

Discussion Draft Rules

Docket UW-131386

August 21, 2013

WAC 480-110-245 Glossary. "**Applicant**" means any person, partnership, firm, corporation, municipality, cooperative organization, governmental agency, etc., that has completed a water company's application for water service.

"**Commission**" means the Washington utilities and transportation commission.

"**Contributions in aid of construction**" means any money, services or property received by a water company to fund capital investments at no cost to the company with no obligation to repay.

"**Customer**" means:

- Anyone who has paid water company fees and/or has an accepted application for service; or

- Anyone whose service connection is installed and is currently paying a ready-to-serve charge; or

- Anyone who is actually receiving water service from the company with the knowledge of the company.

"**Extension**" means the water mains and equipment necessary to extend the company's transmission and distribution infrastructure. An

extension may also be called a distribution extension, a main extension, or a line extension.

"Facilities charge" means a one-time fee that a new customer must pay, consistent with WAC 480-110-455 (Water company funding mechanisms), before the company will connect the customer's property to the water system.

"For hire" means for money or other valuable consideration.

"Initial tariff" means:

- The tariff filed by a water company when it first becomes subject to the jurisdiction of the commission; or

- The tariff filed by a water company that was formerly subject to commission jurisdiction, and has once again become jurisdictional. It does not mean a tariff filed to add a newly acquired system or company to the tariff of a currently jurisdictional company.

"Jurisdictional customer" means anyone who is actually receiving water service.

"Potential customer" means anyone to whom the water company has given a letter agreeing to provide service; and

- The letter is currently enforceable and has not expired by its own terms; and

- The property is not yet receiving any type of service.

"Primary contaminants" means substances that, when present in drinking water at levels exceeding designated maximum contaminant levels (MCL), may adversely affect the health of consumers. These MCLs are established as water quality "primary standards" and are based on chronic, nonacute, or acute human health effects.

"Rate increase filing" means any filing by the company that would:

- Increase gross annual revenues of the company from activities regulated by the commission; or
- Restructure tariffs so that one class of customer would provide more gross revenue than under the prior tariff structure. The term does not mean filings designed only to recover governmentally imposed taxes or periodic rate adjustments that have been authorized by commission order.

"Ready-to-serve charge" means the charge assessed by the water company when:

- The water company has the ability to provide water service;
- The water company has committed to provide water service; and
- There is an installed service connection at the customer's property.

"Reconnect charge" means the charge specified in the company's tariff for restoring water service that has been disconnected:

- At the customer's request; or
- For nonpayment; or
- For failure to comply with the company's rules.

"Service area" means the geographic area to which the company intends to provide water service using current plant.

"Service connection" means the pipes, valves, and fittings between the water company's distribution system and the customer's service line.

"Standby charge" means a charge imposed by some unregulated companies for having transmission and distribution infrastructure installed but without the current ability to provide water. It is also sometimes referred to as a system-readiness fee. The commission does not authorize this type of charge for regulated water companies.

"Surcharge" means a monthly charge or fee paid to the water company for plant or expenses. The surcharge is in addition to regular monthly service fees and typically has an expiration date or dollar limit and is subject to specific accounting requirements.

"To the public" means the water company holds itself out, expressly or impliedly, to supply its service or product for use either

by the public as a class or that portion of it that can be served by the company; or whether, on the contrary, it merely offers to serve only particular customers of its own selection.

"**Water company**" or "**company**" means any corporation, company, association, joint stock association, partnership or person, their lessees, trustees or receivers appointed by any court whatever, owning, controlling, operating or managing any water plant within the state of Washington for the purpose of furnishing water service to the public for hire and subject to the jurisdiction of the commission. It does not include management by a satellite management agency as defined in chapter 70.116 RCW if the satellite agency is not an owner of the water company.

"**Water system**" means all plant, equipment, and other assets used to provide water service for a specific location.

[Statutory Authority: RCW 80.01.040, 80.04.160, 81.04.160 and 34.05.353. WSR 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-110-245, filed 2/28/05, effective 3/31/05. Statutory Authority: RCW 80.01.040. WSR 99-24-100 (Order R-467, Docket No. UW-980082), § 480-110-245, filed 11/30/99, effective 12/31/99.]

WAC 480-110-255 Jurisdiction. (1) ~~Subject to the exemptions de-~~
~~scribed in subsection (2) below, t~~The commission only regulates in-
~~vestor-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; and-

(b) Meet jurisdictional thresholds of one hundred or more custom-
ers, or have average annual gross revenue per customer of more than
five hundred fifty-seven dollars ~~per customer~~ per year.

If a water com- pany serves customers	and has average annual revenue per customer	commission regulation
99 or less	\$557 or less	No
99 or less	more than \$557	Yes
100 or more	\$557 or less	Yes
100 or more	more than \$557	Yes

(2) ~~The commission does not regulate providers~~ Providers of water
service that are exempt from Commission regulation include:

(a) Municipal corporations ~~or entities,~~ the following providers
of water service such as:

(ia) Cities, towns, ~~or~~ and counties.

(iib) Public utility districts.

(iiie) Water districts.

(ivd) 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 five hundred fifty-seven dollars average annual revenue per nonmember.~~

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

(a) The commission does not include charges 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 gross 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 2004 through January 2005.

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

Example: Customer A billed \$340.
Customer B 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 billed the customers during the twelve-month period.

Example:

	Billed by the Water Company During the <u>Twelve-Month Peri-</u> <u>od</u>
Customer A	\$340
Customer B	+ <u>\$283</u>
Total Billed During	\$623

Twelve-
Month Period

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

Example:

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

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

Example:

Total Billed During the Twelve-Month Period	\$623
Total Months Received Water Service During the Twelve-Month Period	÷ 21
Average Monthly <u>gross</u> Rev- enue Per Customer	\$29.67

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

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

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

Example—
Customer A

Ready-to-

Meter Meter

	<u>Standby Charge</u>	<u>Serve Charge</u>	<u>Connection Charge</u>	<u>Facilities Charge</u>	<u>Base Charge</u>	<u>Usage Charge</u>
<u>Receive Water Service</u>	No	No	Yes	Yes	Yes	Yes
<u>Contribution in Aid of Construction</u>	No	No	Yes	Yes	No	No

<u>Year</u>	<u>Month</u>					<u>Total Billed</u>		
2004	February				\$20	\$4	\$24	
2004	March				\$20	\$5	\$25	
2004	April				\$20	\$2	\$22	
2004	May				\$25	\$5	\$30	
2004	June				\$25	\$6	\$31	
2004	July				\$25	\$12	\$37	
2004	August				\$25	\$6	\$31	
2004	September				\$25	\$4	\$29	
2004	October				\$25	\$4	\$29	
2004	November				\$25	\$3	\$28	
2004	December				\$25	\$2	\$27	
2005	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		<u>\$340</u>
Total customer billed during period		\$340

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

**Example—
Customer B**

	<u>Standby Charge</u>	<u>Ready-to-Serve Charge</u>	<u>Connection Charge</u>	<u>Facilities Charge</u>	<u>Meter Base Charge</u>	<u>Meter Usage Charge</u>		
<u>Receive Water Service</u>	No	No	Yes	Yes	Yes	Yes		
<u>Contribution in Aid of Construction</u>	No	No	Yes	Yes	No	No		
<u>Year</u>	<u>Month</u>						<u>Total Billed</u>	
2004	February	\$7					\$7	
2004	March	\$7					\$7	
2004	April		\$12				\$12	
2004	May			\$300	\$4,500	\$25	\$5	\$4,830
2004	June				\$25	\$4	\$29	
2004	July				\$25	\$3	\$28	
2004	August				\$25	\$12	\$37	
2004	September				\$25	\$10	\$35	

2004	October					\$25	\$15	\$40
2004	November					\$25	\$5	\$30
2004	December					\$25	\$2	\$27
2005	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

\$283

Total customer billed 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.

[Statutory Authority: RCW 80.01.040, 80.04.160, and 80.04.010 (30)(b). WSR 12-17-047 (Docket UW-120246, General Order R-566), § 480-110-255, filed 8/9/12, effective 9/9/12. Statutory Authority: RCW 80.01.040, 80.04.160 and 80.04.010. WSR 05-08-099 (Docket No. UW-040375, General Order No. R-519), § 480-110-255, filed 4/4/05, effective 5/5/05. Statutory Authority: RCW 80.01.040. WSR 00-17-135 (General Order No. R-473, Docket No. UW-991634), § 480-110-255, filed 8/21/00, effective 9/21/00; WSR 99-24-100 (Order R-467, Docket No. UW-980082), § 480-110-255, filed 11/30/99, effective 12/31/99.]