

Agenda Date: March 31, 2004

Item Number: C1

Docket: UW-040375

Company Name: Petition from MacKaye Harbor Water Company, Inc., to amend WAC 480-110-255 to increase the maximum average annual revenue per customer for water companies.

Staff: Danny Kermode, Regulatory Analyst
Gene Eckhardt, Assistant Director of Transportation and Water
Karen Caille, Administrative Law Judge
Lisa Watson, Assistant Attorney General

Recommendation:

Deny the petition from MacKaye Harbor Water Company, Inc., (MacKaye) to amend WAC 480-110-255 to increase the maximum average annual revenue per customer jurisdictional threshold for water companies. Also, direct the Secretary to file a preproposal statement of inquiry (CR-101) relating to the same subject proposed in MacKaye's petition.

Discussion:

On February 6, 2004, MacKaye filed a petition asking the Commission to amend WAC 480-110-255, Jurisdiction, to increase the maximum average annual revenue per customer for non-regulated water companies from \$429 to \$480. The petition states that MacKaye serves fifty-five water connections on the south end of Lopez Island in San Juan County.

In support of its request, MacKaye cites RCW 80.04.010, which allows the Commission to increase annually by rule the jurisdictional threshold to reflect the rate of inflation as determined by the implicit price deflator of the U. S. Department of Commerce. MacKaye notes that the \$429 threshold has been in effect at least since 1999. MacKaye relates its inability to keep revenues below the current threshold and still set aside sufficient reserves to maintain its 20-year-old system. In further support of its proposal, MacKaye cites the Bureau of Labor Statistics consumer price index for the western region, which increased by 13.26 percent between January 1999 and December 2003.

Although it may be appropriate to raise the jurisdictional threshold, the Commission must use the standard set forth in RCW 80.04.010. Also, Staff believes the Commission should seek input from other interested persons before proposing any amendment to WAC 480-110-255.

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