



H&R WATERWORKS, INC.

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October 24, 2014

Mr. Steven V. King
Executive Director and Secretary
WUTC
1300 S. Evergreen Park Dr. SW
Olympia WA 98504-7250

RE: UW-143295

Dear Mr. King:

We submit the following comments:

1. For the most part there are no governmental loan funds available to investor owned/private for profit water systems. The state drinking water revolving fund is considering same at this point but it has not come on line. The repayment rate is 100% otherwise, please check with the agencies. Surcharges are tracked during and after such surcharges are approved. We see no possibility of a "windfall" profit.
2. Public entities should not be the primary source to acquire struggling water systems. Less regulation is a better incentive for private equity investment by existing investor owned utilities.
3. Funding for operations and maintenance, emergency repairs, equipment replacement, improvement or expansion or for water quality requirements are either from debt or owner investment.
4. Customer money raised by or through facilities charges as CIAC has been discouraged in the past. We have used surcharges advantageously to support improvements on systems we have "rescued" from receivership. We believe there are more than ample safeguards built into the system to insure the funds are spent for their intended purpose. There is absolutely NO NEED for regulations which require surcharge or similar funds be placed in a trust account etc. Trust is a two way street. Penalizing many for a few bad operators is not good policy.
5. A few helpful changes to rules could include lessening the period of depreciation on equipment items which do not last as long as the current schedule indicates. Example: water meters do not last 20 years and remain accurate. Requiring the company to "eat" the remaining life while spend in funds to acquire and install

new meters is not right. Just look through the depreciation schedule for more examples.

6. Getting rid of the beginning of the year end of the year penalty would be a positive. The investment when made in one year should count for the entire year. Such schemes thwart investment. Ask staff, they are very aware of the issues/items investor owned companies complain about.

Stephen L. Harrington, President