

AMENDATORY SECTION (Amending Order R-467, Docket No. UW-980082, filed 11/30/99, effective 12/31/99)

**WAC 480-110-205 Application of rules.** The rules in this chapter apply to any water company that distributes, sells, or supplies water, and that meets requirements for commission regulation or jurisdiction under RCW 80.04.010 and WAC 480-110-255. This includes investor-owned water companies that meet the jurisdictional threshold of serving one hundred or more customers or receive average revenue of four hundred (~~twenty-nine~~) sixty-eight dollars or more per customer per year.

AMENDATORY SECTION (Amending General Order No. R-473, Docket No. UW-991634, filed 8/21/00, effective 9/21/00)

**WAC 480-110-255 Jurisdiction.** (1) The commission only regulates investor-owned water companies that:

(a) Own, operate, control, or manage one or more water systems; except that control or management does not include management by a satellite management agency as defined in chapter 70.116 RCW if the satellite management agency is not an owner of the water company.

(b) Meet jurisdictional thresholds of one hundred or more customers, or (~~receive~~) has average revenue of more than four hundred (~~twenty-nine~~) sixty-eight dollars per customer per year.

| <b>If a water company serves customers</b> | <b>and (<del>receives</del>) <u>has</u> average annual revenue per customer</b> | <b>commission regulation</b> |
|--|---|------------------------------|
| 99 or less                                 | <del>\$468</del> or less<br><del>((than \$429))</del>                           | No                           |
| 99 or less                                 | <del>(((\$429 or))</del> more than <u>\$468</u>                                 | Yes                          |
| 100 or more                                | <u>\$468</u> or less<br><del>((than \$429))</del>                               | Yes                          |
| 100 or more                                | <del>(((\$429 or))</del> more than <u>\$468</u>                                 | Yes                          |

(2) The commission does not regulate the following providers of water service:

(a) Cities, towns, or counties.

(b) Public utility districts.

(c) Water districts.

(d) Local improvement districts.

(e) Homeowner associations, cooperatives and mutual corporations, or similar entities that provide service only to their owners or members.

(f) Homeowner associations, cooperatives and mutual corporations, or similar entities that provide service to nonmembers unless they serve one hundred or more nonmembers, or charge nonmembers more than four hundred (~~twenty-nine~~) sixty-eight dollars average annual revenue per nonmember.

(g) Entities or persons that provide water only to their tenants as part of the business of renting or leasing.

This may include:

(i) Apartment buildings.

(ii) Mobile home parks.

(iii) Manufactured home rental communities.

(iv) Office complexes.

(v) Commercial or industrial parks.

(3) To determine jurisdiction, the commission considers only those customers receiving water. The commission does not consider customers who do not receive water, such as customers who have paid:

(a) Water-availability letter fees.

(b) Standby charges.

(c) System-readiness fees.

(d) Ready-to-serve charges.

(4) To calculate the average annual revenue per customer, the commission considers only the charges that water-receiving customers (~~pay on a monthly~~) are billed on a recurring basis, other than contributions in aid of construction. For example, this includes money (~~paid~~) billed for flat-rate service or the metered base-charge and all usage charges.

(a) The commission does not include charges (~~paid by~~) billed to customers who do not receive water, such as:

(i) Water availability letter fees.

(ii) Standby charges.

(iii) System-readiness fees.

(iv) Ready-to-serve charges.

(b) The commission does not consider contributions in aid of construction in determining jurisdiction. These contributions can be money, services or property. Payments can be made in a lump sum or financed over time. Examples of contributions in aid of construction include payments for:

(i) Connection to system.

(ii) Meter installation.

(iii) System buy-in.

(iv) Facilities charges.

(v) Assessments for capital plant and equipment.

(5) The following example shows how to calculate the average annual revenue per customer for two hypothetical customers. The data for each customer are provided at the end of the example:

(a) Select the most recent twelve consecutive months.

Example: February ~~((1999))~~ 2004 through January ~~((2000))~~ 2005.

(b) For each customer who received water service during the twelve-month period, add the amount the customer ~~((paid to))~~ was billed by the water company for items other than contribution in aid of construction items.

Example: Customer A ~~((paid))~~ billed \$340.  
Customer B ~~((paid))~~ billed \$283.

(c) For each customer who received water service during the twelve-month period, add the number of months the customer received water service.

Example: Customer A received water service for twelve months.  
Customer B received water service for nine months.

(d) Total the amount ~~((paid by))~~ billed the customers during the twelve-month period.

Example:

|   | <u><del>((Paid to)) Billed by</del></u><br><u>the Water Company</u><br>During the<br><u>Twelve-Month Period</u> |
|---|---|
| Customer A  | \$340   |
| Customer B  | + <u>\$283</u>  |
| Total <del>((Paid))</del> <u>Billed</u> During<br>Twelve-<br>Month Period | \$623   |

(e) Total the number of months each customer received water service.

Example:

| <u>Number of Months</u><br><u>Received Water</u><br><u>Service During the</u><br><u>Twelve-Month Period</u> |
|---|
|---|

|  |   |          |
|--|---|----------|
| Customer A   |   | 12       |
| Customer B   | + | <u>9</u> |
| Total Months Received<br>Water Service During the<br>Twelve-Month Period |   | 21       |

(f) Calculate the "Average Monthly Revenue Per Customer": Divide the "Total ((Paid)) Billed During the Twelve-Month Period" by the "Total Months Received Water Service During the Twelve-Month Period."

Example:

|  |   |           |
|--|---|-----------|
| Total ((Paid)) <u>Billed</u><br>During the Twelve-Month<br>Period        |   | \$623     |
| Total Months Received<br>Water Service During the<br>Twelve-Month Period | ÷ | <u>21</u> |
| Average Monthly Revenue<br>Per Customer                                  |   | \$29.67   |

(g) Calculate the "Average Annual Revenue Per Customer": Multiply the "Average Monthly Revenue Per Customer" times 12 months.

|   |   |           |
|---|---|-----------|
| (A) Average Monthly Revenue<br>Per Customer |   | \$29.67   |
| Months in a Year                            | x | <u>12</u> |
| (B) Average Annual Revenue<br>Per Customer  |   | \$356.04  |

**DATA USED IN THE EXAMPLE  
TO CALCULATE  
AVERAGE ANNUAL REVENUE PER CUSTOMER**

**Example--  
Customer A**

|  | <u>Standby<br/>Charge</u> | <u>Ready-to-<br/>Serve<br/>Charge</u> | <u>Connection<br/>Charge</u> | <u>Facilities<br/>Charge</u> | <u>Meter<br/>Base<br/>Charge</u> | <u>Meter<br/>Usage<br/>Charge</u> |                            |
|--|---------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------------|-----------------------------------|----------------------------|
| <u>Receive Water Service</u>                   | No                        | No                                    | Yes                          | Yes                          | Yes                              | Yes                               |                            |
| <u>Contribution in Aid<br/>of Construction</u> | No                        | No                                    | Yes                          | Yes                          | No                               | No                                |                            |
|  |                           |                                       |                              |                              |                                  |                                   | <u>Total</u>               |
| <u>Year</u>                                    | <u>Month</u>              |                                       |                              |                              |                                  |                                   | <u>((Paid))<br/>Billed</u> |
| ((1997))<br><u>2004</u>                        | February                  |                                       |                              |                              | \$20                             | \$4                               | \$24                       |
| ((1997))<br><u>2004</u>                        | March                     |                                       |                              |                              | \$20                             | \$5                               | \$25                       |

|                                |           |     |     |     |     |             |            |             |
|--------------------------------|-----------|-----|-----|-----|-----|-------------|------------|-------------|
| <u>((1997))</u><br><u>2004</u> | April     |     |     |     |     | \$20        | \$2        | \$22        |
| <u>((1997))</u><br><u>2004</u> | May       |     |     |     |     | \$25        | \$5        | \$30        |
| <u>((1997))</u><br><u>2004</u> | June      |     |     |     |     | \$25        | \$6        | \$31        |
| <u>((1997))</u><br><u>2004</u> | July      |     |     |     |     | \$25        | \$12       | \$37        |
| <u>((1997))</u><br><u>2004</u> | August    |     |     |     |     | \$25        | \$6        | \$31        |
| <u>((1997))</u><br><u>2004</u> | September |     |     |     |     | \$25        | \$4        | \$29        |
| <u>((1997))</u><br><u>2004</u> | October   |     |     |     |     | \$25        | \$4        | \$29        |
| <u>((1997))</u><br><u>2004</u> | November  |     |     |     |     | \$25        | \$3        | \$28        |
| <u>((1997))</u><br><u>2004</u> | December  |     |     |     |     | \$25        | \$2        | \$27        |
| <u>((1998))</u><br><u>2005</u> | January   |     |     |     |     | <u>\$25</u> | <u>\$2</u> | <u>\$27</u> |
|                                |           | \$0 | \$0 | \$0 | \$0 | \$285       | \$55       | \$340       |

Number of months service

12

Not Receiving Water \$0

Receiving Water - Contribution in Aid of Construction \$0

Receiving Water - Other than Contribution in Aid of Construction \$340

Total customer (~~paid~~) billed during period \$340

**DATA USED IN THE EXAMPLE  
TO CALCULATE  
AVERAGE ANNUAL REVENUE PER CUSTOMER**

**Example--  
Customer B**

|  | <u>Standby<br/>Charge</u> | <u>Ready-to-<br/>Serve<br/>Charge</u> | <u>Connection<br/>Charge</u> | <u>Facilities<br/>Charge</u> | <u>Meter<br/>Base<br/>Charge</u> | <u>Meter<br/>Usage<br/>Charge</u> |                            |
|--|---------------------------|---------------------------------------|------------------------------|------------------------------|----------------------------------|-----------------------------------|----------------------------|
| <u>Receive Water Service</u>                   | No                        | No                                    | Yes                          | Yes                          | Yes                              | Yes                               |                            |
| <u>Contribution in Aid<br/>of Construction</u> | No                        | No                                    | Yes                          | Yes                          | No                               | No                                |                            |
|  |                           |                                       |                              |                              |                                  |                                   | <u>Total</u>               |
| <u>Year</u>                                    |                           |                                       |                              |                              |                                  |                                   | <u>((Paid))<br/>Billed</u> |
| <u>((1997))</u><br><u>2004</u>                 | February                  | \$7                                   |                              |                              |                                  |                                   | \$7                        |
| <u>((1997))</u><br><u>2004</u>                 | March                     | \$7                                   |                              |                              |                                  |                                   | \$7                        |
| <u>((1997))</u><br><u>2004</u>                 | April                     |                                       | \$12                         |                              |                                  |                                   | \$12                       |

|                                    |                          |      |       |         |             |  |              |         |
|------------------------------------|--------------------------|------|-------|---------|-------------|--|--------------|---------|
| <del>((1997))</del><br><u>2004</u> | May                      |      | \$300 | \$4,500 | \$25        | \$5  | \$4,830      |         |
| <del>((1997))</del><br><u>2004</u> | June                     |      |       |         | \$25        | \$4  | \$29         |         |
| <del>((1997))</del><br><u>2004</u> | July                     |      |       |         | \$25        | \$3  | \$28         |         |
| <del>((1997))</del><br><u>2004</u> | August                   |      |       |         | \$25        | \$12   | \$37         |         |
| <del>((1997))</del><br><u>2004</u> | September                |      |       |         | \$25        | \$10   | \$35         |         |
| <del>((1997))</del><br><u>2004</u> | October                  |      |       |         | \$25        | \$15   | \$40         |         |
| <del>((1997))</del><br><u>2004</u> | November                 |      |       |         | \$25        | \$5  | \$30         |         |
| <del>((1997))</del><br><u>2004</u> | December                 |      |       |         | \$25        | \$2  | \$27         |         |
| <del>((1998))</del><br><u>2005</u> | January                  |      |       |         | <u>\$25</u> | <u>\$2</u>   | <u>\$27</u>  |         |
|                                    |                          | \$14 | \$12  | \$300   | \$4,500     | \$225  | \$58         | \$5,109 |
|                                    | Number of months service |      |       |         |             | 9  |              |         |
|                                    |                          |      |       |         |             | Not Receiving Water  | \$26         |         |
|                                    |                          |      |       |         |             | Receiving Water - Contributions in Aid of Construction           | \$4,800      |         |
|                                    |                          |      |       |         |             | Receiving Water - Other than Contribution in Aid of Construction | <u>\$283</u> |         |
|                                    |                          |      |       |         |             | Total customer ( <del>(paid)</del> ) <u>billed</u> during period | \$5,109      |         |

(h) To ensure that all customers are treated equitably, the commission will impute the same rates to any customers receiving free or reduced service that apply to other customers receiving comparable service on the same system.