



SERVICE DATE

AUG 26 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

August 25, 1998

RE: Water Rulemaking - Chapter 480-110 WAC
Interpretive Statement UW-930006
Docket UW-980082

TO ALL INTERESTED PERSONS:

Enclosed is the proposed draft of the water rules which will be discussed at the upcoming stakeholder meeting. Part one is the updated draft rules that were discussed at the June 30th stakeholder meeting. Part two is the first draft of the remaining rules to be discussed. We encourage your attendance and participation in the meeting. The meeting will be held September 15, 1998 in Room 108 at the Commission's headquarters, from 9:30 a.m. to 4:00 p.m. Free parking is available. The Commission's address is:

Washington Utilities & Transportation Commission
1300 South Evergreen Park Drive Southwest
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 serve 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,

A handwritten signature in cursive script, appearing to read "Carole J. Washburn".

CAROLE J. WASHBURN
Secretary

Enclosure(s)





PART 1

PROPOSED RULE

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.

PROPOSED RULE

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.

PROPOSED RULE

WAC 480-110-046 Application for Service

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: residential or commercial, 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 form when completed;
- 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.

PROPOSED RULE

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 copies of two major credit cards, or other credit references, which the company can quickly and easily check 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.

8) Cash payments - When payment is made in cash a receipt will be furnished to each applicant or customer for the amount deposited.

9) 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 refund 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.

10) 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.

PROPOSED RULE

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).

PROPOSED 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 four types of service connections a water company may charge for if named in its tariff. The service connection charge for Items 1 and 2 may be based on the average installation cost of the two.

1. Retrofit: Where the water main is buried and in service. The water company must tap the main and install all pipes, valves, and fittings to connect the customer service line.
2. New construction: A connection installed by the water company at their own expense during construction of the water system. The applicant will pay the service connection charge when they connect and become a customer.
3. Meter drop in: The service connection has been previously installed during system construction and is set up for meters. The water company will not charge a service connection fee for dropping in a meter and turning on the water.

4. Flat rate customers: A valve is already installed and the water company need only open the valve to supply water. No service connection charge will be made to the applicant.

The following limitations apply to charges for service connections:

1. A service connection charge will not be charged to the applicant if the water company did not incur any cost to install the connection. Either the connection was previously paid for or installed by another party. Where the water company has purchased another water system, any service connections in existence at the time of acquisition are part of the purchased plant.

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.

PROPOSED RULE

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. Customers may ask to see authorized personnel's identification prior to entering the premises of the customer.

PROPOSED RULE

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.

PROPOSED RULE

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. The Public Affairs section of the Commission

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 - be as specific as possible)

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.

PROPOSED RULE

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.

PROPOSED RULE

WAC 480-110-XXX Facility Charge

1. 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. The company must set the facility charge in the company's tariff or by contract filed with the commission.
2. A company may assess a facilities charge when an applicant for water service is made outside the existing distribution system that may require additional or upgraded facilities in order for the water company to serve the entire system. Only the applicants that are part of the growth outside the existing system may be charged a facility charge. Applicants who connect to the previously existing distribution system are not subject to a facility charge.
 - (a) The facility charge is not intended to finance 100% of the improvements. The company will maintain an appropriate balance between invested capital and contributions in aid of construction.
 - (b) Any facilities charge and interest thereon collected in advance of any improvement expenditures must be held in a separate account. These funds may only be used for capital improvements. The water company must file quarterly reports with the commission, including the balance in the account, and expenditures from the account.

PROPOSED RULE

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 at an existing connection 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.

PROPOSED RULE

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.
Homeowner Associations, Cooperatives and Mutual Corporations, or similar entities that provide service to nonmembers unless they serve 100 or more nonmembers, or charge nonmembers more than \$418 average annual revenue per nonmember.
- 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 customers does the Commission use to determine jurisdiction?

The Commission uses only those customers receiving water.

The Commission does not use Customers who do not receive water, such as customers who have paid:

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

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:

	<u>Paid to Water Company During the Twelve-Month Period</u>	
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:

	<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

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 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					\$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					<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 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.

PROPOSED RULE

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
2. Detail general ledger or expanded checkbook available 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.

PART 2

PROPOSED RULE

WAC 480-110-011 Application of Rules

These rules apply to any public service company that distributes, sells, or supplies water, and which meets requirements for commission regulation or jurisdiction under RCW 80.04.010 and WAC 480-110-xxx . This includes investor owned water companies that meet the jurisdictional threshold of serving 100 or more customers or receive average revenue of \$429.00 per customer per year.

The commission may waive or modify the application of any rule to a company upon written request, except when such provisions are fixed by statute. The waiver or modification must be approved by the commission in writing. Violations of these rules will be subject to the penalty provisions of chapter 80.04 RCW.

PROPOSED RULE

WAC 480-110-016 Saving Clause

The commission may impose additional or different requirements on any company in response to a complaint or on its own motion. These rules do not relieve any public service company from any of its duties and obligations under the laws of the state of Washington.

PROPOSED RULE

WAC 480-110-018 Definition of Control

(1) For purposes of determining commission jurisdiction over a water company as defined in RCW 80.04.010 "control" means the water system operator or manager has discretion over the property or finances or operations of a water system which is normally exercised by an owner. Factors indicating control include, but are not limited to, whether the operator or manager:

- (a) May authorize the purchase or sale of all or part of the water system or its water rights;
- (b) May authorize capital additions or improvements to the system;
- (c) May accept contributed plant;
- (d) May authorize the expenditure or acquisition of funds which encumber any asset of the company;
- (e) May authorize the expenditure of funds for nonwater company purposes;
- (f) Receives compensation of a type or amount having no reasonable relationship to the work performed or to be performed.

(2) Control shall not include management by a satellite agency as defined in chapter 70.116 RCW if the satellite agency is not an owner of the water company.

[Statutory Authority: RCW 80.01.040 and 1991 c 101. 92-09-078 (Order R-373, Docket No. UW-920118), § 480-110-018, filed 4/15/92, effective 5/16/92.]

PROPOSED RULE

WAC 480-110-026 Tariffs

Tariff provisions filed by companies must conform to the rules of this section and chapter WAC 480-80 Utilities General - Tariffs.

The applicable rule supersedes if a tariff is in conflict with the rules. The commission must authorize deviations from the rules in writing.

[Statutory Authority: RCW 80.01.040. 90-17-061 (Order R-320, Docket No. UW-900081), ° 480-110-026, filed 8/14/90, effective 9/14/90; Order R-30, ° 480-110-026, filed 7/15/71. Formerly WAC 480-110-050 and 480-110-460.]

PROPOSED RULE

WAC 480-110-036 Securities, Affiliated Interests, Transfers of Property

Company's must notify the commission of its intent to issue securities or create liens in compliance with chapter 80.08 RCW and WAC 480-146.

Company's must file with the commission a verified copy, or a verified summary if unwritten, of the contract, or arrangement with the affiliated interest prior to the effective date of the contract or arrangement in compliance with chapter 80.16 RCW and WAC 480-146

Company's must file an application with the commission for transfer of utility property in compliance with chapter 80.12 RCW and WAC 480-143.

PROPOSED RULE

WAC 480-110-041 Availability of Information

A water company must notify its customers of its regular business hours, telephone number, mailing address and a 24 hour emergency telephone, pager, voice messaging, fax machine or mobile phone number, at least, once a year.

A water company must advise the commission and its customers of any change in address or telephone number(s) at least 10 days prior to the effective date.

The company must develop procedures for prompt response to reported failures or emergencies. A company representative must respond to the customer who reported the service failure or emergency within 24 hours of the report as a follow-up.

When a non-emergency customer call is received, each company must return the customers call within a 48 hour period.

A company must acknowledge and respond to a customer's written inquiry within a two week period since the receipt of the letter.

The company must provide a copy of the Rights and Responsibilities water brochure to each new applicant for service. Once a year, each company must notify customers of the availability of the Rights and Responsibility water brochure and how to obtain a copy from the company.

The company must make available for review by customers, the following information:

1. A copy of water rules WAC 480-110.
2. A copy of the company's effective or current rates and regulations (tariff).
3. Copies of Rights and Responsibilities of a water customer.

PROPOSED RULE

WAC 480-110-066 Line Extension Contracts

Each company will file as a part of its tariff, a line extension rule that states the conditions required by the company before it will extend its transmission distribution infrastructure in order to provide water service to an applicant for service.

Companies entering into any line extension contract must:

- File the contract with the commission not less than thirty days before the proposed effective date of the contract.
- Contracts will include any documentation necessary to show that the proposed charges are fair, just, reasonable, and sufficient.
- Conform the proposed contract to the applicable provisions of WAC 480-80-335 *Special contracts for electric, water, and natural gas utilities*.

PROPOSED RULE

WAC 480-110-071 Discontinuance of service

1) When service may be disconnected.

a) Customer directed - customers desiring to discontinue service must notify the company. The company must disconnect the service as requested by the customer. If the customer fails to request disconnection of service the customer will be responsible to continue paying for water service at the company's tariffed rate until the company becomes aware the customer vacated the property.

b) Company directed, with notice requirements - After properly notifying the customer, as explained in item number 3 below, the company may discontinue service to its customers for:

- 1) unpaid bills;
- 2) water use for purposes or properties other than that specified in the customer's application for service;
- 3) willful waste of water through improper or defective piping, equipment, or otherwise;
- 4) piping or equipment that does not meet the company's standards or fails to comply with other applicable codes and regulations;
- 5) tampering with the company's property;
- 6) vacating the premises;
- 7) nonpayment of any proper charges, including deposit, as provided in the company's tariff;
- 8) refusing to allow access as required in WAC 480-110-091, access to premises.
- 9) violating rules, service agreements, or effective tariffs;
- 10) use of equipment which detrimentally affects the company's service to its other customers.

c) Service obtained by fraud, without notice requirements - A company may terminate service without notice when it discovers a customer has obtained service fraudulently. Examples: Fraud may occur when service is connected without the company's knowledge, when service is obtained by fraudulent means or representations, or when service is used to provide service to other persons who must otherwise obtain their own service.

1) First offense: The company may disconnect service immediately and without prior notice when it discovers fraud, unless the customer immediately pays:

- (i) the tariff rate for service that the company estimates was taken fraudulently, plus

- (ii) all company costs resulting from the fraudulent use, plus
- (iii) any applicable required deposit.

2) Second offense:

- (i) The company may refuse to reconnect service to a customer who has been disconnected for fraud if the company finds evidence of further fraud.

3) Commission review:

- (i) A customer may ask the Commission to review any company determination of fraud through an informal or formal complaint. The company will have the burden of proving that fraud occurred. However, this rule does not relieve any person who has committed fraud from civil or criminal responsibility.

2) Medical Emergencies - When a water company has cause to disconnect or has disconnected a residential service, it must postpone disconnection of service or must reinstate service for a grace period of five business days after receiving either verbal or written notification of the existence of a medical emergency. When service is reinstated, payment of a reconnection charge and/or deposit shall not be required prior to reinstatement of service.

(a) The company may require that the customer, within five business days, submit written certification from a qualified medical professional stating that the disconnection of water service would significantly endanger the physical health of a resident of the household. "Qualified medical professional" means a licensed physician, nurse practitioner, or physician's assistant authorized to diagnose and treat the medical condition without supervision of a physician. Nothing in this section precludes a company from accepting other forms of certification but the maximum the company can require is written certification. If the company requires written certification, it may require that the certification include some or all of the following information:

- (i) residence location;
- (ii) An explanation of how the physical health of the person will be endangered by disconnection of local service;
- (iii) A statement of how long the condition is expected to last; and
- (iv) The title, signature and telephone number of the person certifying the condition.

(b) A medical emergency does not excuse a customer from paying delinquent and ongoing charges. The company may require that the customer do the following within the five business day grace period: Pay a minimum of twenty-five percent of the delinquent balance and enter into an agreement to pay the remaining delinquent balance within ninety days and to pay subsequent bills when due. Nothing in this section precludes the company from agreeing to an

alternate payment plan, but the company may not require the customer to pay more than this subsection prescribes. The company must send a notice to the customer confirming the payment arrangements within two business days.

(c) If within the five-day grace period the customer fails to provide an acceptable payment arrangement, the company may disconnect service without further notice.

(d) If the customer fails to abide by the terms of the payment agreement the company may disconnect service without further notice.

(e) The medical certification shall be valid only for the length of time the health endangerment is certified to exist but no longer than six months without renewal.

3) Required Notice Prior to Disconnecting Service - Companies must notify customers before disconnecting their service except in case of danger to life or property, fraudulent use, impairment of service, or violation of law. In all other cases, the company must not disconnect service until it has met the following requirements:

a) the company must serve a written disconnection notice on the customer, either by mail, or, at the company's option, by personal delivery of the notice to the customer's address, attached to the primary door. Each disconnection notice must include:

i) a delinquent date which is no less than eight working days after the date of mailing if mailed from inside the state of Washington or a delinquent date which is no less than eleven days if mailed from outside of the state of Washington; and

ii) all pertinent information about the reason for the disconnection notice; and how to correct the problem; and

iii) the company's name, address, and telephone number by which a customer may contact the company to discuss the pending disconnection of service.

b) in addition to (a) above, an additional notice must be provided by one of the two options listed below:

(i) **Delivered notice** - the company must deliver a second notice to the customer and attach it to the customer's primary door. The notice must contain a deadline for compliance that is no less than 24 hours after the

time of delivery; or

(ii) **Mailed notice** - the company must mail a second notice, which must include a deadline for compliance that is no less than three working days after the date of mailing if mailed from within the state of Washington or six days if mailed outside the state of Washington.

c) Disconnection notices must:

i) detail information pertinent to the situation; and

ii) the company's name, address and telephone number by which the customer may contact the company to discuss the pending disconnection of service; and

iii) expire after 10 working days from the first day that the company may disconnect service, unless other mutually agreed upon arrangements have been made and confirmed in writing by the company. If mutually accepted arrangements are not kept, the company may disconnect service without further notice.

d) Except in case of danger to life or property, companies must not disconnect service on Saturdays, Sundays, legal holidays, or on any other day on which the company cannot reestablish service on the same or following day.

e) A company employee dispatched to disconnect service must accept payment of a delinquent account at the service address if tendered in cash, but is not required to give change for cash tendered in excess of the amount due and owing. The company must credit any excess payment to the customer's account. When disconnection does not take place due to payment made by the customer, the company may assess a fee for the disconnection visit to the service address as provided in the company's tariff. The disconnection notice must describe the disconnection charge, the amount, and the circumstances under which the charge will be made.

f) When service is provided through a master meter, or where the utility has reasonable grounds to believe service is to other than the customer of record, the company must undertake all reasonable efforts to inform occupants of the service address of the impending disconnection. Upon request of one or more service users, where service is to other than the customer of record, a minimum period of five days must be allowed to permit the service users to arrange for continued service.

g) When service is provided to a hospital, medical clinic with resident patients,

or nursing home, notice of pending disconnection must be provided to the director of the Washington state department of health (DOH), and to the customer. Upon request to the company from the DOH director or designee, an additional 5 business days must be allowed before disconnecting service to allow the department to take whatever steps are necessary to protect the interests of resident patients who are responsibilities of the department.

h) Service may not be disconnected while the customer is pursuing any remedy or appeal provided by these rules, while working with the company's representatives or with the Commission. However, any amounts not in dispute must be paid when due and any conditions posing a danger to health, safety, or property must be corrected.

4) Payments at a payment agency - Payment of any past due amounts to a designated payment agency of the company constitutes payment when the customer informs the company of the payment and the company has verified the payment with the payment agency.

5) Reconnecting water service after disconnection - The company must restore disconnected service when:

- (a) the causes of disconnection are removed; or
- (b) the customer pays all proper charges; or
- (c) the customer pays a deposit as provided for in the company tariff in accordance with WAC 480-120-051; and
- (d) the company has agreed to bill any tariffed reconnection fee or it has been paid.

In addition, the commission may order reconnection pending resolution of any bona fide dispute between the company and the customer over the propriety of disconnection.

PROPOSED RULE

WAC 480-110-096 Company Responsibility For Complaints and Disputes

1) If a company receives a complaint or dispute from its customer or an applicant for service it must:

- a) acknowledge the complaint;
- b) investigate promptly;
- c) report the results of the investigation to the complainant;
- d) take corrective action, if warranted, as soon as appropriate under the circumstances;
- e) tell the complainant that the decision may be appealed to a higher level representative at the company, if any;
- f) tell the complainant if still dissatisfied after speaking with the higher level representative, of the commission's availability for review of the complaint; and
- g) provide the complainant with the commission's address and toll-free telephone number.

2) Applicants or customers, or their representatives, may file with the commission:

- a) an informal complaint against the company as set forth in WAC 480-09-150, and/or
- b) a formal complaint against the company as set forth in WAC 480-09-500.

3) When commission staff refers an informal complaint to the company, it must:

- a) investigate and report the results to the commission staff within two working days. The commission staff may grant an extension of time for responding to the complaint, if requested, and warranted; and
- b) keep the commission staff informed of progress toward the solution and the final result.

4) Each company must keep a record of all complaints concerning service or rates for at least one year and, on request, make them readily available for commission review. The record must contain:

- a) complainant's name and address;
- b) date and nature of the complaint;
- c) action taken; and
- d) final result.

PROPOSED RULE

WAC 480-110-101 Form of Bills

1) Customer bills must:

- a) be issued at intervals not to exceed three months and identify if the company is billing in arrears or advance;
- b) show a reference to the applicable rate schedule;
- c) show each approved tariff charge as a separate line item;
- d) show the total amount of the bill;
- e) include enough information to enable the customer to compute the bill;
- f) show the date the bill becomes delinquent if not paid;
- g) include the company's business address and telephone number and/or emergency telephone number, by which a customer may contact the company;
- h) include the date the meter was last read, the reading on that date, and the number and kind of units consumed, if a metered customer;
- i) within jurisdictions where applicable, state the amount of taxes and the percentage rate at which said tax is computed, which represents municipal occupation, business and excise taxes that have been levied by a municipality against the company, but are being passed on to the customer as a part of the charge for water service; and
- j) clearly identify when a bill has been estimated.

2) Companies may prorate bills for customers that have taken service for a fraction of the billing period. If the company does not have its method of pro-rating bills in its tariff, the company must prorate bills in the following manner:

- a) for flat rate service, the charge must be prorated on the basis of the proportionate part of the period during which service was rendered.
- b) for metered service, service must be billed for the amount metered, except the minimum charges will be the applicable minimum as shown in the company's tariff.

3) The company must include its method for estimating bills in its tariff or provide it to the commission in writing.

4) Bills must include the previous year's usage for the same period of time for which the new bill is being rendered.

PROPOSED RULE

480-110-176 Retention and Preservation of Records and Reports

(1) The company must retain all records and reports for three years unless otherwise specified in paragraph (2) of this section. No records will be destroyed prior to the expiration of the time specified in paragraph (2).

(2) The Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities, published by the National Association of Regulatory Utility Commissioners is hereby prescribed as the requirement for the state of Washington. This document is available at the commission branch of the Washington state library. The commission secretary will provide a copy of the document on request, subject to any charge.

PROPOSED RULE

WAC 480-110-xxx Meters

Water Company rights and responsibilities:

The water company must:

1. Bear the cost of the meter and meter installation.
2. Install water meters that are in working order and accurately measure water flow.
3. Record meter serial numbers and identify by location.
4. Pay for any repair or replacement of a malfunctioning meter unless a company causes the malfunction..

The water company may:

5. install meters and charge the tariff meter rate after 30 days notice to affected customers.
6. install any apparatus to detect fraud or waste without notifying the customer.

Water Customer rights and responsibilities:

1.
 - a. A customer may request a one inch or less diameter meter be installed provided metered rates are in effect.
 - b. The water company has 30 days to install the meter.
 - c. If the water company fails to install the meter within the time limit, the customer will be charged only the meter base charge until it is installed.
 - d. The water company may charge in advance for the meter cost and meter installation.
 - e. The company will reimburse the customer, by bill credit, at least 10% of the meter and installation charge each month until fully paid.

- f. The rule must be named in the company's tariff.
2. If a customer requests more than one meter, rent may be charged on the additional meters. A master meter will be installed ahead of the rental meters. There will be no rental charge on the master meter. The rental charge must be named in the tariff.
 3. If a customer tampers with a meter the customer will pay for any repair or replacement.
 4. If the customer requests assistance in reading a meter the water company will provide information on how to read the meter.

PROPOSED RULE

WAC 480-110-XXX Maps

Each company shall maintain a current map of each of its water systems showing the current service area. The company must provide, within 5 days of a request, the current maps to the commission for review. The maps must contain enough detail to answer questions related to rates and charges and obligations to serve.

PROPOSED RULE

WAC 480-110-xxx Meter Complaints

1. When the water company receives a meter complaint, it will test the meter and Share the results with the customer. The test will be at no charge to the Customer.
2. The test will be performed within 10 days of the complaint.
3. The customer has the option to witness the meter test.
4. If a meter test reveals a meter error in excess of 2% plus or minus of water flow, the company must repair or replace the meter at no cost to the customer.
5. When a meter test indicates usage is less than what the meter records, a refund for the overfilling will be made for the number of months the meter is in service up to 6 months of usage.
6. The water company may charge for any additional meter test requested by the customer within a 12 month period as provided in its tariff.
7. If a water company and customer cannot resolve a complaint, it may be appealed to the commission for resolution.
8. The water company will keep a record of meter tests and have them available for inspection. The record will list the customer name and address, type of complaint, resolution, and what test method was used.
9. The water company will provide, at commission request, a description of the test procedures and equipment used to perform meter complaint tests.