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6 **BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION**
7 **COMMISSION**
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9 WASHINGTON UTILITIES AND
10 TRANSPORTATION COMMISSION,

11 Complainant,

12 v.

13 AMERICAN WATER RESOURCES, INC.,

14 Respondent.
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DOCKET NO. UW-031284,
DOCKET NO. UW-010961 and
DOCKET NO. UW-031596 (consolidated)

REPLY BRIEF OF AMERICAN WATER
RESOURCES, INC.

18 In this Reply Brief, American Water Resources, Inc. (“AWRI”) will address certain
19 of the arguments presented by Commission Staff in its Initial Brief. In AWRI’s Opening
20 Brief, AWRI fully anticipated some of the arguments raised by Commission Staff. In order
21 to save the Commission’s time, AWRI may simply refer the Commission to AWRI’s
22 Opening Brief, rather than restating its arguments in this Reply Brief.
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26 REPLY BRIEF OF AMERICAN
WATER RESOURCES, INC. - 1

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1 INITIAL COMMENTS

2 Commission Staff starts by arguing that it is doing no more than applying “sound
3 regulatory principles.”¹ However, a discussion of two adjustments will demonstrate that
4 Commission Staff is not applying sound regulatory principles. Rather, Commission Staff is
5 engaged in getting to a result it wants to reach; a result which is punitive to the company.
6 These two adjustments are rate case expense and the so-called Birchfield Water “gain on
7 sale” adjustment.

8 1. Rate Case Expense.

9 Normally, rate case expense is not the first adjustment that is discussed. However,
10 in this case, Commission Staff’s approach to the rate case expense demonstrates just how
11 oriented they are to the bottom line and how far from basic regulatory principles they stray.

12 Staff maintains that rate case costs of \$11,000.00 annually is appropriate.²
13 Commission Staff then goes on to characterize the Declarations submitted by Mr. Finnigan
14 and Ms. Parker, declarations made under oath, as speculative.³ On that basis, Commission
15 Staff is saying that no allowance for rate case work done on this matter for the months of
16 May, June and July are appropriate to include in rates. In other words, Commission Staff
17 wants to penalize the company for having to defend itself in this matter.

18 The Declarations filed by Mr. Finnigan and Ms. Parker represent good faith
19 estimates of the amounts it would take to finish the case. Given the nature of a rate case
20 expense, declarations such as those have been used by the Commission in the past to
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24 ¹ Initial Brief at ¶5.

25 ² Initial Brief at ¶77.

26 ³ There was no objection to the admission of these Declarations as Exhibits 91 and 92.

1 support a rate case expense adjustment.⁴ Indeed, as the accompanying Declarations
2 demonstrate, those estimates were very accurate.⁵

3 At Paragraph 88 of its Initial Brief, Commission Staff makes the following
4 statement: “Staff in this case has demonstrated that its estimate reflects AWR’s actual cost
5 associated with the rate case proceeding and the reasonable cost required.” There is
6 absolutely no basis for that statement. Instead of the Declarations of Mr. Finnigan and Ms.
7 Parker being speculation, what is speculation is the proposal in the Commission Staff’s
8 Brief to disallow twenty-five percent of the rate case cost based on the faulty assumption
9 that costs associated with the penalty assessment were included in the rate case expenses,
10 which they were not.

11 First, as noted in the Opening Brief, AWRI did not include any of the costs
12 associated with the penalty assessment in its rate case expense adjustment.⁶ Second,
13 Commission Staff arbitrarily allocates twenty-five percent of the costs to the penalty
14 assessment without any explanation. Staff does not submit a declaration to support its
15 “estimate.” Staff states it is based on the record as a whole, but offers no cogent
16 explanation for the allocation. Commission Staff’s position is pure speculation. What is
17 the “sound regulatory principle” that Commission Staff is relying upon to remove twenty-
18 five percent of the rate case expense adjustment? When did speculation become a sound
19 regulatory principle?

22 ⁴ WUTC v. Rainier View Water Company, Inc., Docket No. UW-010877, Sixth Supplemental Order (July 12,
2002) at ¶63-70.

23 ⁵ AWRI asks the Commission to accept the accompanying Declarations of Mr. Finnigan and Ms. Parker as
24 late filed exhibits and reduce the company’s rate case expense adjustment accordingly. The reduction reflects
25 the fact that the company has decided to waive the Initial Order.

26 ⁶ Please note the Declarations set out as Exhibits 91 and 92 did not include the penalty case docket number in
the caption. The omission was intentional.

1 The Commission Staff goes further and argues that an additional fifteen percent of
2 the rate case costs should be set aside as allocated to the work done on the Docket Account
3 adjustment. Again, this is pure speculation. It is not supported by a declaration or any
4 other explanation that would provide a basis for making such an adjustment. Where is the
5 sound regulatory principle? The Docket Account is an adjustment raised by the
6 Commission Staff in the course of this proceeding. The company has a right to reply to
7 that adjustment.

8 Commission Staff has made two arbitrary adjustments. Commission Staff
9 acknowledges that there are additional costs that the company is incurring after April of
10 this year for this rate proceeding, but would allow the company to recover none of those
11 costs. That is not the application of “sound regulatory principles.” Instead, it is a means to
12 justify a bottom line number, no more, no less.

13 Finally, Commission Staff makes the argument that the rate case adjustment should
14 be amortized over three years. Given the history of the company, that is simply a means to
15 make sure the company does not recover its full rate case expense. As set out in the
16 Opening Brief of AWRI, the amortization period should be no more than two years.

17 2. Birchfield Water System Gain on Sale.

18 For this adjustment, Commission Staff has strayed so far from sound regulatory
19 principles that it has embarked upon a flight of fantasy. As the Birchfield Water system
20 existed on the books of AWRI, it was a modest system of some twenty-seven connections,
21 of which ten or eleven were active. Under Commission Staff’s proposal, AWRI’s interest
22 in the Birchfield Water system suddenly includes thousands of feet of additional pipe,
23 thirteen fire hydrants, and a system that can serve hundreds of customers. Yet those assets
24 were never on the books of AWRI. As Commission Staff reluctantly admitted, those assets

1 were never used for any prior ratemaking for AWRI and never appeared on the books of
2 AWRI.⁷ Apparently, Commission Staff's theory is that unless the company can
3 demonstrate on a dollar for dollar basis that the funds came from somewhere else, it is
4 assumed that AWRI spent the money for the system (even though there is clear evidence
5 that no money came from AWRI). Thus, much like Rumpelstiltskin spinning straw into
6 gold, Commission Staff weaves a fairytale where regulatory assets are created from thin
7 air.

8 The fantasies in which Commission Staff engages for this adjustment truly boggle
9 the mind. At Paragraph 106, Commission Staff states as follows:

10 Through records provided by AWR, Staff confirmed some investment was
11 made. By making the investment, Mr. Fox did not separately own a
12 portion of Birchfield, but rather made a capital investment in AWR. Staff
13 confirmed that Mr. Fox invested \$78,428.00 in Birchfield.

14 That is not true. The developer, V.R. Fox Company, a separate legal entity, constructed the
15 improvements. As Ms. Lahmann testified, it is a known practice that a developer will build
16 portions of a water system and later turn them over to the water company when they are
17 needed through a bill of sale.⁸ The assets were never turned over to AWRI. There is no
18 bill of sale.

19 Mr. Fox did not make investment in AWRI with these improvements. V.R. Fox
20 Company made expenditures for water system improvements where it would be the
21 developer of homes at a later date. This blatant mischaracterization of events by
22 Commission Staff shows just how little Commission Staff understands of the real world.
23 Commission Staff's position also amounts to a confiscation of private assets for a public

24 ⁷ TR 123, l. 5 – 128, l. 6.

25 ⁸ TR 82, l. 15-25.

1 benefit. Staff has no basis to characterize the sums spent for future needs as an investment
2 by Mr. Fox in AWRI.

3 Commission Staff goes on to state that Mr. Fox was claiming that he was owning a
4 non-regulated water system for Birchfield improvements that were not part of the AWRI
5 assets.⁹ This again ignores reality. He did not own an unregulated water system. Rather,
6 V.R. Fox Company, not Mr. Fox, owned assets that would be needed in the future once it
7 began developing homes. Most developments have various phases to them. A developer
8 will not build all of a large development at one time. It will go through Phases 1, 2 and 3,
9 and so on. One need only look at contracts that are filed with the Commission for water
10 systems across the state to know that this phased building occurs. That was all that was
11 happening here. V.R. Fox Company was building for the future.¹⁰ AWRI did not need
12 those assets to serve the twenty-seven connections that were in the initial phase. The
13 additional assets had not yet been transferred to AWRI. Commission Staff fails to
14 recognize how construction projects occur in the real world.

15 Staff places a great of emphasis on the fact that the reports related to the wells for
16 the Birchfield system all indicate that the wells are owned by AWRI. The response to that
17 is, so what? As noted above, Commission Staff admits that the wells were never in the rate
18 base for AWRI. Rates were never set based upon any value for those wells. The wells had
19 no value for regulatory purposes. Thus, there was no “burden” upon the rate payers for
20 purposes of a gain on sale adjustment. The compensation received for the transfer of the
21 Birchfield system by AWRI was its rate base, no more or no less. The value received by

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24 ⁹ Initial Brief at ¶105.

25 ¹⁰ At a date after construction of the improvements, for reasons not in the record and not germane to any issue
involving AWRI, V.R. Fox Company’s interest in the improvements were assumed by Mr. and Mrs. Fox.

1 V.R. Fox Company was for the expenditures for the improvements for future use: the
2 many thousands of feet of additional main; the thirteen fire hydrants; the engineering for
3 the improvements; the labor for the improvements; and on and on. It did not take the value
4 of the wells from AWRI and somehow gain a windfall. There is not a shred of inference
5 from any item in the record in this case that such happened.

6 Finally, for purposes of calculating its “gain on sale” adjustment, Commission Staff
7 admits that there should be labor expenses. Commission Staff goes on to state it was not
8 able to determine those expenses so does not include any dollar amount for labor.¹¹
9 However, Staff ignores that its own witness admitted Exhibit 142 contains wage entries.¹²
10 Exhibit 142, beginning at p. 7 shows amounts for wages being paid during construction.¹³
11 Commission Staff simply has not added those sums available to it. But, it does not have to
12 since the whole of Staff’s proposed adjustment is a wasted exercise.

13 The point is that there was absolutely no asset of AWRI involved, other than the
14 \$57,500.00 reflected on its books and for which it was paid when the Birchfield system
15 was transferred. The rest is pure fantasy. Where is the sound regulatory principle for this
16 behavior?

17 18 DISCUSSION OF OTHER ADJUSTMENTS

19 As noted earlier, AWRI started this Reply Brief with two adjustments that
20 demonstrate Commission Staff is not following sound regulatory principles. In this section
21 of the Reply Brief, AWRI will comment on some of the other adjustments, some of which
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24 ¹¹ Initial Brief at ¶106.

25 ¹² Mr. Ward admitted this. TR 177, l. 12 – 178, l. 19.

26 ¹³ See the repeated entries for Mr. Skaggs, Mr. Streepy, etc. approximately every two weeks.

1 continue to stray from the bedrock of “sound regulatory principles.”

2 1. Acquisition Adjustment.

3 Commission Staff recommends that the Acquisition Adjustment, R-11, be allowed
4 “only if it [the Commission] allocates gain from View Royal sale according to Staff’s
5 primary recommendation.” In other words, the Acquisition Adjustment must be premised
6 upon acceptance of Commission Staff’s most punitive approach to the View Royal sale.
7 However, there is no sound regulatory principle for the tying of the two adjustments.

8 Commission Staff argues that to allow the Acquisition Adjustment and using a
9 “symmetry of risk” approach to sharing the gain on sale of the View Royal system amounts
10 to the shareholder receiving double reward. Nothing could be further from fact.

11 Under the symmetry of risk approach, the idea is that the shareholders should not be
12 penalized by including in the amount for sharing with customers the amount above rate
13 base that the investor bore as its burden during the time the system was owned by AWRI.
14 That is a logical approach when a gain-on-sale adjustment is appropriate.¹⁴ Staff’s position
15 is premised on the theory that if such an approach is used, it is not appropriate to include an
16 Acquisition Adjustment for the same system -- here, View Royal. However, Staff’s theory
17 is not supported by the facts.

18 The fact that Commission Staff fails to comprehend is that the Acquisition
19 Adjustment proposed by AWRI does not include an amount for View Royal. It reflects the
20 systems, other than View Royal, where AWRI purchased those systems for less than
21 historical cost adjusted for accumulated depreciation (i.e., rate base). View Royal is not

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23 ¹⁴ As set out in AWRI’s Opening Brief, such a gain on sale adjustment for the View Royal sale is not
24 appropriate here since the shareholder did not retain any of the gain. Instead, the shareholder allowed all of
25 the gain to be used to reduce debt -- an action the Commission found in earlier orders would benefit
customers.

1 included in the adjustment because it had already been sold. If reference is made to Staff
2 Exhibit 67 at p. 3, it is clear the View Royal system is removed from the Acquisition
3 Adjustment. There is absolutely no relationship between View Royal and the Acquisition
4 Adjustment. There is zero opportunity for “double recovery.”

5 Thus, once again, Commission Staff has missed an important fact. By ignoring that
6 fact, Commission Staff ties the Acquisition Adjustment through an imaginary thread to the
7 View Royal gain on sale adjustment. There is no nexus. The Acquisition Adjustment
8 should be approved on its own merits, for many of the same reasons as set forth in
9 Commission Staff’s Initial Brief.

10 2. View Royal Gain on Sale.

11 AWRI will not repeat its arguments set forth in its Opening Brief. Instead, AWRI
12 will briefly summarize the major points to its position on this adjustment. Those points are
13 as follows:

- 14 • The View Royal system was sold because it was the most attractive way to raise
15 capital.
- 16 • Additional capital was needed to satisfy the banks’ demands, which will be
17 addressed in additional detail below, to reduce loan amounts.
- 18 • Meeting the banks’ demands, reducing debt and increasing capital, responded to
19 Commission Staff and Commission criticisms, very severe at the least,
20 concerning the company’s capital structure.

21 It is interesting to note that in earlier proceedings AWRI applied for an acquisition
22 adjustment for the View Royal system because its purchase price was above rate base.
23 Commission Staff opposed such an adjustment and the Commission refused to adopt such
24 an adjustment. The basis for the Commission Staff’s position, and presumably, the

1 Commission's action, was that there was no commensurate benefit demonstrated for the
2 customers to increase the rate base to the acquisition price. Having successfully argued
3 that there was no benefit from the increase above rate base for purposes of an acquisition
4 adjustment, Commission Staff now argues that the customers should benefit from the profit
5 made on the sale. If the Commission Staff had supported an acquisition adjustment, the
6 additional cash flow may well have meant that the system could have been retained. By
7 opposing the acquisition adjustment, Commission Staff now seeks to set a penalty for
8 AWRI for being able to find a willing buyer at a purchase price in excess of what was paid
9 for the system. Does this strike anyone as unfair?

10 3. Docket Account.

11 Commission Staff's theory related to the treatment of the Docket Account is that it
12 created a regulatory liability¹⁵ which is not subject to income tax,¹⁶ but if income tax is
13 owed, it is because of imprudent decisions by management.¹⁷ Staff then closes its theory
14 by arguing that the treatment suggested by Commission Staff for the Docket Account will
15 not create a cash flow problem because the company has money available to it from return
16 on equity and depreciation expense.

17 Commission Staff's position on the Docket Account is suspect in light of Mr.
18 Ward's refusal on cross examination to say that if an income tax is owed, as determined by
19 the IRS, that the Commission Staff would recommend that any penalties and interest be
20 considered a regulatory expense to be recovered in rates.¹⁸ Further, the argument that the
21 accrual of funds was imprudent ignores what Commission Staff admits, that the company

23 ¹⁵ Initial Brief at ¶22.

24 ¹⁶ Initial Brief at ¶28.

25 ¹⁷ Initial Brief at ¶39-40.

26 ¹⁸ TR 148, l. 3 – 149, l. 19.

1 brought forth at least two proposals to it for treatment of the Docket Account. One of those
2 proposals would have reset the base level so that the money could be set for employee
3 expenses. Another proposal tried to address the cash flow problems of the company. In
4 both cases, the Commission Staff sat on the suggestions and then ultimately rejected them.

5 It was not until its Initial Brief that Commission Staff explained why it would not
6 support the two proposals presented by AWRI. Waiting so long to explain its position only
7 demonstrates that Commission Staff treated the Docket Account as the proverbial
8 “regulatory rock.” That is not appropriate behavior.

9 Commission Staff further suggests that if the company did not like the Commission
10 Staff’s “no” response, the company could have gone to the Commission. That is very close
11 to a flippant response. Of course, the company always has that option. However, on a
12 technical issue such as this, the Commission is likely to listen to Commission Staff’s
13 viewpoint. The company was advised that it was most likely not worth the money to push
14 the matter on a formal basis to the Commission when the likely answer was no based on
15 Commission Staff opposition. Or, that the matter would be set for hearing because of
16 Commission Staff opposition. The company did not have funds for those actions. So, the
17 company continued to search for the right regulatory rock.

18 Moving to the “cash flow” part of the equation, Commission Staff’s cavalier
19 calculation that the company has money available from depreciation expense and return on
20 equity to cover the cash flow shortfall created by Commission Staff’s proposal ignores the
21 clear history of the company before the Commission. Every penny of money that AWRI
22 generates today, including depreciation expense and return on equity, is used to pay the

1 day-to-day operating expenses, and even then cannot cover those expenses.¹⁹ Commission
2 Staff's suggestion that their approach to treatment of the Docket Account would not create
3 a cash flow problem simply ignores reality.

4 Commission Staff also raises an innuendo that the View Royal sale was made
5 deliberately knowing that it would cause a problem for the Docket Account. At paragraph
6 23 of the Initial Brief, Commission Staff implies that Mr. Fox knew the sale would close
7 even as the Docket Account was being created. That is not anywhere close to the truth. As
8 Mr. Fox testified, it was not at all clear that the View Royal sale would ever close.²⁰

9 Commission Staff also seems to imply that because there is no letter from the bank
10 that states categorically the loan will be called means the bank was not putting pressure on
11 AWRI and Mr. Fox and was not "closing in." Commission Staff has no understanding of
12 what the real world is like. In a business environment, there is nothing more chilling than
13 the polite letter from the bank and the polite telephone summons to a discussion in the
14 banker's office.²¹ While discussed in polite terms, it is no less of an ultimatum that
15 something must be done than if the lender was pounding on the door with the sheriff at his
16 side demanding that the note be paid or "vacate the farm," as depicted in movies of the
17 Depression era. The soft tone no less sets out "an offer that cannot be refused."²²

18 Commission Staff's proposal for the Docket Account will place the company in a
19 position where it cannot operate in a way that allows it to provide service to the customers
20 at any acceptable level.

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22 ¹⁹ See, e.g., Exhibit 93.

23 ²⁰ TR 316, l. 1-17.

24 ²¹ See, Exhibit 90.

25 ²² No more availing is Staff's argument that since the company did not miss a payment, nothing was wrong.
26 Again, this misses the real world. If a bank puts you on notice, you do everything you can to pay on time so
the bank does not have an excuse to call the loan.

1 4. Employee Salary.

2 Commission Staff's primary recommendation ignores the facts that Staff has before
3 it. That is, that for a portion of the test period, the hours for employees were reduced to
4 meet cash flow issues. As Commission Staff is aware, those hours were immediately
5 reinstated beginning July (just after the close of the test period) and continue at the full
6 level to this date. Commission Staff should not be allowed to ignore the reality of the
7 company's operations.
8

9 5. Manager's Salary.

10 Mr. Fox's salary was reduced to \$24,000.00 in prior Commission orders.
11 Commission Staff concedes that service and water quality issues that existed at that time
12 have been resolved.²³ All that Mr. Fox is asking in this case is that the Commission
13 recognize the functions that he is performing as manager and provide him with
14 compensation appropriate for that level.²⁴ The Commission had previously set a manager's
15 salary at \$60,000.00. Mr. Fox is not asking to be rewarded, but simply treated fairly.
16

17 The Staff argues that Mr. Fox has made some decisions which show imprudent
18 judgment. It is true that Mr. Fox paid tax liabilities with monies from the Docket Account.
19 When the IRS is owed money, it needs to be paid. AWRI did not have any other ready
20 source of funds to use for that purpose. In major part, the tax liability arose because of an
21 error made in the estimate of net operating loss carry forward. The error was not made by
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24 ²³ Initial Brief at ¶65.

25 ²⁴ See, Exhibit 94 discussed in the Opening Brief that demonstrates the adjustment prepared by AWRI is very
26 reasonable compared to other companies.

1 Mr. Fox. The error was made by a thoroughly competent accountant, Ms. Parker. It is
2 unfortunate, but sometimes a mistake is made. Mr. Fox should not be personally penalized
3 for relying on a good faith estimate made by a very competent accountant.

4 It should also be noted that Commission Staff seems to argue that Mr. Fox
5 personally retained the proceeds of sale from View Royal.²⁵ Nothing is further from the
6 truth. Those proceeds were used to pay off the debt over which Mr. Fox was criticized for
7 being the primary lender. Mr. Fox, in turn, paid the underlying banks that he had borrowed
8 money from so that he could lend it to AWRI. AWRI could not borrow money on its own
9 stand. Rather, Mr. Fox had to borrow the money based on his financial strength and re-
10 lend it to the company. Mr. Fox retained nothing from the sale. The banks received the
11 money.
12

13 This action was taken to meet very strong Commission criticism (initiated by
14 Commission Staff) that the company had an overly leveraged capital structure that was
15 dangerous for the customers. Now, Mr. Fox is being criticized and the company punished
16 for doing what the Commission asked.
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18 6. Capital Structure.

19 It is highly ironic, in light of the extent of the criticism raised by Commission Staff
20 to the company's capital structure just a few years ago, that the Commission Staff now
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25 ²⁵ Initial Brief at ¶59.

1 characterizes AWRI's capital structure as too rich.²⁶ AWRI's capital structure is not an
2 unreasonably rich capital structure. Given how vociferously the Commission Staff
3 criticized the leveraged capital structure as creating too many risks for the customer, one
4 would think that Commission Staff would congratulate the company for responding to
5 those criticisms and constructing a safe capital structure. However, that was too much to
6 hope for. Instead, the criticism is now that the company has too rich a capital structure.²⁷
7

8 The capital structure of AWRI is not extraordinarily rich in equity. It is a
9 reasonable capital structure given the realities that small water companies face. It is a
10 reasonable capital structure to attempt to provide some borrowing margin should problems
11 arise in the future.

12 7. Group B Systems.

13 Commission Staff apparently argues that the new responsibility for Group B
14 inspections can be accomplished during normal working hours. Using an overly optimistic
15 view of the world, Commission Staff suggests that the inspections can occur when the
16 company's employees are otherwise performing duties for the various systems.
17

18 It would be nice if that is how the world actually operates. However, county
19 employees have their own schedules and needs. Many times, those will not coordinate
20 with the company's day-to-day operations. AWRI operates 133 systems spread over five
21 counties. The vast majority of those systems are Group B systems. The company has
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24 ²⁶ Initial Brief at ¶133.

25 ²⁷ Is it any wonder why in his testimony Mr. Fox described the penchant for Commission Staff to criticize
26 whatever action he takes?

1 employees that are stretched thin today. It is not reasonable to expect that they can
2 accommodate a major new responsibility within the normal working day.

3 8. Other Adjustments.

4 As noted above, AWRI is not addressing every adjustment in this Reply Brief. That
5 does not mean that AWRI agrees with the position of Commission Staff. Rather, AWRI
6 continues to assert the position contained in its Opening Brief.
7

8
9 CONCLUSION

10 The Commission Staff states that the objective for this case is to establish rates that
11 are fair, just, reasonable and sufficient.²⁸ Commission Staff states that its position is to
12 lower revenues by \$100,555.00.²⁹ The actual reduction is even greater, given Commission
13 Staff's recommendation on the handling of the Docket Account. From a cash flow
14 standpoint, the reduction is more along the lines of \$135,000.00. For all of this, the
15 Commission Staff admits that it has the burden of proof.³⁰
16

17 The recommendation from Commission Staff will not produce rates that are fair to
18 the customers or the company. At the level proposed by Commission Staff, the company
19 cannot provide a level of service that would meet customer expectations. Service will
20 deteriorate and complaints will increase. The result proposed by the Staff is not just, in that
21 it relies on adjustments that are not based on sound regulatory principles and, in some
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24 ²⁸ Initial Brief at ¶3.

25 ²⁹ Initial Brief at ¶6.

26 ³⁰ Initial Brief at ¶13.

1 cases, are made from thin air. The result is not reasonable to anyone who can see the
2 hurdles the company must overcome to be able to perform and serve customers on 133
3 systems spread over five counties. Certainly, the rates are not sufficient for company
4 operations.

5 AWRI respectfully requests that the Commission find that the Commission Staff
6 failed to carry its burden of proof. AWRI respectfully requests that the Commission
7 establish new rates at the level sets forth in the company's Opening Brief and in the
8 testimony of Ms. Parker in this matter.
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10 Respectfully submitted this 9th day of July, 2004
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15 Attorney for American Water Resources, Inc.
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