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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 THE WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)

4 Complainant,)

5)

6 vs.) DOCKET NO. UW-001929

7) Volume I

8) Pages 1 - 9

9 Respondent.)

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12 A settlement conference in the above matter
13 was held on May 22, 2001, at 1:30 p.m., at 1300 South
14 Evergreen Park Drive Southwest, Olympia, Washington,
15 before Administrative Law Judge KAREN M. CAILLE.

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18 The parties were present as follows:

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20 THE WASHINGTON UTILITIES AND TRANSPORTATION
21 COMMISSION, by MARY M. TENNYSON, Senior Assistant
22 Attorney General, 1400 South Evergreen Park Drive
23 Southwest, Post Office Box 40128, Olympia, Washington
24 98504.

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26 QUAIL RUN WATER COMPANY, INC., by STEVE
27 HARRINGTON, General Manager, 3242 Capitol Boulevard
28 South, Suite B, Tumwater, Washington 98501.

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33 Kathryn T. Wilson, CCR

34 Court Reporter

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INDEX OF EXHIBITS

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EXHIBIT:

MARKED:

ADMITTED:

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1 P R O C E E D I N G S

2 JUDGE CAILLE: We are here today for a
3 settlement hearing in Docket No. UW-001929. This is
4 the Washington Utilities and Transportation Commission
5 versus Quail Run Water Company, and this proceeding is
6 for a general rate filing by Quail Run Water Company
7 requesting an annual increase in revenues of \$32,000 or
8 45 percent.

9 My name is Karen Caille, and I'm the
10 administrative law judge in this proceeding. Today is
11 May the 22nd, 2001, and we are convened in a hearing
12 room at the Commission's offices in Olympia,
13 Washington. This proceeding was originally noticed for
14 a prehearing conference on May the 17th, 2001. Prior
15 to that prehearing conference, the parties notified the
16 Commission that Staff and the Company had agreed to
17 resolve the case without a hearing, so the Commission
18 canceled the prehearing conference on May the 17th and
19 scheduled this time for a settlement agreement
20 presentation for today, May 22nd, 2001.

21 At this time, I would like to ask the parties
22 to enter your appearances. First of all, is there
23 anything that I haven't covered in my opening remarks
24 about where this case is at this time?

25 MS. TENNYSON: No. I believe that is

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1 sufficient.

2 JUDGE CAILLE: Then if you will please enter
3 your appearance, beginning with the Company.

4 MR. HARRINGTON: My name is Steven
5 Harrington, General Manager, Quail Run Water Company.
6 Address is 3242 Capitol Boulevard, Suite B, Tumwater,
7 Washington, 98501. Phone number, (360) 357-3277; fax,
8 (360) 357-3758; e-mail thewaterco@aol.com; mailing
9 address, P.O. Box 676, East Olympia, 98540.

10 JUDGE CAILLE: For Commission staff?

11 MS. TENNYSON: My name is Mary M. Tennyson,
12 T-e-n-n-y-s-o-n, Senior Assistant Attorney General
13 representing Commission staff. My address is Post
14 Office Box 40128, 1400 South Evergreen Park Drive
15 Southwest, Olympia, Washington, 98504-0128. Telephone
16 is (360) 664-1220. Fax is (360) 586-5522. E-mail is
17 mtennyso@wutc.wa.gov.

18 JUDGE CAILLE: Thank you. Let the record
19 reflect there are no other appearances. I will note
20 for the record that I received a copy of the Settlement
21 Agreement courtesy of the attorney general's office
22 earlier today, and what I propose is having the parties
23 present the Settlement Agreement, Ms. Tennyson, and
24 then perhaps, Mr. Harrington, if there is anything you
25 would like to add, I would give you an opportunity to

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1 do that.

2 MS. TENNYSON: Thank you. The Agreement does
3 reflect the procedural history of the filing and the
4 fact that it was suspended by the Commission and the
5 facts as recited earlier by the administrative law
6 judge about the prehearing conference and the
7 rescheduling of that.

8 The parties have agreed to an increase in the
9 Company's revenue requirement of less than the amount
10 that was originally requested, and the amount of the
11 rate increase, I believe, and Mr. Harrington can
12 correct me if I'm wrong, but the amount of the proposed
13 rate increase is less than that that was originally
14 noticed to the customers so that they will be receiving
15 a lesser increase than they were anticipating. We have
16 not had an outcry from the customers or any kind of
17 impact concerns from the customers of the company, and
18 as Paragraph 3 of the Agreement reflects, the last rate
19 increase for the customers of this company was
20 approximately 10 years. I think it was actually 1988.

21 The Company and Staff have agreed to the
22 results of operations as shown on the attachment to the
23 Agreement. There are two pages of attachment -- the
24 Agreement says they are Attachment A. There is
25 actually no letter or number on them. It's Attachment

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1 1 on the top of the Agreement, actually, dated 17 May
2 of 2001, so we have the results of operations statement
3 for the 12 months ended September 30th, 2000, and then
4 the second page is revenue and rate calculations that
5 the Company and Staff have agreed to on a going-forward
6 basis. Did you have any questions about the Agreement?

7 JUDGE CAILLE: Could you tell me exactly how
8 much the increase is? The proposed increase was for
9 \$32,000.

10 MS. TENNYSON: The actual increase is shown
11 in Paragraph 4(a). It's an increase in the Company's
12 revenue requirement of \$27,500 per year plus associated
13 taxes, and that would be city tax and the state taxes.

14 JUDGE CAILLE: There is no changes in rate
15 design; is that correct?

16 MS. TENNYSON: There is a change in the rate
17 design. Before, the Company did have an amount of
18 usage included in the base rate, and at this point, we
19 are going for a base rate and zero usage so that there
20 is a basic rate to be charged that will cover general
21 expenses and then an additional amount starting with
22 the first gallon of usage.

23 JUDGE CAILLE: Is that reflected on the
24 second --

25 MS. TENNYSON: That is on the second page.

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1 We don't have line numbers on it, but it looks like the
2 second paragraph that says "usage rate per 100 cubic
3 feet," and former rates are included in the bottom
4 left, base zero included 600 cubic feet. It shows the
5 former rate design. There is a calculation also in
6 bold on the lower right-hand corner of the average
7 bill, which includes taxes and a charge for
8 streetlighting, which is the streetlighting is not a
9 portion of the business that this agency regulates but
10 is included on the water bill for convenience of the
11 Company and the customers.

12 JUDGE CAILLE: I don't think I have any other
13 questions. Mr. Harrington, do you have anything to
14 add?

15 MR. HARRINGTON: There is just one minor
16 correction on the front page of the Settlement
17 Agreement. In Paragraph 3 in reference to Line 3, it
18 says, "service will be approximately 77,333," and I
19 think it's just 77,330 according to the results of
20 operation sheet.

21 MS. TENNYSON: That is correct that that
22 should read 330 and not 333.

23 JUDGE CAILLE: Let the record reflect that
24 I'm amending the Settlement Agreement, that is, the
25 original Settlement Agreement, which has been marked as

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1 Exhibit 1 and is admitted into the record. So that
2 will be 77,330.

3 (Marked Exhibit No. 1.)

4 MR. HARRINGTON: The only other thing I
5 would add is that as a result of notice we sent to the
6 customers, I don't believe there were any complaints at
7 all regarding the proposed rate increase, and this rate
8 increase is less, so my suspicion is that no one is
9 going to be disappointed that it's less, so we will
10 continue to carry on and try to do a good job for the
11 customers.

12 JUDGE CAILLE: I would just note, looking at
13 the first Attachment 1, that it looks like the salary
14 of the officers is going down by -- is that by 15,000?

15 MR. HARRINGTON: I'm now at minimum wage.

16 JUDGE CAILLE: I'm sure the rate payers will
17 be happy to hear that too. I have had an opportunity
18 to look this over, and the next step -- it seems like
19 it is a good settlement agreement to me. The next step
20 will be for me to write -- now, I believe -- have the
21 parties agreed to waive an initial order?

22 MS. TENNYSON: Yes. I have not talked to
23 Mr. Finnigan about it, but it was my understanding that
24 with the Settlement, we are not looking at having you
25 adopt the Settlement Agreement and then having the

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1 commissioners adopt it again.

2 JUDGE CAILLE: So what I will do is prepare
3 an order for them to look at and submit that for their
4 signature.

5 MS. TENNYSON: I should also note that
6 Mr. Harrington has filed new tariff sheets with an
7 effective date of June 1st, so it would be best if that
8 order would be issued before that.

9 JUDGE CAILLE: Before June 1st, thank you.
10 Is there anything more to come before the Commission
11 today?

12 MR. HARRINGTON: No, thank you.

13 MS. TENNYSON: No.

14 JUDGE CAILLE: I commend the parties for
15 coming to an agreement on this, and go forth and do
16 good. Thank you.

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18 (Settlement conference concluded at 1:42 p.m.)

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