

[Service Date May 25, 2012]

May 25, 2012

**NOTICE OF OPPORTUNITY TO SUBMIT WRITTEN COMMENTS
ON PROPOSED RULES
(By Monday, June 25, 2012)
and
NOTICE OF PROPOSED RULE ADOPTION HEARING
(Set for Friday, July 27, 2012, at 1:30 p.m.)**

RE: Rulemaking to Consider Increasing the Maximum Revenue Threshold for Determining Commission Jurisdiction Over Water Companies, Docket UW-120246

TO ALL INTERESTED PERSONS:

On November 11, 2011, MacKaye Harbor Water Company, Inc. (MacKaye), filed with the Washington Utilities and Transportation Commission (Commission) a petition pursuant to WAC 480-07-240 requesting the Commission initiate a rulemaking to amend WAC 480-110-205, Application of rules, and WAC 480-110-255, Jurisdiction, to increase the maximum average annual revenue per customer used to determine Commission jurisdiction over water companies.

The Commission currently regulates investor-owned water companies that serve 100 or more customers, or have average annual revenue of more than \$471 dollars per customer.

On April 26, 2012, MacKaye filed a revised petition requesting to increase from \$471 to \$557 the maximum average annual revenue per customer a water company can generate before becoming subject to the Commission jurisdiction (Revised Petition).

RCW 80.04.010 establishes the jurisdictional average annual revenue threshold for investor-owned water companies at \$300 per customer. The statute also allows the Commission, by rule annually, to increase that amount to reflect the rate of inflation as determined by the implicit price deflator of the U. S. Department of Commerce.

Commission Staff (Staff) has reviewed the implicit price deflator of the U. S. Department of Commerce to reflect the rate of inflation and concludes that it is appropriate to increase the average annual revenue per customer for non-regulated water companies to \$557.

On May 17, 2012, the Commission entered Order 01 in Docket UW-120246 granting MacKaye's amended petition to initiate a rulemaking to increase from \$471 to \$557 the maximum average annual revenue per customer a water company may generate without becoming subject to Commission jurisdiction. Order 01 also directs the Executive Director and Secretary to file a Notice of proposed Rulemaking (CR-102), pursuant to RCW 34.05.330(1)(b), with the Office of the Code Reviser proposing changes to WAC 480-110-205, Application of rules, and WAC 480-110-255, Jurisdiction, which relate to Commission jurisdiction over water companies.

On May 23, 2012, the Commission filed a CR-102 in this docket with the Code Reviser regarding the jurisdictional revenue threshold for water companies. The Commission developed the proposed rules revisions based on MacKaye's Revised Petition.

This letter provides notice of an opportunity to file written comments on the proposed rule amendments and to participate in the formal rule adoption hearing scheduled for 1:30 p.m. on Friday, July 27, 2012.

The CR-102 begins the final part of the rulemaking process, which includes a written comment period, a public adoption hearing, and a decision by the Commission.

THE COMMISSION GIVES NOTICE of your opportunity to submit written comments on the proposed rules to the Commission by filing with the Commission Executive Director and Secretary either by electronic transmission as described below, or by physical delivery to 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, Washington, 98504-7250, no later than 5:00 p.m., Monday, June 25, 2012. The proposed rules, as filed with the Code Reviser, are available for inspection on the Commission's web site at <http://www.utc.wa.gov/120246>. Additionally, upon request, the Commission will send you a paper copy if needed.

Electronic copies: The Commission asks that you provide your comments in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. You may submit comments via the Commission's Web portal at <http://www.utc.wa.gov/e-filing> or by electronic mail to the Commission's Records Center at records@utc.wa.gov.

In your comments please include:

- The docket number of this proceeding (UW-120246)
- The commenting party's name
- The title and date of the comment or comments

An alternative method for submitting comments may be by mailing/delivering an electronic copy on a 3 ½ inch, IBM-formatted, high density disk, in .pdf Adobe Acrobat format or in Word 97 or later. Include all of the information requested above. The Commission will post on the Commission's web site all comments that are provided in electronic format. The web site is located at <http://www.utc.wa.gov/120246>. If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document.

THE COMMISSION GIVES FURTHER NOTICE of your opportunity to attend the public hearing and make oral comments about the proposal for the adoption of the proposed rules at 1:30 p.m., Friday, July 27, 2012. This public hearing will be held in the Commission's Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive, S.W., Olympia, Washington.

Information about schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this rulemaking you may:

- a) call the Commission's Records Center at 360-664-1234,
- b) e-mail the Commission at records@utc.wa.gov, or
- c) issue comments to the address below.

When contacting the Commission, please refer to Docket UW-120246 to ensure that you are included on the appropriate service list. The Commission's mailing address is:

Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

Questions? If you have questions about this Notice, about the rulemaking process, or this rulemaking in particular, you may contact Penny Ingram. She may be reached by mail at the address above, e-mail at pingram@utc.wa.gov, or at (360) 664-1242.

Sincerely,

DAVID W. DANNER
Executive Director and Secretary