



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250

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July 25, 2017

Steven V. King, Executive Director and Secretary
Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: *Washington Utilities and Transportation Commission v. Deer Meadows Water Company, Inc.*

Commission Staff's Response to Application for Mitigation of Penalties UW-170416

Dear Mr. King:

On June 22, 2017, the Utilities and Transportation Commission issued a \$1,000 Penalty Assessment in Docket UW-170416 against Deer Meadows Water Company, Inc. for 10 violations of Washington Administrative Code (WAC 480-110-505), which requires water companies to furnish annual reports and the regulatory fee to the commission no later than May 1 each year.

On July 7, 2017, Deer Meadows Water Company, Inc. wrote the commission requesting mitigation of penalties. In its mitigation request, Deer Meadows Water Company, Inc. does not dispute the violation occurred. The company states, "...Prior to submitting our annual report we worked with UTC staff to insure that everything was complete before submitting. We feel that under those circumstances the \$1,000 fine should be waived. In the future we will do everything we can to ensure the reports are accurate and complete. Including working with the UTC staff before submitting. It would be a financial hardship on our Company if we have to pay this fine."

It is the company's responsibility to ensure that the regulatory fee is paid and the annual report is filed by the May 1 deadline. On February 28, 2017, Annual Report packets were sent to all regulated water companies. The instructions page informs the regulated company that it must complete the annual report form and pay the regulatory fees, and return the materials by May 1, 2017, to avoid enforcement action.

The company filed an incomplete annual report and paid the regulatory fee on April 27, 2017. Commission Staff sent an email on May 1 to the company detailing what information in the annual report is still outstanding and that the annual report is incomplete. Commission Staff

called the company on May 12, 2017 and left a voicemail advising the company that the annual report was still outstanding.. The company filed a complete annual report on June 28, 2017.

The Commission will only grant mitigation if the violations occurred due to circumstances beyond the company's control. Deer Meadows Water Company, Inc. did not illustrate that they were unable to file their annual report and pay their regulatory fee due to circumstances beyond their control. Staff does not recommend mitigation nor a reduction of the penalty. Deer Meadows Water Company, Inc. indicates that a \$1,000 penalty would impose a substantial hardship. After reviewing the company's prior revenue figures and the company's current rate base, staff agrees that this penalty will create a financial hardship. As such, Staff recommends that the entire \$1,000 penalty be suspended on the condition the Company timely files its 2017 annual report and the associated regulatory fee by May 1, 2018..

If you have any questions regarding this recommendation, please contact Sean Bennett, Regulatory Analyst, at (360) 664-1157, or sbennett@utc.wa.gov.

Sincerely,

/s/ Sean Bennett

Sean Bennett, Regulatory Analyst
Administrative Services