

Agenda Date: June 11, 2015  
Item Number: A1

Docket: UW-143617  
Company Name: T & T Professional Services

Staff: Jim Ward, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendations**

1. Provide customers with an opportunity to comment, and;
2. Set the matter for hearing to ensure continued operations and that any ownership transfer or transition is in the public interest.

### **Background and Discussion**

T & T Professional Services (T&T or company) owns and operates three Group B water systems serving approximately 22 customers in the Bremerton and Poulsbo area of Kitsap County.<sup>1</sup> T&T has owned the systems since May 2005 after acquiring all three at no cost from Gamble Bay Water Company. The company is an investor-owned utility that meets the regulatory threshold for commission jurisdiction defined in [WAC 480-110-255](#) 1(b) by charging an average annual revenue of greater than \$557 per connection. The company's last rate change was effective November 10, 1994, under a previous owner.

On June 17, 2014, T&T sent a notice to its customers that T&T would transfer ownership and operations of the water system to the customers served by each water system. The company filed a letter with the commission on June 20, 2014, also stating that the company would cease operation and ownership of the water systems. After discussions between commission staff and the Kitsap Public Health District (District), the District noted that under Department of Health (DOH) [WAC 246-291-250](#) and Bremerton-Kitsap County Board of Health Ordinance 1999-6, section 13.C.1.(i), T&T must provide a minimum of one year's written notice prior to the transfer of ownership, managerial responsibilities or termination of service.

On July 25, 2014, T&T gave notice that T&T would continue operations and ownership until June 17, 2015, at which time T&T contends it would no longer own and operate the three water systems. June 17, 2015, will be one year marking the original June 17, 2014, notice to cease operations and declaration of its intent to deed ownership to the customers/homeowners.

Customers on the Piper and Lightmoor systems have contacted the commission regarding T&T's notice that it plans to abandon its systems. The commission's Consumer Protection staff have attempted to contact the customers on the Pinewood system but, as of this time, there has been

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<sup>1</sup> : Piper Water System ID #00887P, Pinewood Water System ID #45507P, and Lightmoor Court Water System ID #66934K

no response. Customers on the Piper and Lightmoor systems have organized to investigate the condition of the respective systems and have established working relationships with both Kitsap County Health Department and the Kitsap Public Utility District. The Piper customers have had the system's primary well checked by an engineer who has reported the well has lost approximately 85 percent of its capacity. There are additional concerns regarding decommissioning of auxiliary wells as well as the overall condition of the system's infrastructure.

The customer whose property hosts the Piper system well reported that Kitsap Public Utility District is open to creating a Local Utility District to aid in seeking funds to rehabilitate and operate the Piper system. However, Kitsap Public Utility District has indicated the process of creating a Local Utility District can take up to two-and-one-half years. No willing parties have indicated a willingness to assume ownership or operation of any of the three systems.

On June 4, 2015, the commission's executive director and secretary issued a letter deeming the company's "cease operations" letter of July 25, 2014, to be an application for transfer of company assets under [RCW 80-12](#), Transfers of Property (See Attachment 1). Since there is no willing party to assume ownership or operation, the item should be set for hearing.

### **Conclusion**

No party has indicated any willingness to assume ownership or operation of any of the three systems. The company is attempting to unilaterally transfer ownership interest to its customers without their acceptance, which, as noted in Order 02 of Docket [UW-143330](#), is a legally necessary condition of transfer. The proposed transaction is not consistent with the public interest, due to the inability of T&T Professional Services to "at least demonstrate no harm to the public interest" in accordance with [RCW 80.12.020](#) and [WAC 480-143-170](#), as cited in Docket [UE-981627](#), Third Supplemental Order. Until some succession plan has been implemented by the affected customer groups, the Kitsap Public Health District, and the Kitsap Public Utility District, as a regulated water company, the current owner and operator retains its obligation to serve under [RCW 80.28.010\(2\)](#) despite its notice to the commission of its intent to cease operations.

### **Recommendations**

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2. Set the matter for hearing to ensure continued operations and that any ownership transfer or transition is in the public interest.



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 • [www.utc.wa.gov](http://www.utc.wa.gov)

June 4, 2015

Robert Thurston  
Cheri Thurston  
T&T Professional Services  
Water & Wastewater Management Services, LLC  
111 Sparrow Court  
Port Ludlow, WA 98365

RE: *Company notice to customers of company's decision to cease water company operations and ownership effective June 17, 2015, Docket UW-143617*

Dear Mr. and Ms. Thurston:

This is to inform you that the Utilities and Transportation Commission (Commission) will place your application to discontinue service and transfer ownership of your water company on the Commission's June 11, 2015, open meeting agenda, at which time the Commission will once again invite public comment and engage in a discussion regarding your proposed transfer of property under RCW 80.12.

Sincerely,

STEVEN V. KING  
Executive Director and Secretary