

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

COUGAR RIDGE WATER SYSTEM,

Respondent.

DOCKET NO. UW-040367

DECLARATION OF EUGENE
ECKHARDT IN SUPPORT OF
COMMISSION STAFF'S
MOTION FOR SUMMARY
DETERMINATION

EUGENE ECKHARDT declares:

1. I am the Assistant Director of Transportation and Water for the Washington State Utilities and Transportation Commission ("Commission"). I am over the age of 18, am competent to testify on the matters set forth below and have personal knowledge of those matters.

2. I have been employed by the WUTC since September 1992. Prior to that, I served as an employee of the Colorado Public Utility Commission ("PUC") for over 17 years, leaving the position of Director of Transportation to come to the state of Washington. While with the Colorado PUC, I also served as

Supervisor of the Transportation Rate Section. In my capacity as Assistant Director of Transportation and Water, I supervise the review and substantive policy determinations regarding the operation of water companies regulated by the Commission under Title 80 RCW. As such, I have personal knowledge of the statements made herein and am competent to testify to these facts.

3. The Commission regulates only private, investor-owned water companies that meet jurisdictional requirements set forth in 80.04.010 RCW. That statute sets two jurisdictional criteria. The customer threshold makes jurisdictional all private, investor-owned companies that serve 100 or more customers. The revenue threshold makes jurisdictional private, investor-owned water companies that serve 99 or fewer customers if the average annual revenue per customer exceeds \$300. The statute allows the Commission, by rule, to increase this \$300 revenue threshold to reflect the rate of inflation as determined by the implicit price deflator of the United States department of commerce. The Commission has increased the revenue threshold three times since 1986. The threshold is currently set at \$429 in WAC 480-110-255(1)(b).

4. WAC 480-110-255(5) describes the method to calculate the average annual revenue per customer. In simple terms, that method divides the sum of each monthly charge for the most recent twelve-month period by the number of monthly service periods to equal the average monthly revenue per customer, and

multiplies that result by twelve to equal the average annual revenue per customer.

5. My Exhibit to this declaration shows the calculation of the average annual revenue per customer using data provided to the Commission by Cougar Ridge, letter dated September 12, 2003, in response to the Water System Questionnaire. The data provided covers the period of January 2001 through August 2003. The data shows that Cougar Ridge exceeded \$429 average annual revenue per customer for the twelve-month period ending February 2003 (Col. M, Row 34) and each of the following twelve-month periods through September 2003 (Col. M, rows 35 – 41), the last month for which Cougar Ridge provided the number of customers.

6. In addition to allowing the Commission to adjust the threshold for regulation of private, investor-owned water companies, RCW 80.04.010 allows the Commission, at its discretion, to remove a water company from regulation if the water company's average annual revenue per customer falls below \$300. Since I started work at the Commission in September 1992, the Staff have consistently interpreted this threshold for removing water companies from regulation as not subject to adjustment.

7. Starting with January 2004, Cougar Ridge began charging \$35 per month per customer. If the company maintains this rate, the twelve-month rolling average annual revenue per customer will be \$420 for calendar 2004.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this ___ day of June 2004, at Olympia, Washington.

EUGENE ECKHARDT