - i) at least 12 consecutive months with no more than one delinquency notice; and
 - ii) the service was not disconnected for nonpayment.
- b) prior residential water service with another company, as demonstrated in (a) above, for which references may be quickly and easily checked. The water company may request the reference in writing from the previous water company;
- c) full-time consecutive employment during the prior 12 months with no more than two employers, and the applicant is currently employed or has a regular source of income;
- d) ownership of a legal interest in the premises being served;
- e) furnishing a satisfactory guarantor responsible for payment of water service bills in the event of disconnection or default by the customer, in a specified amount, not to exceed the amount of the cash deposit required;
- f) producing, in person at the company's business office, of two major credit cards, or other credit references, which the company can quickly and easily check and which demonstrates a satisfactory payment history.

2) Establishment of credit - Nonresidential.

An applicant for nonresidential water service may be required to demonstrate that it is a satisfactory credit risk by reasonable means appropriate under the circumstances.

3) Deposit requirements.

A deposit may be required when:

- a) the applicant has failed to establish a satisfactory credit history as outlined in Sections 1 and 2 above;
- b) during the prior 12 months, the applicant's service from another water company has been disconnected for failure to pay amounts owing, when due;
- c) there is an unpaid, overdue balance owing for similar service from the water company to which application is being made or from any other water company;
- d) two or more delinquency notices have been served upon the applicant by any water company during the prior 12 months;
- e) initiation or continuation of service to a residence where a prior customer still lives and owes a past due bill to the water company.

4) Amount of deposit.

Required deposits will not exceed:

- a) two-twelfths of estimated annual billings for companies billing monthly;
- b) three-twelfths of estimated annual billings for companies billing bimonthly;
- c) four-twelfths of estimated annual billings for companies billing trimonthly.

5) Transfer of deposit.

When a customer moves to a new address within the company's service territory, the deposit will be transferable, less any outstanding past due balance.

6) Interest on deposits.

Interest on deposits collected from applicants or customers will:

- a) accrue at the rate calculated as a simple average of the effective interest rate for new issues of one year treasury bills, computed from December 1 of each year, continuing through November 30 of the following year. The Commission will advise the water company each year of the specific rate by mail.
- b) earn the calculated interest rate during January 1 through December 31 of the subsequent year.

c) be computed from the time of deposit to the time of refund or total application of the deposit and will be compounded annually.

7) Extended payment arrangement of deposits.

When an applicant or customer is required to pay a deposit, but is unable to pay the entire deposit in advance of connection or continuation of service, the applicant or customer will be allowed to pay 50 percent of the deposit prior to service with the remaining balance payable in equal amounts over the next two months. An applicant or customer who is unable to meet this deposit requirement shall have the opportunity to receive service under subsection 8, alternative to deposit, below:

8) Alternative to deposit.

When an applicant or customer is required to pay a deposit, but is unable, he/she will:

1) be allowed to prepay any installation charges and;

2) pay reasonably estimated regular water service charges at periods corresponding to the company's regular billing period or budget billings for the length of time during which a deposit would ordinarily have been required. The customer will then be billed in a normal fashion. The length of time the deposit would ordinarily be require is explained in subsection 10(c) below:

9) When payment is made in cash, a receipt will be furnished to each applicant or customer for the amount deposited.

10) Refund of deposits.

Deposits plus accrued interest will be refunded under the following circumstances and in the following form:

a) satisfactory payment.

When a customer has paid for service 12 consecutive months in a prompt and satisfactory manner as evidenced by the following:

i) The company has not initiated disconnection proceeding against the customer.

ii) No more than two notices of delinquency have been made to the customer by the company.

b) termination of service.

Upon termination of service, the utility will return to the customer the amount then on deposit plus accrued interest, less any amounts due the utility by the customer for

service rendered.

c) how to refunds deposits.

Any deposit plus accrued interest, will be refunded to the customer either:

i) in the form of a check issued and mailed to the customer no later than 15 days following completion of 12 months' satisfactory payment as described above, or

ii) applied to the customer's bill for service in the 13th month, or

iii) in accordance with the preference indicated by the customer at the time of deposit or as modified on a later date.

11)Additional Deposit.

Nothing in this rule will prevent the requirement of a larger deposit or a new deposit when conditions warrant. Should a larger or new deposit be required, the reasons must be specified in writing to the customer. Any requirement for a new or larger deposit will be in conformity with the standards set forth in this rule.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-056 Refusal of service.

A) A company must not refuse or discontinue service to an applicant or customer when there are unpaid bills from a prior customer at the same premise unless the company believes, based on objective evidence, that the applicant is acting on behalf of the prior customer with the intent to avoid payment.

B) A company cannot permanently deny service to an applicant or customer because of a prior obligation to the company. A prior obligation is the dollar amount that has been billed to a customer, but left unpaid, at the time of disconnection of service for nonpayment.

C) The water company may refuse to connect an applicant for service, or to increase service to a customer, when one or more of the following conditions exist:

- 1) the service will adversely affect service being provided to other customers;
- 2) the applicant or customer has not complied with state, county, or municipal codes or regulations concerning the approved design of the facilities;
- 3) in the company's judgement, the applicant's or customer's installation of piping or equipment is hazardous, or of such design that satisfactory service cannot be provided;
- 4) the applicant or customer has not installed on its premises required proper protective devices necessary to protect the company's property or that of its other customers;
- 5) the company is unable to secure all necessary rights of way, easements, and permits;
- 6) furnishing the water is contrary to the provisions of the company's water system plans approved under chapter 43.20 or 70.116 RCW; or
- 7) the location to be served is located outside of the company's service area.

This rule combines two rules - Refusal of service (056) and Responsibility for delinquent accounts (116).

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

DRAFT RULE WAC 480-110-081 - Service Connections and Service Lines

What is a service connection?

A service connection is the pipes, valves, and fittings between the water company's distribution system and the customer's service line. A meter or valve will be installed at the service connection location.

A service connection must not be longer than the width of the road from the distribution system and the point of connection. A service connection longer than the width of the road will be treated as a distribution extension.

Service connections may be installed when the system is originally built or at a later date, after the system is operational. The service connection will be owned and maintained by the water company.

Where is a service connection installed?

The water company must connect at the closest or most convenient location to the customers existing or planned service line. The company may install the service connection at the customer's property line or on the customer's property at a location mutually agreed upon. The utility may also install the meter, if applicable, at the service connection location or at a different mutually agreed location.

What are the types of service connection and what can a company charge?

There are three types of service connections a water company may charge for if named in its tariff:

1. The first is a retrofit where the water main is buried and in service. The water company must dig down to the main, tap the main and install all pipes and fittings to connect the customer service line.
2. The second is a meter drop in. This is where the service connection has been previously installed during system construction and is set up for meters. The water company may charge a nominal fee for dropping in a meter and turning on the water

if stated in its tariff.

3. The third is for flat rate customers when a valve is already installed and the water company need only open the valve to supply water.

The following limitations apply to charges for service connections:

1. A service connection charge does not apply to an applicant when the service connection has been previously installed either as a retrofit or when the system was originally built.
2. No additional charge for a service connection will be made to the developer installing, or paying for the installation of, a water system. The materials and labor associated with a service connection becomes part of the original cost of the system.
3. A charge for a new service connection may be made when the service connection has been previously removed for good cause and must be reinstalled to provide water service.

What is a customer service line and where should it be installed?

The customer service line is the line from the point of usage to a location near the water company's distribution system.

The service line should be installed to provide easy access to the water company's distribution system. If there is doubt as to where the proper location should be, the water company should be consulted and a location agreed upon.

The water company may request that the trench be left open and pipe exposed in order to inspect the connection for potential problems. The water company must do the inspection within two business days, after notification that the trench is open.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-091 Access to premises.

Authorized personnel of a water company have the right to enter a customer's property during reasonable hours to perform meter reading, maintenance, testing, installation or removal of the company's property. The authorized personnel may be required to produce company identification prior to entering the premises of the customer.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-171 Reports of accidents.

Each water company must notify the commission within 72 hours after every accident resulting in death or serious injury to any person occurring in its plant or through contact with its facilities. At a minimum the report must include the name of the injured person, time and place of the accident, and an explanation of the accident. The company may notify the commission by phone, but must follow up in writing within 48 hours.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-xxx When does a person become a customer?

A) A person is a customer of the water company when:

1) the company accepts an application for service and commits to provide water service;

2) the company accepts payment for water company business;

3) the person has used water service prior to making an application. In this case, the company must collect the tariff fees for services rendered.

4) customers of a nonregulated water system are purchased by a regulated water company. In this case, the regulated company must not raise the rates without properly filing the applicable tariffs in accordance with the laws and rules governing water companies in the state of Washington.

B) For purposes of determining Commission jurisdiction, the term "customer" does not include persons who pay standby fees to a water system. A standby fee denotes only a potential customer, one who is not receiving any type of service.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-XXX Facility Charge

What is a facility Charge?

A facility charge is a fee paid to the water company by an applicant for water service prior to being directly connected to the water system. When a water company experiences growth outside of its existing distribution system, it may become necessary to add or upgrade existing facilities to accommodate this growth. These applicants, as they become customers, may be charged a fee to fund a portion of the growth related improvements. Only the applicants that are part of the growth outside the existing system are to be charged a facility charge. Applicants who connect to the previously existing distribution system are not subject to a facility charge. The company must set the facility charge in the company's tariff.

How do I file for a facility charge?

Filing for a facility charge is like any other tariff filing. The company must file a tariff page with the rate shown and identified. A cover letter must accompany the filing along with work papers supporting the proposed rate.

When can I collect the facilities charge?

Whenever a person applies for water service outside the existing distribution system that may require additional or upgraded facilities in order for the water company to serve the entire system.

Does the facilities charge pay for the total cost of facilities?

The facility charge is not intended to finance 100% of the improvements. Any approved facility charge will be calculated to maintain an appropriate capital asset ratio.

What do I do with the money collected in advance?

Any facilities charges collected in advance of any improvement expenditures must be accounted for separately in an escrow account. Any interest earned on the funds must remain in the account. The water company must report quarterly, the balance of the escrow account and any expenditures must be identified in the plant account as Contributions in Aid of Construction.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-XXX Water Company Customer Notice Requirements

1. Draft customer notices must be submitted to the commission for review at least one week prior to the company's planned printing date for distribution.
2. Who must be notified? At a minimum this includes:
 - a. Anyone who may be affected by the company's proposal.
 - b. At least one daily newspaper of general circulation that serves customers in the area(s) affected by the proposal. The company may substitute a weekly newspaper if no daily newspaper serves customers in the area.
 - c. The Public Affairs section of the WUTC
3. When must notice be given?

Notice to customers must be provided 30 days prior to the requested effective date when a company proposes a change in

- rates
- services and/or conditions
- ownership or control of the operating company
- system or exchange providing service to customers by way of a sale, transfer or similar transactions
- institute a charge for a service that was formerly free
- and/or eliminates or grandfathers any service

4. Content of Notice

The notice to customers must contain, at a minimum, the following:

IMPORTANT NOTICE

Date

(Insert company name) has filed for approval from the Washington Utilities and Transportation Commission to (increase rates, insert total annual revenue and the total percentage increase.) If approved, the rates will be effective on (insert effective date).

(Clearly explain the reason for the proposal)

Current Rates/Services	Proposed Rates	Percentage of Increase
\$	\$	%

If you have questions about the proposed filing and how it will affect you, please call (insert company name & office phone number). If you have questions about the rate making process, you may contact the Washington Utilities and Transportation Commission at the following address: WUTC, S.W., P.O. Box 47250, Olympia, WA 98504-7250; 1-800-562-6150 (toll free).

If you would like to comment on this proposal, it is important for you to do so now. Comments must be submitted in writing or presented at the commission's open meeting to be considered as part of the formal record. The commission encourages your written comments, either in favor or opposition, regarding this proposal. All open meetings are held in Olympia, WA. If you would like to be added to the commission's mailing list to be notified of the open meeting date please call the toll-free number listed above and leave your name and complete mailing address.

Sincerely,
Company Name/Representative

5. Other Notice Requirements

a. A water company must notify customers, after commission action, when the Commission approves an increase in a one time charge; when federal, state, county or city-imposed taxes, fees or surcharges are increased; and, when credits are issued.

At a minimum, companies must include the effective date, a clear description of changes to rates or services resulting from the commission's decision, and a company contact number where customers may seek additional information.

This type of notice may be accomplished by a bill message, bill insert, printed in a company newsletter or mailed separately to customers.

b. The commission may require other notification to the public as it determines necessary.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-xxx Jurisdiction

Does the Commission regulate water companies or water systems?

The Commission regulates water companies that own, operate, control, or manage one or more water systems.

What water companies does the Commission regulate?

The Commission regulates only investor owned water companies that meet jurisdictional thresholds of 100 or more customers, or receive average revenue of \$418.00 per customer per year.

If a water company serves customers	and receives average annual revenue per customer	Commission regulation
99 or less	less than \$418	No
99 or less	\$418 or more	Yes
100 or more	less than \$418	Yes
100 or more	\$418 or more	Yes

The Commission does not regulate:

- Cities, Towns, or Counties
- Public Utility Districts
- Water Districts
- Local Improvement Districts
- Homeowner Associations, Cooperatives and Mutual Corporations, or similar entities that provide service to only their owners or members.
- Submetered facilities such as mobile home parks, apartment buildings, and office buildings where the facility owner passes through to its tenants only the cost the facility owner pays for water it receives, plus reasonable third party costs for reading meters, billing, and collecting.

What money received by the water company does the Commission use to calculate the average annual revenue per customer?

The Commission uses only those monies that water-receiving customers pay on

a monthly basis, other than for contributions in aid of construction. For example, that would include money paid for flat rate service or the metered base charge and all usage charges.

The Commission does not include money paid by customers who do not receive water, such as:

- Water Availability Letter
- Standby Fees
- System Readiness Fees
- Ready-To-Serve Fees

The Commission does not use contributions in aid of construction. Contributions can be money, plant, or equipment. Payments can be made in a lump sum or financed over time. Examples of contributions in aid of construction include:

- Connection to System
- Meter Installation
- System Buy-In
- Facilities Charges
- Assessments For Capital Plant and Equipment

How does the Commission calculate the average annual revenue per customer?

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

1. Pick a period of twelve consecutive months.

Example: February 1997 through January 1998.

2. For each customer that received water service during the twelve-month period, add the amount the customer paid to the water company for items other than contribution in aid of construction items.

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

3. For each customer that 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.

4. Total the amount paid by each customer during the twelve-month period.

Example:

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

5. Total the number of months each customer received water service.

Example:

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

6. Calculate the "Average Monthly Revenue Per Customer": Divide the "Total Paid During the Twelve-Month Period" by the "Total Months Received Water Service During the Twelve-Month Period"

Example:

Total Paid 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

7. Calculate the "Average Annual Revenue Per Customer": Multiply the "Average Monthly Revenue Per Customer" times 12 months.

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

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

Customer A

	<u>Stand By</u> <u>Charge</u>	Ready to <u>Serve</u> <u>Charge</u>	<u>Connection</u> <u>Charge</u>	<u>Facilities</u> <u>Charge</u>	<u>Meter</u> <u>Base</u> <u>Charge</u>	<u>Meter</u> <u>Usage</u> <u>Charge</u>	
<u>Receive Water</u> <u>Service</u>	No	No	Yes	Yes	Yes	Yes	
<u>Contribution in Aid</u> <u>of Construction</u>	No	No	Yes	Yes	No	No	
<u>Year</u> <u>Month</u>							<u>Total</u> <u>Paid</u>
1997 February					\$20	\$4	\$24
1997 March					\$20	\$5	\$25
1997 April					\$20	\$2	\$22
1997 May					\$25	\$5	\$30
1997 June					\$25	\$6	\$31
1997 July					\$25	\$12	\$37
1997 August					\$25	\$6	\$31
1997 September					\$25	\$4	\$29
1997 October					\$25	\$4	\$29
1997 November					\$25	\$3	\$28
1997 December					\$25	\$2	\$27
1998 January					\$25	\$2	\$27
	\$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 paid during period	\$340

Customer B

	<u>Stand By 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>Month</u>							<u>Total Paid</u>
1997 February	\$7						\$7
1997 March	\$7						\$7
1997 April		\$12					\$12
1997 May			\$300	\$4,500	\$25	\$5	\$4,830
1997 June					\$25	\$4	\$29
1997 July					\$25	\$3	\$28
1997 August					\$25	\$12	\$37
1997 September					\$25	\$10	\$35
1997 October					\$25	\$15	\$40
1997 November					\$25	\$5	\$30
1997 December					\$25	\$2	\$27
1998 January					\$25	\$2	\$27
	<u>\$14</u>	<u>\$12</u>	<u>\$300</u>	<u>\$4,500</u>	<u>\$225</u>	<u>\$58</u>	<u>\$5,109</u>

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 paid during period	\$5,109

To ensure all customers are treated the same, Staff will make the following adjustments to determine jurisdiction:

1. Apply the same rates to all customers on the same system. No customer receives free or reduced service.
2. Impute revenue for all customers.

DISCUSSION DRAFT

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-110-XXX Adopted and initial tariffs

1. Adopted tariffs - When a regulated company acquires another regulated company.

What are the requirements for adopting a tariff?

- The tariff of a regulated water company must be adopted by any regulated water company acquiring it.
- An adoption form must be completed and filed with the Commission by the acquiring water company.
- An adoption form will be supplied by the Commission upon request.
- When a regulated utility is acquired via a stock purchase, where Commission approval is not required, a tariff adoption is not necessary. The acquired regulated water company retains its status as a separate company. The new owner must file a new tariff with the signature of the new owner on each tariff page.

2. Incorporate into existing tariff - When a non-regulated company is acquired by a regulated company.

What rates can customers of a previously non-regulated water company be charged when acquired by a regulated water company?

- The regulated water company will file a separate tariff page indicating the name of the newly acquired company or system with the rates and charges that were in existence before the acquisition.
- No other rates and charges may apply except those specifically shown on the new tariff page. These rates and charges must have been in existence at least 90 days prior to the acquisition.

3. Initial Tariffs - When a company becomes jurisdictional.

How do I file an initial tariff?

- An initial tariff must be filed in a standard tariff format, that will be provided by the Commission upon request.
- The tariff must be accompanied by a cover letter describing the filing as an initial tariff.
- The initial tariff must be filed at least 30 days before the effective date of the tariff.
- Customers must be notified prior to the Commission receiving the filing.
- The filing must be accompanied by supporting financial data justifying the proposed rates. See 480-09-33x for minimum filing requirements.

DISCUSSION D R A F T

This is not a proposed rule. Staff drafted this language to promote discussion and receive input for staff to consider in preparing proposed rules. The discussion format differs from traditional rules format. Staff will resolve style and language inconsistencies in future drafts.

WAC 480-09-xxx Minimum Filing Requirements - General Rate Case

General rate increase filing for a water company, must include at a minimum, the following information:

1. Proposed Tariff (# of copies)
2. Detail general ledger or expanded checkbook for the test year.
3. Supporting work papers for the test period, must include the following:
 - a. Calculation of the revenue impact of proposed rates
 - b. Balance Sheet and Income Statement
 - c. Detailed depreciation schedule listing all used and useful assets held by the company during the test year, including the date of purchase, the cost of purchase, the depreciable life, the salvage value, depreciation expense, and accumulated depreciation expense at the end of the test year.
 - d. Results of operations, including restating adjustments, proforma adjustments with effect of proposed rates.
 - e. Work papers explaining both restating and proforma adjustments.
 - f. Usage statistics verifying test year revenues and proposed revenues.
4. Final customer notice (see section 480-110-xxx) prior to mailing to customers.