



# **Investigation Report**

## **Sunrise Acres**

**UW-180886**

**Susie Paul  
Compliance Investigations**

**November 2018**

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## **PURPOSE, SCOPE, AND AUTHORITY**

### **Purpose**

The purpose of this investigation is to determine whether Sunrise Acres Water Services, LLC (Sunrise Acres or Company) is subject to the commission's jurisdiction as outlined in Washington Administrative Code (WAC) 480-110 and Revised Code of Washington (RCW) 80.28.

### **Scope**

The scope of this investigation focuses on documentation received from Sunrise Acres, as well as Washington Secretary of State (SOS) and Washington Department of Revenue (DOR) records.

### **Authority**

Staff undertakes this investigation pursuant to Revised Code of Washington (RCW) 80.04.070, which grants the commission specific authority to conduct such an investigation.

### **Staff**

Susie Paul, Compliance Investigator  
(360) 664-1105  
Susie.Paul@utc.wa.gov

## **EXECUTIVE SUMMARY**

Staff became aware of Sunrise Acres water system, owned and operated by Mr. Tom Harrison, during a staff investigation related to the business practices of two currently regulated water systems also owned and operated by Mr. Tom Harrison: Harrison-Ray Water Company, Inc., and Harrison Water System/Kiona, LLC. Staff found that Sunrise Acres is operating in violation of WAC 480-110-255(1)(a), which provides that the commission regulates investor-owned water companies that own, operate, control, or manage one or more water systems.

### **Penalty Recommendation**

Staff recommends the commission issue a formal complaint to determine whether Sunrise Acres should be classified as a water system subject to commission jurisdiction.

## BACKGROUND

### **Sunrise Acres Water Services, LLC**

Sunrise Acres is not currently regulated by the commission. Staff became aware that Mr. Tom Harrison owned and operated Sunrise Acres during a staff investigation of two regulated water systems also owned and operated by Mr. Tom Harrison.

A search of SOS records found that Sunrise Acres is an active, limited liability company that was formed on June 21, 2005.<sup>1</sup> Tom Harrison is listed as the recorded governor and registered agent. DOR records lists Tom Harrison as the governing person of Sunrise Acres.

Washington Department of Health records indicate the Company has 41 active connections with 50 approved connections and that its system has been active since Jan. 1, 1970.<sup>2</sup> Staff has provided the Company with extensive technical assistance related to filing an initial tariff for Sunrise Acres. As of the date this investigation report was filed, the Company has failed to file an initial tariff as required. Documentation received from Mr. Harrison indicates Sunrise Acres has 39 customers.

Staff is unaware of the Company's gross operating revenue or its utility operating loss because the Company has not filed a tariff with the commission, is not currently regulated by the commission, and, as such, has not filed annual reports.

## INVESTIGATION

### **Data Request**

On Feb. 21, 2018, staff requested the following information and documents from Sunrise Acres. The Company was requested to provide all information and documents by 5 p.m., March 7, 2018. Sunrise Acres requested and was granted an extension until March 8, 2018.

The following is a list of the requested documents and corresponding responses from the Company:

**1. A list of all Washington state customers for whom you currently provide utility services, separated by individual company.**

Ms. Dacia Harrison, Tom Harrison's wife and Sunrise Acres' office manager, did not provide a list of customers for Sunrise Acres. Staff sent an email on March 8, 2018, asking for records for Sunrise Acres. On March 12, 2018, Ms. Harrison responded by email and stated:

*Sunrise is under different regulations they are private 37 people not metered. I will talk with Tom I'm not sure how to explain it to you.*

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<sup>1</sup> See Attachment A for a copy of Secretary of State record, printed on Oct. 25, 2018.

<sup>2</sup> See Attachment B for a copy of Dept. of Health record, printed on Oct. 25, 2018.

After numerous attempts to obtain requested records from the Harrisons, Mr. Harrison left staff a voice message on Sept. 6, 2018, which stated:

*I'm going to end up transferring everything over to my CPA and have her do the majority of the returns, calls for, you know, all the deals because Dacia just can't get to it; she's not capable.*

On Oct. 4, 2018, staff again requested a customer list for Sunrise Acres. On Oct. 8, 2018, Traci McClure, CPA, submitted a list of 39 customers for Sunrise Acres.

### **Technical Assistance**

The Harrisons' continued refusal, or inability, to respond to customers and staff alike, along with Mrs. Harrison's multiple claims of being overwhelmed, prompted commission staff to arrange to meet Mr. and Ms. Harrison at their place of business in Richland, Washington, to provide technical assistance.

On April 9 and 10, 2018, Staff Investigator Sheri Hoyt and Staff Regulatory Analyst Jim Ward, met with Mr. and Ms. Harrison, owners of Sunrise Acres, Harrison-Ray Water Company, Inc., and Harrison Water Company/Kiona, LLC, to provide technical assistance.

On April 10, 2018, staff met Mr. Harrison and Ms. Traci McClure, Certified Public Accountant for the Harrisons, to provide technical assistance.

The purpose of the visit was to collect responsive documents to the open informal complaints and to provide technical assistance related to WAC 480-110. In addition, staff addressed the regulation of Sunrise Acres water system. The Harrisons were provided with a copy of the commission's water industry training presentation along with WAC 480-110. Staff provided the Company technical assistance in the following areas:

- WAC 480-110-431, Tariffs
  - Staff confirmed with the Company that the Harrisons own and operate the Sunrise Acres water system, which serves 39 customers. Regulatory Services staff provided the Harrisons a template tariff for Sunrise Acres and requested that it be reviewed, edited, and filed at the commission. The Company's CPA was also present at the meeting and had follow-up emails related to the filing of the tariff. Staff and the Company agreed on a June 1, 2018, filing date.
  - On April 30, 2018, staff reached out to Ms. McClure to inquire about the status of the tariff. On May 7, 2018, Ms. McClure sent an email to Mr. Ward and asked what steps the Company needed to take to file the tariff. Staff explained that the tariff needed to be reviewed by Mr. Harrison and filed at the commission along

with a cover letter and financial information (income statement and balance sheet) for Sunrise Acres only. Staff also indicated that the Company would need to provide a notice to customers stating that the Company will be regulated and how to contact the commission. Staff explained to the Company that filings must be submitted electronically and provided a link to online filing instructions.

At the end of the April 9 and 10, 2018, technical assistance meetings, staff provided the Company with a copy of commission staff's Water Training presentation and advised the Company to review it and contact staff with any questions.

Despite receiving technical assistance more than eight months ago, the Company has failed to file its initial tariff.

## **RECOMMENDATIONS**

The commission has the authority to assess penalties of up to \$1,000 per violation, per day, following a formal complaint and hearing.<sup>3</sup> Staff's goal in this investigation is to recommend the commission order the Company to come into compliance by filing the required tariff. Staff's recommendation is based on a number of factors from the commission's enforcement policy, which are discussed below.<sup>4</sup>

### **1. How serious or harmful the violations are to the public.**

Sunrise Acres customers are not afforded the protections provided by commission laws and rules governing the availability of information; applications for service; form of bills; complaints and disputes; and disconnection and reconnection notices.

### **2. Whether the violations are intentional.**

Staff is not aware if the failure to file a tariff for Sunrise Acres was initially an intentional violation; however, in February 2018, staff requested a list of all Washington state customers served by the Harrisons, including Sunrise Acres. Staff attempted to pursue information for the non-regulated company and Ms. Harrison responded:

*Sunrise is under different regulations they are private 37 people not metered. I will talk with Tom I'm not sure how to explain it to you.*

Staff contacted Mr. Harrison by telephone and asked about Sunrise Acres. The telephone went "dead," and when staff attempted to call back no one answered and a message stated that the mailbox was full. Mr. and Ms. Harrison failed to provide any

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<sup>3</sup> See RCW 80.04.380.

<sup>4</sup> See Docket A-120061, Enforcement Policy for the Washington Utilities and Transportation Commission, ¶ 15 (Jan. 7, 2013) (Enforcement Policy).

documentation, although they did admit that they owned and operated the water system when regulatory staff visited the Company on April 9 and 10, 2018.

On April 10, 2018, staff met Mr. Harrison and Ms. McClure to provide technical assistance. Mr. Harrison was presented with a prepared tariff for Sunrise Acres, was asked to review it and make any necessary changes, and to file it at the commission. That was in April of this year. The Company has yet to file the tariff and the Company remains unregulated.

**3. Whether the company self-reported the violations.**

The Company did not self-report any violations.

**4. Whether the company was cooperative and responsive.**

Both Mr. and Ms. Harrison have simply hung up the phone on staff while attempting to discuss requests for information related to Sunrise Acres. The Company received technical assistance on filing a tariff on April 10, 2018, and was provided a template tariff. The Company agreed to file the tariff by June 1, 2018; however, as of the date of this report, the tariff has not been filed.

**5. Whether the company promptly corrected the violations.**

A tariff has not been filed for Sunrise Acres.

**6. The number of violations.**

The Company failed to file a tariff on June 1, 2018, as agreed between the Company and staff. Under WAC 480-110-433, water companies that are subject to the commission's jurisdiction must file an initial tariff. Sunrise Acres is subject to the commission's jurisdiction and, therefore, has been in violation of this rule since at least June 2, 2018. Penalties that the commission enforces pursuant to chapter RCW 80.04 provide that each day that a violation continues constitutes a separate and distinct violation.

**7. The number of customers affected.**

Sunrise Acres reportedly has 39 customers.

**8. The likelihood of recurrence.**

Once the tariff is properly filed at the commission, there is no expectation of a recurrence.

**9. The company's past performance regarding compliance, violations, and penalties.**



Because the Company is not currently regulated by the commission, the Company does not have an established compliance history. However, the Company is owned by Tom Harrison, who owns two water companies that are currently being investigated by staff for violating numerous consumer protection rules: Harrison-Ray Water Company, Inc., and Harrison Water/Kiona, LLC.

**10. The company's existing compliance program.**

Staff is unaware of a compliance program.

**Staff Recommendation**

Staff finds that Sunrise Acres is owned and operated by Mr. Tom Harrison, and therefore determines that its operations are subject to commission jurisdiction. Staff recommends, therefore, that the commission order Sunrise Acres to file an initial tariff. The tariff must be accompanied by a cover letter describing the filing as an initial tariff, and the customers must be notified before the commission receives the filing. The filing must be accompanied by supporting financial data justifying the proposed rates.

## ATTACHMENT A

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### BUSINESS INFORMATION

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Business Name:

**SUNRISE ACRES WATER SERVICES, LLC**

UBI Number:

**602 514 160**

Business Type:

**WA LIMITED LIABILITY COMPANY**

Business Status:

**ACTIVE**

Principal Office Street Address:

**2403 WHITWORTH, RICHLAND, WA, 99352, UNITED STATES**

Principal Office Mailing Address:

**PO BOX 2818, PASCO, WA, 99302-2818, UNITED STATES**

Expiration Date:

**06/30/2019**

Jurisdiction:

**UNITED STATES, WASHINGTON**

Formation/ Registration Date:

**06/21/2005**

Period of Duration:

**06/21/2065**

Inactive Date:

Nature of Business:

**UTILITIES**

### REGISTERED AGENT INFORMATION

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Registered Agent Name:

**TOM HARRISON**

Street Address:

**2403 WHITWORTH, RICHLAND, WA, 99352-0000, UNITED STATES**

Mailing Address:

**PO BOX 2818, PASCO, WA, 99302-2818, UNITED STATES**

### GOVERNORS

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Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL		TOM	HARRISON

<https://ccfs.sos.wa.gov/>

10/25/2018



## WATER FACILITIES INVENTORY (WFI) FORM - Continued

1. SYSTEM ID NO. 85630 4	2. SYSTEM NAME SUNRISE ACRES	3. COUNTY BENTON	4. GROUP A	5. TYPE Comm
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	ACTIVE SERVICE CONNECTIONS	DOH USE ONLY CALCULATED ACTIVE CONNECTIONS	DOH USE ONLY APPROVED CONNECTIONS
25. SINGLE FAMILY RESIDENCES (How many of the following do you have?)		41	50
A. Full Time Single Family Residences (Occupied 180 days or more per year)	41		
B. Part Time Single Family Residences (Occupied less than 180 days per year)	0		
26. MULTI-FAMILY RESIDENTIAL BUILDINGS (How many of the following do you have?)			
A. Apartment Buildings, condos, duplexes, barracks, dorms	0		
B. Full Time Residential Units in the Apartments, Condos, Duplexes, Dorms that are occupied more than 180 days/year	0		
C. Part Time Residential Units in the Apartments, Condos, Duplexes, Dorms that are occupied less than 180 days/year	0		
27. NON-RESIDENTIAL CONNECTIONS (How many of the following do you have?)			
A. Recreational Services and/or Transient Accommodations (Campsites, RV sites, hotel/motel/overnight units)	0	0	0
B. Institutional, Commercial/Business, School, Day Care, Industrial Services, etc.	0	0	0
28. TOTAL SERVICE CONNECTIONS		41	50

29. FULL-TIME RESIDENTIAL POPULATION

A. How many residents are served by this system 180 or more days per year? 100

30. PART-TIME RESIDENTIAL POPULATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
A. How many part-time residents are present each month?												
B. How many days per month are they present?												

31. TEMPORARY & TRANSIENT USERS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
A. How many total visitors, attendees, travelers, campers, patients or customers have access to the water system each month?												
B. How many days per month is water accessible to the public?												

32. REGULAR NON-RESIDENTIAL USERS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
A. If you have schools, daycares, or businesses connected to your water system, how many students daycare children and/or employees are present each month?												
B. How many days per month are they present?												

33. ROUTINE COLIFORM SCHEDULE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
* Requirement is exception from WAC 246-290	1	1	1	1	1	1	1	1	1	1	1	1

34. NITRATE SCHEDULE (One Sample per source by time period)	QUARTERLY	ANNUALLY	ONCE EVERY 3 YEARS

35. Reason for Submitting WFI:

Update - Change   
 Update - No Change   
 Inactivate   
 Re-Activate   
 Name Change   
 New System   
 Other \_\_\_\_\_

36. I certify that the information stated on this WFI form is correct to the best of my knowledge.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_