

Agenda Date: August 30, 2012
Item Number: A1

REVISED August 29, 2012

Docket: UW-120756
Company Name: Parkland Water System, Inc.

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Deny the Petition filed on May 25, 2012, by Parkland Water System, Inc., requesting the commission remove the company from regulation.

Discussion

On May 25, 2012, Parkland Water System, Inc. (Parkland or company), filed a petition to be removed from regulation pursuant to RCW 80.04.010(30)(e).

“Water companies exempt from commission regulation are subject to the provisions of chapter 19.86 RCW. A water company cannot be removed from regulation except with the approval of the commission. Water companies subject to regulation may petition the commission for removal from regulation if the number of customers falls below one hundred or the average annual revenue per customer falls below three hundred dollars. The commission is authorized to maintain continued regulation if it finds that the public interest so requires.”

A recent AAG opinion interprets the three hundred dollar “threshold” to remove a water company from regulation set forth in RCW 80.04.010(30)(e) is subject to the same adjustment as the three hundred dollar “threshold” for a water company to become regulated set forth in RCW 80.04.010(30)(b):

“For purposes of commission jurisdiction, "water company" does not include any water system serving less than one hundred customers where the average annual gross revenue per customer does not exceed three hundred dollars per year, which revenue figure may be increased annually by the commission by rule adopted pursuant to chapter 34.05 RCW to reflect the rate of inflation as determined by the implicit price deflator of the United States department of commerce. The measurement of customers or revenues must include all portions of water companies having common ownership or control, regardless of location or corporate designation.”

The current revenue threshold, set in WAC 480-110-255(1)(b), is \$471 average annual revenue per customer, and will increase to \$557 average annual revenue per customer effective September 9, 2012.

The company states in its May 24, 2012, letter, in part:

“Our water system serving 7 customers, other than myself, no longer wishes to be controlled by Utilities and Transportation. At the same time we plan to increase our water rates to \$50 / month for a total income of \$400 per month to cover the cost of power, testing, repairs, and maintenance. If we are to remain under the jurisdiction of Utilities and Transportation it will be necessary to increase the rates to \$65.00 per month to hire the required part time employee to perform record keeping, taxes, and reporting at an estimated annual cost to of \$1,260.”

The company serves eight connections on a single water system located near Olympia in Thurston County. The company became regulated October 14, 1992, and the company’s original rates remain in effect today.

Parkland’s 2010 annual report shows a loss of \$3,390 on \$3,942 revenue and \$7,332 expense (\$3,720 operating and \$3,612 depreciation). The company has confirmed that monthly revenue per customer is approximately \$41.00.

Rate Comparison

Monthly	Current Rate	Future Rate*
Base Charge: With 6,000 gallons allowance	\$27.00	\$50.00
Usage per 100 gallons: Over 6,000 gallons	\$0.33	\$0.33

*The company has not filed a rate change.

Monthly Bill Comparison

Monthly	Current Bill**	Future Bill*
Base charge: With 6,000 gallons allowance	\$40.00	\$50.00
Usage: Average usage 6,100 Gallons	\$0.33	\$0.33
Water Bill Total	\$40.33	\$50.33

*The company has not filed a rate change

** Company provided bill information per email on June 8, 2012.

Customer Comments

The commission has received no customer comments. The company is not required to notify customers of its request to be removed from regulation. Although the company wrote that it would seek a rate increase, the company is not required to notify customers until it files a rate increase.

Conclusion

If removed from regulation, the company's proposed rate change to \$50 per month (\$600 per year) would exceed the current \$471 revenue threshold for the commission to regulate water companies, and would also exceed the recently adopted \$557 revenue threshold, which will become effective September 9, 2012.

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