

UNREGULATED WATER COMPANIES

- Certain water companies were created using existing case law and PUC guidance that companies serving one customer are not regulated, and exempt entities are not regulated. This includes HOAs, co-ops, and water districts who serve their members. But the PUC scuttled its guidance without notice and without taking any formal action.
- Not being regulated by the PUC has allowed these water companies to construct first-class facilities and respond quickly to market conditions and safety concerns. PUC rules would have required a lengthy, expensive and complicated “rate case” before any of these improvements could occur.
- These water companies have invested millions of dollars and operated at a loss.
- Rate increases are used to recover a portion of the capital investments. Rates are still very reasonable. With PUC regulation, rates would most likely increase.
- These water companies don’t deliver water to the public; they serve one customer, e.g., an exempt entity (HOA, co-op or water district).
- These water companies often do not operate “for profit” and do not anticipate a profit in the foreseeable future.

PUBLIC UTILITIES COMMISSION

- Regulated companies are required to gain PUC approval of debt, construction of facilities and necessary rate changes.
- The PUC has initiated inquiries into the jurisdictional status of these water companies, which have not been regulated.
- The PUC moved the “one customer” guidance from its previous prominent location on its website to an obscure location on the website without explanation.

S 1323 simply codifies long-standing case law and the PUC’s own historic guidance, which has been relied upon, and would clarify the regulation of water companies that serve one customer, including exempt entities.