



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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August 8, 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. Pacific Northwest Distributing, LLC*

Commission Staff's Response to Contest Violation TC-170577

Dear Mr. King:

On July 7, 2017, the Utilities and Transportation Commission issued a \$1,000 Penalty Assessment in Docket TC-170577 against Pacific Northwest Distributing, LLC for 10 violations of Washington Administrative Code (WAC 480-30-071 and 480-30-076), which requires dual-certificated auto transportation and charter and excursion companies to furnish annual reports and the regulatory fee to the commission no later than May 1 each year.

On July 20, 2017, Pacific Northwest Distributing, LLC wrote the commission contesting the violation. In its request, Pacific Northwest Distributing, LLC disputes that the violation occurred. The company states, "... a complete report was filed on time and fees paid. Unresolved administrative issues at UTC resulted in the penalty assessment rather than further response from UTC when requested to clarify the dual charter issue which resulted in rescission of prior penalty assessments (see TE-160721). Specifically upon receipt of Mr. Bennett's allegation of inadequacies in this year's filing (email 5/15/2017 (a) That owners' equity less liabilities always equals Total assets is true but a distinction without a difference when speaking of pass thru entities such as a single member LLC or sole proprietorship. GAAP approved procedures can result in errors and this micro utility has in the past benefitted from review by owner/operator's spouse who was recovering from open heart surgery and unable to review for this immaterial error and B. That the separate charter/excursion report was not filed. Despite asking for a working copy from Mr. Bennett and requesting clarification at his contact #360-664-1157 and reporting that there was no charter excursion activity, nor was the link he provided sufficient for his stated purposes) it did not contain the requested schedule) he never responded (as in the past) which has resulted in erroneous penalization (see TE-160721). Because the requested format of the report format is a documentary fiction appropriate only to partnerships

and corporations we believed the reports to be substantial and correct for all intents and purposes.”

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 dual-certificated auto transportation and charter and excursion 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.

Pacific Northwest Distributing, LLC has dual authority with both Auto Transportation and Charter and Excursion Carrier authority. The Commission has a designated report for companies with dual authority. As a dual-certificated company, Pacific Northwest Distributing, LLC needs to report on both industries in which they have a certificate. The company filed an incomplete Auto Transportation annual report on May 1 and paid the regulatory fee associated with the Auto Transportation authority on May 10. On May 15, 2017, Commission Staff emailed the company a link to the correct annual report and advised Pacific Northwest Distributing, LLC that the Auto Transportation financial information was incomplete and that the Company did not report on their Charter and Excursion Carrier operations nor pay the associated regulatory fee. Ron Stoner with Pacific Northwest Distributing, LLC left a voicemail on May 17 or 18, that he believed the annual report was complete. Commission Staff called Pacific Northwest Distributing, LLC on May 18 and left a return voicemail. Commission Staff did not receive a call back. Commission Staff called and left a message with someone on August 3, Commission Staff has not received a call back and the annual report is incomplete and the regulatory fee associated with the Charter and Excursions carrier certificate is outstanding.

The Commission will only grant mitigation if the violations occurred due to circumstances beyond the company’s control. Pacific Northwest Distributing, LLC did not illustrate that they were unable to file their annual report and pay their regulatory fee due to circumstances beyond their control.

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