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VIA E-FILING

Mr. Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Docket UW-143295 - Comments and Observations

Dear Mr. King:

This letter is written to provide my personal comments on the proposals that are contained in the Notice of Opportunity to File Written Comments ("Notice") in this Docket. This letter will focus on proposals that appear to be directed at small companies or companies that are in a situation where they are not expanding their service base.

The first of these proposals is called a Marginal Investment Approach in the Notice. This approach would allow systems with negative rate bases to make investments and recover a return on and of those new investments. My personal view is that this is a very good idea and will be beneficial to many of the small companies. By adopting this approach, the Commission will encourage companies to make investments that benefit customers while minimizing the immediate rate impact on customers. If the investment is made by the companies, the return of investment is often over a relatively lengthy period of time. The return life may need to be shorter than standard depreciation lives in order to really encourage investment, but might be a longer period of time than the five year surcharge programs that customers currently fund.

In my view, encouraging this investment is a benefit to customers since companies put in new plant that provides more reliable service or addresses non-health threatening water quality concerns. Obviously, health threatening water quality concerns would need to be dealt with under a more immediate recovery, such as the surcharge program that the Commission has used in the past.

The second concept is described in the Notice as using Operating Ratio Rate Setting. I would like to discuss this issue in more detail and have a firmer understanding of how it would operate for water companies. However, it potentially shows a beneficial possibility for both companies and customers of small to medium sized water companies.

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The methodology is described in the Notice as allowing revenue to be included in rates that is computed using "industry-based relationship" between revenue and expenses. Here is where the devil is in the details. It is not clear from the Notice what is meant by an industry-based relationship. Nor is there any detail on how that relationship would be developed. To further evaluate this possible approach, more information about the concept is needed.

Thank you for the opportunity to comment.

Sincerely,

RICHARD A. FINNIGAN

RAF/cs