

**UW 143295 – Water Company Rulemaking Project
Summary of Comments in Response to CR 101 Notice**

Issue	Company/Agency Name	Company/Agency Response	Staff Response
<p>1. What are your primary sources of funding for addressing:</p> <ul style="list-style-type: none"> a. Regular system operation and maintenance? b. Emergency repairs? c. System equipment replacement, improvement or expansion? d. System equipment investment to comply with state or federal water quality requirements? 	Deer Meadows Water Company	<p>Our sources for addressing any of the identified situations are strictly through the customer rate structure imposed by the UTC.</p>	Thank you for the information.
	H&R Waterworks Inc.	<p>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.</p> <p>Funding for operations and maintenance, emergency repairs, equipment replacement, improvement or expansion or for water quality requirements are either from debt or owner investment.</p>	Thank you for the information.

	Rainier View Water Company, Inc.	<p>The company's primary sources for funding are threefold. The first is the use of internally generated funds. The second is debt financing obtained from CoBank for particular projects.</p> <p>The third is the use of Developer Extension charges. This third item was a very good source of funds prior to the Commission reducing the charge considerably. As a result, Rainier View's Developer Extension charge is much lower than surrounding utilities, most of which are public entities or co-ops. This has put some stress on Rainier View's ability to fund equipment replacement, make improvements and move forward on other projects.</p>	<p>Thank you for the information.</p> <p>Developer extension charges are treated as contributions in aid of construction, which is customer capital as compared to owner(s)/investor capital.</p> <p>In regard to the comment about the surrounding utilities, the Commission sets rates based on the water company's costs of operations, not what other, non-regulated entities charge, Staff believes that a public entity's charge may reflect more than the actual cost of the line extension, covering growth-related and other government expenses.</p> <p>The company's comments address issues that are more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.</p>
	Washington Water Service Company	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.	Thank you for the information.
	Linda Oosterman, Commissioner, Thurston County PUD	<p>We set rates for all PUD owned facilities to insure we can meet normal operation and maintenance funding needs.</p> <p>Capital Improvement Project (CIP) funds, fund balance or bond funds are used, if needed, to pay for emergency</p>	Thank you for the information.

		<p>repairs. We keep sufficient funding sources on hand to meet any emergency needs.</p> <p>As a municipal corporation, we can use CIP Funds, capital surcharges, general facility charges, local utility improvement districts (LUID), fund balance, developer extension agreements, or bond funds as appropriate to the situation for these types of needs. If known in advance, these needs are programmed into our asset management plan for long term funding through low interest federal and state low interest funding mechanisms, or by issuing bonding funds. These payments are repaid through capital surcharges that are paid by all PUD system customers.</p> <p>These types of normal operational requirements are paid for through rates, but can also be funded with capital surcharges, LUIDs, or bond funds if needed.</p>	
<p>2. The Commission is interested in encouraging equity investment in water systems, in combination with obtaining loans or using customer monies (surcharges or facility charges) to finance plant repairs, replacements or improvements. What changes in Commission rules, policies or practices would encourage you to invest your own funds as equity, or encourage other investors to invest equity in your company? What are the current barriers to making investments in your system?</p>	<p>Deer Meadows Water Company</p>	<p>We would be encouraged as shareholders to reinvest monies if a favorably rate structure and dividends were realized; at this juncture, the last dividend was paid in 2006.</p> <p>Investment could be encouraged if the UTC would recognize the original investment made into the infrastructure of the required system by the founder on a de facto basis. The original founder did not retain purchase documentation for said investment. Consequently, an engineering study was performed by the company, in an effort to identify the value of the system. The commission was not receptive to this information and will not consider any original investment in this scenario as part of the rate structure resulting in an inability to generate sufficient funds.</p>	<p>Thank you for your comment.</p> <p>Investments in infrastructure are recognized when that investment can be documented as used and useful. The agency uses the original infrastructure cost for the capital assets (used to calculate rate base), not replacement cost estimates. In the case of a company that does not have records of prior capital plant cost, the approved rates will reflect only the operating costs until such time as additional owner / investor capital is invested in the system infrastructure and the infrastructure is found to be prudent, used and useful. (Note: The Commission may allow rate base inclusion of Construction Work in Progress if</p>

		<p>Additionally, the organization was able to raise capital from a shareholder however, the UTC will not recognize this loan and as such, will not consider this funding as part of a rate structure.</p>	<p>it is in the public interest to do so.). Once investment is made, a tariff filing can initiate consideration of rates that allow for cost recovery and a return on the investment.</p> <p>Loans from a shareholder are not equity investments. Loans from any source are debt, and rates provide the opportunity pay off that debt. Equity investment means that the owner spends his or her own money to build or replace plant. The owner recovers that investment through rates that recognize depreciation and an allowed return on investment.</p> <p>The company's comments address issues that are more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.</p>
	H&R Waterworks Inc.	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.	Thank you for your comment.
	Rainier View Water Company, Inc.	The primary hurdle to making additional investment of equity in the water company is the long depreciation lives for plant and the low return that is actually realized on investment. While the theoretical return may be set at an acceptable level in ratemaking, the actual earned return is almost always significantly less than the theoretical return. This coupled with long depreciation lives for recovery of investment is a substantial deterrent to equity investment.	<p>Thank you for your comment.</p> <p>The Commission uses the depreciation schedules of the National Association of Utility Regulatory Commissioners (NARUC), which are based on water system engineering studies. The Commission departs from those schedules when the facts of the case warrant a more rapid depreciation schedule (for example, environmental factors reducing the expected life of an asset). The Commission</p>

			<p>has also allowed an accelerated depreciation to cover cash flow of expenses and provide an incentive for owner investment under some circumstances. Staff understands that the IRS has an accelerated depreciation schedule; however the Commission uses a schedule tailored to industry standards, modified to fit documented special circumstances.</p> <p>The company's comments address issues that are more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.</p>
	<p>Washington Water Service Company</p>	<p>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.</p>	<p>Thank you for your comment.</p> <p>Staff supports the concept of establishing a tariff in a general rate case and then addressing major investments in single-item rate filings. Smaller investments don't need to be addressed in that manner, as they are balanced by the depreciation of existing assets. The Commission uses this approach as circumstances warrant.</p> <p>Staff is concerned about the concept, if we understand the point correctly, of the Commission giving advance approval of capital investments, since infrastructure must be "used and useful" before being incorporated into the rate base. The company evaluates and decides when to file a general rate case. Regulatory lag is minimized if the company files as soon as the need for rate relief is determined.</p>

		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.	These comments (single item ratemaking, end of period rate base, flexible rates with a cap of \$557, etc.) address issues that are more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.
	Linda Oosterman, Commissioner, Thurston County PUD	Thurston County PUD is interested in assuming ownership and not in managing systems for other owners on a long term basis. Funding consolidation of privately owned systems via the State drinking water state revolving fund (DWSRF) program or from the State funding the Water System Acquisition and Rehabilitation Program (WSARP) would allow us, as a public entity to assume ownership of troubled systems and then make any necessary improvements.	Thank you for your comment.
	Department of Health	We support the idea of establishing incentives in rule to encourage companies to make investments in their systems. Small water systems have to use a disproportionate percentage of their income on infrastructure repairs and replacements. A small system can get into financial trouble if they do not periodically assess and invest in their systems' infrastructure. At this time, we do not have specific rule language to suggest for incentives.	Thank you for your comment.
3. In setting the tariff rates of other regulated utilities, the Commission considers the ratio of equity (owner investment) to debt (loans) capital for funding the rate base on which the company can earn a return. For water companies, the Commission	Deer Meadows Water Company	Currently, the access to the State Revolving Fund loans is restricted based on the prerequisites to access the funds. We currently lack the necessary capital to obtain the required engineering direction to satisfy the prerequisites for access to said funds. It may prove beneficial for the organization moving forward to have access to these funds as part of a general rate case.	Thank you for your comment. Equity investment means that the owner spends his or her own money to build or replace plant. The owner recovers that investment through rates that recognize depreciation and an allowed return on investment.

<p>has required owner investment as a condition of approving tariff changes to pay for State Revolving Fund loans, with a goal of achieving 30 percent equity investment in the projects being financed. In some cases, the investment has been made immediately, in other cases following a long-term annual investment plan. The Commission would appreciate comments on that policy, and the impact of extending that policy to general rate cases.</p>			<p>SRF loans are treated as contributions-in-aid-of-construction and, therefore are not owner / investor capital. The commission allows recovery, through a surcharge, of the SRF loan sufficient to service the debt (principal and interest).</p> <p>The company's comment addresses issues that are more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.</p>
	<p>Rainier View Water Company, Inc.</p>	<p>This goal of thirty percent equity investment is difficult to maintain. This is particularly the case with a company the size of Rainier view with as much investment that has to be made to keep plant operating safely and efficiently. While it is good to have a goal, it should not be used to impact a general rate increase in a negative way, which would in turn further reduce the opportunities to invest equity.</p>	<p>Thank you for your comment.</p> <p>Staff is suggesting, for discussion purposes, that the Commission would set a (minimum) goal for equity investment for water companies and require companies to develop and implement plans to achieve that goal over time. The plans would be developed in consultation with Staff and approved by the Commission.</p> <p>What a reasonable equity goal might be, and how the process of achieving that goal might work, should be discussed in more detail at the November 21 workshop.</p>
	<p>Washington Water Service Company</p>	<p>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.</p>	<p>Thank you for your comment.</p> <p>The concept of using a rate of margin or operating ratio is an alternative form of providing recovery of costs of service and</p>

			usually not applied to a capital intensive business. The company's proposal would be more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.
	Linda Oosterman, Commissioner, Thurston County PUD	Thurston County PUD has no comments on this policy as it does not pertain to Thurston County PUD.	
	Department of Health	We support your proposal to extend the 30 percent equity investment policy to general rate cases. This change would especially help smaller systems that may not be able to maintain funds for infrastructure needs. We also encourage you to consider requiring that the funds be set aside for infrastructure repairs or replacement.	Thank you for your comment.
4. Commission regulations allow companies to build a reserve or surcharge account using customer contributions in aid of construction, customer surcharges or facility charges. The agency has found in some cases that the reserve accounts do not have sufficient safeguards to ensure the money is used for the intended purpose. What are your views on requiring reserve or surcharge funds to be placed in a trust account, escrow account, lock box or protected by surety bonds, to	Deer Meadows Water Company	Regarding the concept of placing reserve funds in a secured account we again arrive at the ability of the organization to generate the required monies to do so, based on the lack of recognition of items required for the CIAC. We are not directly opposed to the concept of a secured account, as long as, reasonable and timely access is maintained. If a reserve account was established what would the parameters of access be? Who would establish the access parameters? What would be the restrictions to said funds?	Staff is suggesting, for discussion purposes, that an escrow account would be established as a condition of authorizing contributions in aid of construction, and that the company's owners would assume the cost of administering the escrow account, rather than the customer. However, alternatives to an escrow account might offer equivalent protections, based on a case-by-case analysis when the company files for a CIAC charge. How the escrow account might work, and what the alternatives might be, should be discussed in more detail at the November 21 workshop.

reduce opportunities for misuse or embezzlement?			
	H&R Waterworks, Inc.	<p>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.</p>	<p>Staff has found more than “a few” problems with the handling of CIAC, facility charges, and other customer monies that were supposed to be directed towards construction or replacement of infrastructure. The intent is to explore ways to prevent that type of problem.</p> <p>Staff is suggesting, for discussion purposes, that an escrow account would be established as a condition of authorizing contributions in aid of construction, and that the company’s owners would assume the cost of administering the escrow account, rather than the customer. However, alternatives to an escrow account might offer equivalent protections, based on a case-by-case analysis when the company files for a CIAC charge.</p> <p>How the escrow account might work, and what the alternatives might be, should be discussed in more detail at the November 21 workshop. Staff is interested in hearing more from the company about what “ample safeguards” are built into the system.</p>
	Rainier View Water Company, Inc.	<p>From Rainier View’s perspective, no additional steps are necessary. Rainier View has a long experience in handling reserves and surcharge amounts in a proper manner. Any additional requirements such as a lock box or surety bonds only increases the cost and reduces the ability to deliver the full benefit of such funds for the customers. One or two problems should not trigger a reaction that imposes</p>	<p>Staff has found more than “one or two” problems with the handling of CIAC, facility charges, and other customer monies that were supposed to be directed towards construction or replacement of infrastructure. The intent is to explore ways to prevent that type of problem.</p>

		additional costs on everyone else and the customers that are served.	<p>Staff is suggesting, for discussion purposes, that an escrow account would be established as a condition of authorizing contributions in aid of construction, and that the company's owners would assume the cost of administering the escrow account, rather than the customer. However, alternatives to an escrow account might offer equivalent protections, based on a case-by-case analysis when the company files for a CIAC charge.</p> <p>How the escrow account might work, and what the alternatives might be, should be discussed in more detail at the November 21 workshop. Staff is interested in hearing more from the company about what mechanisms it has put into place to handle reserves and surcharge amounts "in a proper manner."</p>
	Washington Water Service Company	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.	Thank you for your comment.
	Linda Oosterman, Commissioner, Thurston County PUD	We have no comments on this policy as it does not pertain to Thurston County PUD. We place our funds with the Thurston County Treasurer, have significant internal controls for cash handling and management, and are audited annually by the State Auditor's Office. Our reserves exceed bond and 60 day liquidity requirements in all funds and the Board has established a goal to work toward 90 days of reserves.	Thank you for your comment.

	Department of Health	We agree with the proposal to require systems to maintain their reserve or surcharge funds in protected accounts or bonds.	Thank you for your comment.
5. What changes in Commission rules, policies or practices would encourage your company to expand your customer base or acquire other water systems or water companies to take advantage of economies of scale? What changes would you recommend to facilitate recovery of costs in acquiring and rehabilitating water systems?	Deer Meadows Water Company	We would desire that our engineering study be considered for the CIAC calculation in part. We would recommend that the basis for rate calculations and associated margins be changed to enhance the ability of the organization to operate and realize a profit. In regards to acquiring other water systems, it is imperative that sufficient capital be available to make such a purchase viable. As an investor based corporation we should not only be allowed to be a viable company but we should also be allowed to have a reserved fund, purchase equipment, hire personnel, as well as, compensate our corporate officers and ultimately provide a return to shareholders.	<p>Equity investment means that the owner spends his or her own money to build or replace plant. The owner recovers that investment through rates that recognize depreciation and an allowed return on investment.</p> <p>For owner investments made in infrastructure, the cost of the engineering work may be capitalized as part of the project costs and becomes part of rate base on which the company can earn a return.</p> <p>The company's proposal relates to recovery of engineering costs through customer contributions, and would be more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.</p>
	H&R Waterworks, Inc.	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.	<p>Thank you for your comment.</p> <p>The Commission uses the depreciation schedules of the National Association of Utility Regulatory Commissioners (NARUC), which were based on water system engineering studies. The Commission departs from those schedules when the facts of the case warrant a more rapid depreciation schedule (for example, environmental factors reducing the expected life of an asset). Depreciation rates may be changed if actual</p>

		<p>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.</p>	<p>experience and further studies show shorter or longer remaining lives of utility assets. The Commission has also allowed an accelerated depreciation to cover cash flow of expenses and provide an incentive for owner investment under some circumstances. Staff understands that the IRS has an accelerated depreciation schedule; however the Commission uses a schedule tailored to industry standards, modified to fit documented special circumstances.</p> <p>The Commission currently allows investments to “count” (prorated) for that portion of the year the infrastructure is in place, and are then part of the rate base for the entire year (minus depreciation) from the second year going forward. However, the Commission, in certain cases, allowed the use of end-of-period investment balances in rate base if it can be shown that erosion of earnings is likely to ensue.</p> <p>The company’s comments would be more appropriately dealt with in a discussion of the Commission’s treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.</p>
	<p>Rainier View Water Company, Inc.</p>	<p>The Commission should revisit its rules on acquisition adjustments. It is often very difficult to determine what the rate base is for an unregulated system and the idea that the system has to be brought in at “rate base” discourages consolidation. If a system is acquired for a reasonable amount reflecting market realities, then the amount paid for the system should be treated as the rate base, rather</p>	<p>Thank you for your comment.</p> <p>The Commission does not have a “rule” on acquisition adjustments. Currently, such adjustments are made based on the facts about the system being acquired.</p>

		<p>than conducting a further investigation to try to determine the original rate base. That is the primary way that the Commission can encourage consolidation.</p>	<p>Staff is not sure how it can determine if a system was acquired “for a reasonable amount reflecting market realities” without an investigation into the prudence of the purchase price based on the asset value and other factors such as improvement and reliability of service resulting from the ownership transfer.</p> <p>It would be helpful to have more discussion about the Commission’s practice of making acquisition adjustments and calculating the rate base of acquired systems at the November 21 workshop.</p>
	<p>Washington Water Service Company</p>	<p>Allowing more freedom with acquisition adjustment 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. Possibility also allowing a surcharge to those customers, if needed, before the acquisition is final.</p>	<p>Thank you for your comment.</p> <p>Currently the Commission authorizes acquisition adjustments based on the facts about the system being acquired.</p> <p>The Commission prefers single-tariff pricing but has made frequent exceptions based on the needs of the systems. In addition to maintaining a system-specific tariff that reflects the extraordinary costs of the acquired system, another option used is to bring systems into the single-tariff pricing structure and then add a surcharge specific to the acquired system to address the investment needed to bring them into compliance.</p> <p>It would be helpful to have more discussion about the Commission’s practice of making acquisition adjustments and calculating the rate base of acquired systems at the November 21 workshop.</p>

		I would also suggest requiring UTC approval in the sale of all regulated water systems, even those to PUD's, special district and municipalities to prevent poor operators from receiving windfall profits on the sale and the system owner being rewarded for poor performance.	The Commission is not interested in regulating public entities. It is the responsibility of the governing boards and voters of the public entity to exercise due diligence in determining the proper price for the system.
	Linda Oosterman, Commissioner, Thurston County PUD	We recommend you make it a priority to partner with Clark Halvorson, Director of the Department of Health, Office of Drinking Water, to identify public partners to take over systems that need better economies of scale that PUDs, cities, water and sewer districts, mutuals, cooperatives, or larger privately owned systems can provide. We recommend you seek funding for the consolidation of privately owned systems by finding ways to fund the State's Water System Acquisition and Rehabilitation Program (Substitute Senate Bill 6340) that allows public entities to assume ownership of privately owned troubled systems.	Thank you for your comment.
6. Does your company currently operate or manage water systems for another company or water utility? If so, how many? If not, is your company operated or managed by another company or water utility?	Deer Meadows Water Company	NA	Thank you for the information.
	Rainier View Water Company, Inc.	No	Thank you for the information.
	Washington Water Service Company	Yes, we manage over 70 water systems for other entities, being other investor owned, HOA's and special districts.	Thank you for the information.
	Linda Oosterman, Commissioner, Thurston County PUD	Yes. Thurston County PUD is an approved satellite management agency and currently manages 14 water systems but this is not a line of business we wish to expand.	Thank you for the information.

<p>7. <i>For companies not currently regulated by the Commission:</i> What effect, if any, does coming under Commission regulation have on your willingness to make system improvements, acquire additional water systems, or expand your company's customer base?</p>	<p>Deer Meadows Water Company</p>	<p>NA</p>	
	<p>Washington Water Service Company</p>	<p>As a regulated company, regulation only hinders our acquisition of systems by limiting rate base of the acquired system.</p>	<p>The Commission's goal is not to limit rate base. Rather, it is desired that the company achieve the appropriate level of investment by increasing investor supplied capital. Staff would appreciate more discussion, including examples, about this comment, during the November 21 workshop.</p>
	<p>Linda Oosterman, Commissioner, Thurston County PUD</p>	<p>We are not willing to come under UTC regulatory authority.</p>	<p>The Commission is not interested in regulating governmental entities or community associations.</p>
	<p>Department of Health</p>	<p>We encourage you to consider revising or removing the threshold of \$557 a year per customer. We believe that small water companies' greatest opportunity to invest in their business and understand the financial risk occur when the water system is first created. By revising the thresholds, more new companies will be protected from failure through the Board's regulations. The new companies will be better prepared to set appropriate rates and use their resources wisely.</p> <p>We believe the rate threshold encourages some unregulated companies to artificially maintain charges below the threshold value. A small company can get into financial trouble if their charges do not adequately cover costs or help build a sufficient reserve account. We note that lowering or removing the thresholds could result in more</p>	<p>Eliminating or lowering the dollar threshold would require legislation. Staff is open to discussing the impact of the threshold to determine if legislation in the future (post-2015) is appropriate.</p>

		work for your Commission. However, we believe some small systems may avert financial trouble if they are able to set rates without worry of falling into a new regulatory category.	
Other Comments	Deer Meadows Water Company	We are excited that the commission has recognized that the rate formulas utilized by the commission did not produce the desired results for some organizations. Historically speaking Deer Meadows Water has been reluctant to file for a rate increase given the historical treatment by the commission. Based on the previous two filings by the organization the customer base rate has been reduced by \$4.00 with the concept of a three-tiered structure, which did not offset the base rate reduction in usage as indicated by the UTC. This base rate reduction has caused the organization to fall short of the projected revenue on a per annum basis. We find it confusing that the UTC has utilized formulas and calculations that allow this to happen to companies like ours. It is unfortunate that the commissions own extremely complicated and restrictive formulas have put water systems like ours into this situation. Perhaps it would be a more realistic approach if the commission had members with previous experience of running and managing a water system. If water systems similar to ours are forced out of business then what? We have had conversations with the Health Department and it appears quite often, that when customers take over a failing system, they find themselves having no one who wants to assume the responsibilities of what is required to operate the system. That would not be in anyone's best interest, especially the customer, since they are the ones that want and ultimately need water. In order to prevent that from	Thank you for your comments. The company's comment addresses issues that are more appropriately dealt with in a discussion of the Commission's treatment of water company rates. The comments will be preserved for a possible workshop on water company ratemaking.

		occurring the customer must contribute more, especially on the base rate. Although everyone knows no one wants to pay more for anything it is exactly what is required to protect the customers' access to uninterrupted water service.	
	Washington Water Service	See submitted Public Utilities Commission of the State of California Resolution No. W-4524, dated March 17, 2005.	Thank you for the information.
	Silver Lake Water Company	Owner is interested in exiting the business and turning over his company to another in the state. Contacting the UTC to ask for more information on any interests the agency has received from companies in the state who are looking to expand or who have shown interest in growth of its client base, especially those in the geographic vicinity to Oak Harbor. Wants to be added to the rulemaking mailing list.	Staff provided contact information for all water companies and public-owned water systems in the state.