



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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

(360) 664-1160 • TTY (360) 586-8203

July 17, 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. Lake Alyson Water Inc.*

Commission Staff's Response to Request for Hearing UW-170420

Dear Mr. King:

On June 22, 2017, the Utilities and Transportation Commission issued a \$1,000 Penalty Assessment in Docket UW-170420 against Lake Alyson Water 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 June 30, 2017, Lake Alyson Water Inc. wrote the commission requesting a hearing and contests the violation. In its request, the company states, "...please see email from Sean Bennett. We never received notice of incompleteness you sent May 8, 2017." The company provided an email sent by Commission staff that confirms an annual report was received prior to May 1 and will be reviewed in the order received.

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.

On April 27, 2017 Lake Alyson Water Inc. filed an incomplete annual report. On May 8, 2017 Commission staff called the contact phone number provided on the annual report. The number was disconnected. Lake Alyson Water Inc. did not provide an email address on the annual report, as such, Commission staff sent an email on May 8, 2017, to the company's official email address that is on file with the Commission. The email advised the company that the annual report was incomplete. It is the company's responsibility to provide accurate contact information to the Commission. Lake Alyson Water Inc. failed to provide the Commission with up-to-date and

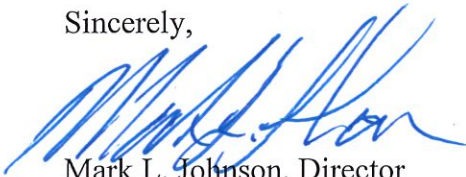
correct contact information. Lake Alyson Water Inc. filed a complete annual report on July 13, 2017.

There are no material issues of law or fact. Staff does not support the company's request for hearing as commission staff did not receive a complete annual report prior to the May 1 deadline and it is the company's responsibility to file a complete and accurate annual report. The Commission will only grant mitigation if the violations occurred due to circumstances beyond the company's control. Lake Alyson Water 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.

On February 23, 2017 the Commission issued an order in docket UW-170066 approving the sale and transfer of assets from Lake Alyson Water Inc. to Northwest Water Services, LLC. Lake Alyson Water Inc. serves no customers and does not own a regulated water system. With this in mind, it is Staff's recommendation that the full \$1,000 penalty be suspended and then waived on the condition that the company take the necessary steps to become inactive and no longer regulated by the Commission prior to August 31, 2017.

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

Sincerely,



Mark L. Johnson, Director
Administrative Services