



October 24, 2014

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

RE: Rulemaking to Consider Adoption of Rules Relating to Water Companies,  
Docket UW-143295

Mr. King:

Thank you for the opportunity to present comments on the above Docket UW-143295

1. Washington Water utilizes customer rates for financing regular system operating, maintenance & emergency repairs. We utilize depreciation, bank financing and shareholder investment for all capital improvements
2. I believe a quicker method of allowing capital investment into rates would promote a higher investment by water system owners. This could be accomplished by requiring the filing of a general rate case every three to five years where rate of return & depreciation can be established, then through a capital budget process the utility would submit each year to the Commission projects approved in a Comprehensive Water System Plan. The Commission would then allow an annual increase in rates based on end of year rate base adjustment for completed projects & depreciation without the submittal of a formal rate filing. An alternative could also be to allow all regulated companies to receive a rate structure that would at least be equal to that allowed by an unregulated company with less than 100 customers.
3. This can be very difficult for small and large companies. I would suggest also allowing companies to use a rate of margin or operating ratio to assist in calculating a return.
4. I agree that reserve surcharge funds should be placed in escrow or some type of account to prevent embezzlement. When a company takes those funds without making improvements to the water system it makes us all look bad. It also creates a level of mistrust between the customers and any new owners that may come in and makes it more difficult for all of us to implement a surcharge. Plus that extra layer of accountability may force more system owners out of the business when they should never have been in the business.

5. Allowing more freedom with acquisition adjustments would be a big benefit. Also allow a higher rate structure for those systems that require a significant investment to bring them into compliance. If their rates are lower than the acquiring companies allow bringing them in at the higher rates immediately upon purchase rather than having to wait until our next rate increase. Possibly also allowing a surcharge to those customers if needed before the acquisition is final. I would also suggest requiring UTC approval in the sale of all regulated water systems, even those to PUD's, special districts and municipalities to prevent poor operators from receiving windfall profits on the sale and the system owner being rewarded for poor performance
6. Yes, we manage over 70 water systems for other entities, being other investor owned, HOA's and special districts.
7. As a regulated company, regulation only hinders our acquisition of systems by limiting rate base of the acquired system.

Sincerely,



Michael P. Ireland  
President