

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**WASHINGTON WATER SUPPLY,  
INC.,**

**Respondent.**

**DOCKETS UW-240079 and  
UW-230598 (Consolidated)**

**In the Matter of the Request of**

**WASHINGTON WATER SUPPLY,  
INC.,**

**To Approve Tariff Revisions Regarding  
a Temporary Surcharge for Recovery of  
Purchased Water Expenses**

**REBUTTAL TESTIMONY OF**

**MIKE YOUNG**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Complaint Against Washington Water Supply, Inc.*

**March 17, 2025**

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## LIST OF EXHIBITS

- Exh. MY-11    WWS Response to Staff Data Request No. 26, with Attachment
- Exh. MY-12    WWS Response to Staff Data Request No. 17, with Attachment

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Mike Young, and my address is 621 Woodland Square Loop 4 SE, Lacey,  
5 WA 98503. My mailing address is P.O. Box 47250, Olympia, WA 98504-7250. My  
6 email address is Mike.Young@utc.wa.gov.

7

8 **Q. Are you the same Mike Young who has filed testimony in these consolidated dockets?**

9 A. Yes, I am.

10

11 **II. SCOPE AND SUMMARY OF TESTIMONY; RECOMMENDATION**

12

13 **Q. What is the scope and purpose of your testimony?**

14 A. My testimony rebuts the Response Testimony of John Poppe, Exhibit WWS-6T, which  
15 addresses the Complaint against Washington Water Supply, Inc., (Washington Water or  
16 Company) for various violations.

17

18 **Q. Please summarize Staff's recommendations.**

19 A. In my initial testimony, I presented Staff's recommendations relating to the Complaint. In  
20 that testimony, I set out the following recommendations:

- 21 1. The Company be fined \$400 per each of 57 violations for a total of \$22,800 for  
22 failure to provide safe, adequate, and efficient water service.

- 1           2. The Company be fined \$200 per each of 121 violations for a total of \$24,000 for  
2           failure to timely repair the Echo Glen well.
- 3           3. The Company be fined \$500 per each of 17 violations for a total of \$8,500 for  
4           failure to install working and accurate meters. I recommended that the  
5           Commission order Washington Water to install the remaining 17 meters by  
6           January 1, 2026. I further recommended that this penalty be suspended until  
7           January 1, 2026. For each meter installed by December 31, 2025, the \$500  
8           penalty will be waived. For each meter *not* installed by January 1, 2026, the  
9           suspended penalty will be imposed at a rate of \$100 per meter per month until the  
10          meter is installed. I recommended that the Commission order the Company to  
11          implement meter reading and billing according to metered usage starting  
12          January 1, 2026, for those customers that have meters installed, and starting such  
13          practices once meters are installed for customers without meters on January 1,  
14          2026. Lastly, I recommended that the Commission require the Company to report  
15          its meter installation progress no later than 30 days after the end of each calendar  
16          quarter.
- 17          4. The Company be fined \$1,000 for not complying with the Commission’s order to  
18          file a general rate case.
- 19          5. The Company be fined \$1,000 for each of two violations for a total of \$2,000 for  
20          failing to file quarterly reports on two surcharges as required by WAC 480-110-  
21          455.<sup>1</sup>

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<sup>1</sup> Young, Exh. MY-1T at 31:21 – 32:20.

1           The total recommended penalty in my prior testimony was \$58,500. Staff  
2 recommended that \$8,500 of that amount be suspended pending installation of meters.  
3 Staff recommended that the Commission approve a payment schedule for the remaining  
4 \$50,000.<sup>2</sup>

5           Staff has a better understanding of the Company's finances and ability to pay a  
6 substantial penalty from processing the rate case portion of these consolidated dockets.  
7 From Staff's point of view, the violations in the Complaint are serious and require a  
8 regulatory response. However, that regulatory response should be proportionate to the  
9 Company's size and ability to pay. The Commission has discretion to impose penalties *up*  
10 *to* \$1,000 per violation. Based on the Company's financials, Staff believes its original  
11 recommendation, while appropriate based on the Commission's authority, should be  
12 modified to be proportionate to the Company's ability to pay. Staff now updates its  
13 recommendation as follows:

- 14           1. The Company be fined \$75 per each of 57 violations for a total of \$4,275 for  
15           failure to provide safe, adequate, and efficient water service.
- 16           2. The Company be fined \$50 per each of 121 violations for a total of \$6,050 for  
17           failure to timely repair the Echo Glen well.
- 18           3. The Company be fined \$150 per each of 17 violations for a total of \$2,550 for  
19           failure to install working and accurate meters. I recommend that the Commission  
20           order Washington Water to install the remaining 17 meters by January 1, 2026. I  
21           further recommend that this penalty be suspended until January 1, 2026. For each  
22           meter installed by December 31, 2025, the \$150 penalty will be waived. For each

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<sup>2</sup> Young, Exh. MY-1T at 30:17 – 31:16.

1 meter *not* installed by January 1, 2026, the suspended penalty will be imposed at a  
2 rate of \$30 per meter per month until the meter is installed. I recommend that the  
3 Commission order the Company to implement meter reading and billing  
4 according to metered usage starting January 1, 2026, for those customers that  
5 have meters installed, and starting such practices once meters are installed for  
6 customers without meters on January 1, 2026. Lastly, I recommend that the  
7 Commission require the Company to report its meter installation progress no later  
8 than 30 days after the end of each calendar quarter.

9 4. The Company be fined \$1,000 for not complying with the Commission's order to  
10 file a general rate case.

11 5. The Company be fined \$500 for each of two violations for a total of \$1,000 for  
12 failing to file quarterly reports on two surcharges as required by WAC 480-110-  
13 455.

14 The total penalty under Staff's updated recommendation is \$14,875. Of that  
15 amount, Staff recommends that \$2,550 be suspended pending meter installation. Staff  
16 continues to recommend that the Commission approve a payment schedule for the  
17 remaining \$12,325.

18  
19 **Q. Have you prepared any exhibits in support of your testimony?**

20 A. Yes. I prepared Exhibits MY-11 (WWS Response to Staff Data Request No. 26, with  
21 attachment) and MY-12 (WWS Response to Staff Data Request No. 17, with  
22 attachment).

1 **III. RESPONSE TO WASHINGTON WATER**

2

3 **Q. Do you have general comments regarding Washington Water witness Mr. Poppe’s**  
4 **testimony?**

5 A. Yes. Mr. Poppe seems to believe that the Complaint filed against Washington Water is an  
6 exercise of regulatory bullying. Mr. Poppe states, “this complaint is the result of the UTC  
7 leveraging this situation to overextend its authority and bully me into selling the Echo  
8 Glen water system.”<sup>3</sup> This is simply not accurate. The Complaint filed against  
9 Washington Water is a direct response to Washington Water’s inability to supply  
10 sufficient service and failure to comply with Commission orders and requirements.

11 Additionally, Mr. Poppe attempts to blame customers for the troubles incurred by  
12 the Echo Glenn water system. Mr. Poppe states that customers were not observing  
13 conservation requirements, and that caused outages during the time Washington Water  
14 had to truck in water to Echo Glen.<sup>4</sup> This is concerning when compared to customer  
15 comments during the August 10, 2023 Open Meeting, which described their “experiences  
16 purchasing potable water, having as little as two hours of running water, the inability to  
17 sell the houses due to not being able to affirm that they have year-round potable water,  
18 losing plants due to lack of water, concern about elderly parents, harm to livestock and  
19 pets, and not having sufficient water to address their daily needs, including hygiene.”<sup>5</sup>

20

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<sup>3</sup> Poppe, Exh. WWS-6T at 5:3-4.

<sup>4</sup> Poppe, Exh. WWS-6T at 14:21-25.

<sup>5</sup> Young, Exh. MY-1T at 10:8-13, citing UTC Open Meeting August 10, 2023 Recording at 39:11 through 1:36:55, <https://wutc.app.box.com/v/OpenMeetings/file/1288044702722>. Mr. Poppe blames the “UTC’s electronic meeting technical issues” for his failure to attend. Poppe, Exh. WWS-6T at 20:11-13.

1           **A.     First Cause of Action: WWSI Violated RCW 80.28.010(2) by Failing to**  
2                   **Furnish and Supply Such Service, Instrumentalities and Facilities as Shall be**  
3                   **Safe, Adequate and Efficient, and an All Respects Just and Reasonable**  
4                   **During the Period That Echo Glenn Was Subject to a Boil Water Advisory**

5  
6           **Q.     Mr. Poppe states that he issued the Boil Water Advisory “in an abundance of**  
7                   **caution.”<sup>6</sup> Does Staff view the Boil Water Advisory as unnecessary in this**  
8                   **case?**

9           A.     No. As I testified earlier, Boil Water Advisories are issued due to actual or potential E-  
10                  coli contamination.<sup>7</sup> Mr. Poppe correctly states that when low pressure occurs on a water  
11                  system, bacteria can potentially enter the water system.<sup>8</sup> It is the drop in pressure and  
12                  potential for contamination that triggers the need for the Boil Water Advisory.<sup>9</sup>

13                  Mr. Poppe was required to issue the Boil Water Advisory for Echo Glen.

14                  Mr. Poppe seems to imply that the Boil Water Advisory was not needed for the  
15                  Echo Glen water system because the water never tested positive for bacteria outside of  
16                  required standards.<sup>10</sup> The water was tested after the work on the well was complete,  
17                  which confirmed that the water system was operating safely to allow the Boil Water  
18                  Advisory to be lifted.<sup>11</sup> One cannot say that the water was safe and potable prior to the  
19                  work being completed because the system could not maintain consistent and adequate  
20                  water pressure. Customers were required to boil water or otherwise acquire potable water

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<sup>6</sup> Poppe, Exh. WWS-6T at 7:18 – 8:3.

<sup>7</sup> Young, Exh. MY-1T at 8:7-10.

<sup>8</sup> Poppe, Exh. WWS-6T at 7:19-21.

<sup>9</sup> Young, Exh. MY-1T at 8:7-10.

<sup>10</sup> Poppe, Exh. WWS-6T at 7:13 – 8:7.

<sup>11</sup> Young, Exh. MY-1T at 9:1-12.

1 during a three-month period.<sup>12</sup> Customers also detailed other harm resulting from the  
2 Boil Water Advisory.<sup>13</sup>

3  
4 **Q. Mr. Poppe states that Washington Water did not receive a violation from  
5 Department of Health.<sup>14</sup> Does Staff agree with this?**

6 A. No. On January 2, 2024, Department of Health sent Mr. Poppe a letter stating, “Your  
7 water system has a monitoring violation for November 2023 because we either did not  
8 receive any routine coliform sample results or we received fewer routine coliform sample  
9 results than required.”<sup>15</sup> The letter states that the violation could be resolved by showing  
10 that the testing occurred.<sup>16</sup> From Staff’s perspective, Washington Water resolved the  
11 violation by providing the water quality test results, but resolving the violation does not  
12 negate the violation. The violation existed and was addressed.

13  
14 **Q. Mr. Poppe defends his use of a customer notifying other customers of the Boil  
15 Water Advisory.<sup>17</sup> How does Staff respond?**

16 A. Staff was able to determine in the general rate case audit that Mr. Poppe actually paid  
17 Ms. Cline to communicate with Echo Glen customers. This technically makes her an  
18 employee, but Mr. Poppe, as the owner, still bears responsibility for ensuring notices are  
19 distributed properly and according to Commission rules. It is also his responsibility to  
20 ensure Ms. Cline has the correct contact information for each customer and to take

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<sup>12</sup> Young, Exh. MY-1T at 10:5-7.

<sup>13</sup> Young, Exh. MY-1T at 10:8-13.

<sup>14</sup> Poppe, Exh. WWS-6T at 8:3.

<sup>15</sup> Young, Exh. MY-2 at 26-27.

<sup>16</sup> Young, Exh. MY-2 at 26-27.

<sup>17</sup> Poppe, WWS-6T at 9:11 - 10:6.

1 measures to ensure that data is protected from misuse. As stated in my original testimony,  
2 the Company did not provide any information about how notices would be distributed if  
3 Ms. Cline was not able to perform her duties.<sup>18</sup> Finally, WAC 480-110-425(1) states,  
4 “Each water company must submit a draft customer notice to the commission for review  
5 at least one week before the company's planned *printing date* for distribution.”<sup>19</sup> This  
6 implies that notices should be printed and distributed. Companies can petition for an  
7 exemption under WAC 480-110-215 to allow for electronic notices, but Washington  
8 Water Supply has not done so.

9  
10 **B. Second Cause of Action: WWSI Violated RCW 80.28.010(11) by Failing to**  
11 **Timely Repair the Echo Glen Well**

12  
13 **Q. Mr. Poppe states that he was only made aware of low-pressure issues in the summer**  
14 **of 2022.<sup>20</sup> How does Staff respond?**

15 A. In my original testimony, I point out that Echo Glen customers made comments at the  
16 Commission’s August 10, 2023, Open Meeting where they stated the system has had  
17 periodic outages and low-pressure issues, perhaps even leaks, for the past several years.<sup>21</sup>

18  
19 **Q. Mr. Poppe states that he believes he acted appropriately and timely to address the**  
20 **issues with the Echo Glen well. How does Staff respond?**

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<sup>18</sup> Young, Exh. MY-1T at 10:15 – 11:2 and fn. 38.

<sup>19</sup> WAC 480-110-425(1) (emphasis added).

<sup>20</sup> Poppe, Exh. WSS-6T at 11:18-21.

<sup>21</sup> Young, Exh. MY-1T at 13:20 – 14:2; UTC Open Meeting August 10, 2023, Recording at 39:11 through 1:36:55.  
<https://wutc.app.box.com/v/OpenMeetings/file/1288044702722>.

1 A. Even if June 2022 was the first indication of problems with the well (Staff does not agree  
2 with this assumption), the well was not rehabilitated until September of 2023, 15 months  
3 later. Whether Mr. Poppe had the ability to act sooner or not, the simple fact is that for 15  
4 months customers were not provided with adequate service. Since the Company has not  
5 filed for rates with the Commission in over 24 years, it is unclear whether the Company  
6 has made any capital improvements to any of its systems over that time. RCW 80.28.010  
7 (11) requires the Company to ensure safe and efficient service. Repairs after system  
8 failure does not ensure safe and efficient service, it merely restores it.

9

10 **C. Third Cause of Action: WWSI Violated WAC 480-110-415(1) by Failing to**  
11 **Install Meters to Measure the Volume of Water Delivered to 21 Direct**  
12 **Service Connections**

13

14 **Q. Mr. Poppe states he is installing meters in accordance with Department of Health**  
15 **(DOH) requirements, and that DOH doesn't have any concerns with his pace of**  
16 **installation.<sup>22</sup> How does Staff respond?**

17 A. Mr. Poppe correctly points out that WAC 246-290-496 required meters to be installed on  
18 all Class A water systems by January 1, 2017, which he failed to do. Then Mr. Poppe  
19 states that WAC 480-110-515(1) does not say water companies are required to install  
20 meters. As pointed out in my previous testimony, WAC 480-110-515 (1)(a)(ii) states it is  
21 the water company's responsibility to (must) install water meters that are in working  
22 order and accurately measure water flow.<sup>23</sup> Regardless of which WAC is referenced,

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<sup>22</sup> Poppe, Exh. WSS-6T at 15:14 – 16:10.

<sup>23</sup> Young, Exh. MY-1T at 16:21-22; See Young, Exh. MY-1T at 17:1-13.

1 Washington Water Supply should have installed meters on its Class A systems by  
2 January 1, 2017. To date, the Company has not done so.

3  
4 **Q. Does Mr. Poppe state when he will have the meters installed?**

5 A. No. Mr. Poppe does not state when Washington Water will have meters installed. He  
6 only states that he has been installing meters. Mr. Poppe states that he has installed a  
7 number of meters consistently each year, including 2024, but also states that additional  
8 meter installations were prevented in 2023, 2024, and 2025 due to legal fees.<sup>24</sup>

9 Staff contends that no meters have been installed in 2023 or 2024, which is  
10 consistent with Washington Water's response to discovery. The Company's Response to  
11 Staff Data Request No. 26(e) says that no meters were installed in 2024 and that it  
12 already provided meter installation information for 2023 to Staff.<sup>25</sup> Washington Water  
13 provided installation information in Response to Staff Data Request No. 17.<sup>26</sup> That  
14 response states the Company installed two meters in 2024, and three meters in 2023.<sup>27</sup>  
15 This response is in direct contradiction to Mr. Poppe's testimony identified above. Staff  
16 believes that Mr. Poppe may have intended to install meters in 2023, 2024, and even  
17 2025, but that he has not done so.

18  
19 **Q. Could the Company recover the cost of meter installation as part of rate base in a**  
20 **general rate case?**

21 A. Yes.

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<sup>24</sup> Poppe, Exh. WWS-6T at 15:16-23.

<sup>25</sup> Young, Exh MY-11, Company Response to Staff Data Request 26.

<sup>26</sup> Young, Exh. MY-12, Company Response to Staff Data Request No. 17.

<sup>27</sup> Young, Exh MY-12, Company Response to Staff Data Request No. 17.

1 **Q. Does the Commission have authority to require the Company to install meters?**

2 A. Yes. The Commission has authority to order utilities to make improvements to systems  
3 under RCW 80.28.030(1). It is Staff's contention that if all the customers on the Echo  
4 Glen system had water meters, in accordance with statute and rule, and were billed  
5 according to their usage, there would not have been any need to truck-in additional water.  
6 Customers would have been able to monitor their usage and adjust their behavior  
7 accordingly. Additionally, the Company could have monitored usage and communicated  
8 effectively with customers who were not monitoring their usage or modifying their  
9 behavior. This is a failure of the Company to provide service that is safe, adequate and  
10 efficient, and in all respects just and reasonable as required by RCW 80.28.010(2).

11

12 **D. Fourth Cause of Action: WWSI Violated Order 01 From Docket UW-230598**  
13 **by Failing to File a General Rate Case no Later Than January 15, 2024, With**  
14 **an Effective Date of February 15, 2024**

15

16 **Q. Mr. Poppe concedes that Washington Water failed to file a rate case, testifies about**  
17 **his belief that Washington Water did not think it had to file a rate case, and that it**  
18 **attempted to file a rate case.<sup>28</sup> How does Staff respond?**

19 A. Staff does not believe that Mr. Poppe is entirely forthcoming. Derek Pell of DOH set up a  
20 Zoom meeting for 1:00 pm on June 21, 2023, with Mr. Pell, Mr. Poppe, and me. During  
21 that call, I explicitly told Mr. Poppe that we could handle the costs of trucked water as a  
22 surcharge, but that he would have to file a general rate case to recover the cost of the

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<sup>28</sup> Poppe, Exh. WWS-6T at 4:9-11, 17:12-18.

1 repairs. The filing requirements for a general rate case are outlined clearly in WAC 480-  
2 07-520. Additionally, WAC 480-110-245 distinguishes between a “rate increase filing”  
3 and a “surcharge”. The primary difference is a surcharge is in *addition to* (my emphasis)  
4 regular monthly service fees and typically has an expiration date; a general rate case  
5 proposes to increase tariff rates permanently, or until further action is taken.<sup>29</sup>

6 Mr. Poppe did file two surcharges (UW-230997<sup>30</sup> and UW-230598<sup>31</sup>) to recover  
7 the cost of the trucked-in water. Staff provided extensive technical assistance with those  
8 filings. The Commission was clear in its order that the Company must file a rate case.<sup>32</sup>  
9 Mr. Poppe did not file a rate case, nor did he reach out to Staff to ask for assistance. The  
10 fact that the Company did not file a rate case by the prescribed deadline is what triggered  
11 this Complaint. What Mr. Poppe subsequently submitted in these consolidated dockets  
12 was actually another surcharge to recover the costs of the well rehabilitation.<sup>33</sup> He did not  
13 make provision for any other changes to operating costs during the previous 20 years,  
14 investments in capital improvements, nor did he make provision for any legal fees  
15 already incurred, or that he expected to incur. He asked the Commission to keep his rate  
16 as it was approved in 2001.<sup>34</sup> Finally, in Mr. Poppe’s testimony he stated he did not want  
17 a rate increase at all.<sup>35</sup>

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<sup>29</sup> WAC 480-110-245.

<sup>30</sup> See *Wash. Utils. & Transp. Comm’n v. Washington Water Supply, Inc.*, Docket UW-230997, Order 05 (Dec. 16, 2024).

<sup>31</sup> See *Wash. Utils. & Transp. Comm’n v. Washington Water Supply, Inc.*, Docket UW-230598, Order 01 (Aug. 10, 2023).

<sup>32</sup> *Washington Water*, Docket UW-230598, Order 01, ¶¶ 7, 10-13, 21; *Washington Water*, Dockets UW-240079 and UW-230598, Order 01/02, ¶ 8. Washington Water’s last rate case as in Docket UW-001796.

<sup>33</sup> *Wash. Utils. & Transp. Comm’n v. Washington Water Supply, Inc.*, Docket UW-240079, Initial Filing, Revisions to Tariff WN-U-2 (Jan. 22, 2024); Poppe, Exh. WWS-1T at 1:25 – 2:24; Young, Exh. MY-1T at 7:3-7.

<sup>34</sup> Poppe, Exh. WWS-1T at 2:25-26.

<sup>35</sup> Poppe, Exh. WWS-14T at 3:8 (“Staff is trying to impose a rate increase that I did not ask for and that does not serve my customers.”).

1 **Q. Why is it important that the Company file for a rate increase, even if the owner does**  
2 **not want to do so?**

3 A. It is an economic fact that the cost of goods and services increases over time. A general  
4 rate case is the method by which a regulated monopoly demonstrates cost increases and  
5 the need to increase revenue (and therefore rates) to remain solvent and provide safe and  
6 adequate drinking water. In addition to operating costs, the Company may also recover  
7 the cost of capital improvements, and a reasonable return on the investment. It is the  
8 recovery of the capital costs and return that provides cash for the Company to make  
9 further capital investments to ensure the system remains functional and the water is safe  
10 to drink. Without that recovery, the owner is expected to provide the cash when needed,  
11 whether they have access to additional funds or not. Further, customers that do not see  
12 any increases in their rates over a long period of time experience greater rate shock<sup>36</sup>  
13 when an increase is finally implemented, usually at the point of failure. One could argue  
14 that such a situation exists here.

15  
16 **Q. Mr. Poppe testifies that he has incurred legal fees that he believes should be**  
17 **recovered from Echo Glen customers. How does Staff respond?**

18 A. Legal fees that are necessary for the provision of service are a normal cost of doing  
19 business that should be recoverable in rates. Legal fees incurred as part of complying  
20 with Commission orders or other regulatory requirements are also recoverable in rates. In  
21 that case, the cost is normally spread over a period of time, as the Company would not  
22 experience that cost every year. This is called amortization or normalization. Staff

---

<sup>36</sup> Rate shock is an overly large increase in rates.

1 believes some legal fees should be recovered by the Company, but not exclusively from  
2 Echo Glen Customers. However, the recovery of legal fees is an issue for the general rate  
3 proceeding. Mr. Poppe included approximately \$1,500 for legal expenses in his income  
4 statement, but it is not clear what those expenses were for. My colleague, Jeannine  
5 Leggett, allowed the \$1,500 into rates in her calculations based on the information she  
6 had available at the time of her testimony.<sup>37</sup>

7  
8 **Q. If these filings are a result of work done on the Echo Glen system, why should the**  
9 **costs not be recovered from Echo Glen customers?**

10 A. There are two parts to this question. First, although there was work done on the Echo  
11 Glen system, most (if not all) the legal fees are a result of Mr. Poppe not complying with  
12 the Commission order. For example, regarding the second surcharge, the Company failed  
13 to bill customers appropriately after the tariff was approved by the Commission.<sup>38</sup> That  
14 failure required the Company to file a petition to amend its tariff, which the Commission  
15 granted.<sup>39</sup> This action was not caused by the customers, but by the Company's failure to  
16 act. Staff believes these legal costs should be borne by the owner and not customers.

17 Second, The Echo Glen customers did pay for the trucked-in water, which was a  
18 direct result of their use of the water, which the well was not able to provide. However,  
19 the Commission regulates and sets rates for companies, not individual systems. The  
20 Commission has long held that it is more beneficial to spread the cost of capital

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<sup>37</sup> Leggett, Exh. JL-2, Pro-Forma Results of Operations, Tab Sch 1 Results of Operations, Row 26, Contractual Legal.

<sup>38</sup> *Washington Water*, Docket UW-230997, Order 04, Order Approving Settlement, (June 14, 2024).

<sup>39</sup> *Washington Water*, Docket UW-230997, Order 05.

1 improvements over all customers rather than customers on a specific system.<sup>40</sup> This  
2 lowers the rate impact, and by broadening the customer base ensures that the cost of  
3 improvements on other systems will be equally shared by all customers. It is especially  
4 important in this situation as the systems owned and operated by Mr. Poppe are very  
5 small on their own, with fewer than 15 connections. Staff believes that allowable legal  
6 costs associated with complying with Commission action and requirements should be  
7 recovered from all customers, but that legal costs resulting from Company inaction, or  
8 inappropriate action, should not be borne by customers.

9  
10 **E. Fifth Cause of Action: WWSI Violated Order 01 From Docket UW-230598**  
11 **by Failing to File Reports Each Calendar Quarter the Trucked Water**  
12 **Surcharge was in Effect**

13  
14 **Q. Mr. Poppe testifies, “UTC Staff were notified that reports could not be delivered**  
15 **until WWS’s books were closed at the end of the year. This was no surprise to UTC**  
16 **Staff.”<sup>41</sup> What is Staff’s response?**

17 A. That is Mr. Poppe’s sole response to the Fifth Cause of Action from the Complaint.  
18 Washington Water is obligated to comply with regulatory requirements. RCW 80.01.040  
19 (4) states that the Commission *shall* (my emphasis) make rules and regulations necessary  
20 to carry out its powers and duties. The Commission enacted WAC 480-110-455(4) which

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<sup>40</sup> *Wash. Utils. & Transp. Comm’n v. Iliad Water Company, LLC*, Docket UW-161155, Order 02, ¶ 10 (March 29, 2017) (“We also find that the single tariff rate structure, which maximizes economies of scale, is in the public interest. Under a single tariff rate, the impacts of any large plant costs or operating expenses will be minimized on a per-customer basis.”).

<sup>41</sup> Poppe, Exh. WWS-6T at 18:23-25.

1 clearly outlines the accounting and reporting requirements applicable to surcharges.  
2 These requirements were reiterated in the Commission's order. The required reports  
3 should contain the required information for the period covered by the reports. Whether or  
4 not a company has "closed its books" is not an excuse. These requirements are applied to  
5 all regulated water companies granted surcharges in the same manner, and the  
6 expectation is that Washington Water would comply the same as all other regulated water  
7 companies are expected.

8  
9 **F. Enforcement Factors**

10  
11 **Q. Mr. Poppe stated in his testimony that "There is no evidence that any house sale fell**  
12 **through or that any customer became ill"<sup>42</sup> due to the well issues on Echo Glen.**  
13 **What is your response to that?**

14 A. The Commission regulates investor-owned water companies so that these situations do  
15 not occur. Through setting appropriate rates, the Commission ensures companies are able  
16 to provide clean and safe drinking water in accordance with Dept. of Health Standards set  
17 in WAC 246-290-310. If a customer were to become ill, WAC 480-110-395 provides for  
18 refunding of water charges to that customer. So, although Mr. Poppe's statement may be  
19 factual, the real issue in this case is whether he took appropriate and timely action to  
20 prevent customers becoming ill. It is Staff's opinion that he could have acted more  
21 swiftly and responsibly and that the risk to customers was real even if harm did not come  
22 to fruition.

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<sup>42</sup> Poppe, Exh. WWS-6T at 19:19-21.

1 **Q. Mr. Poppe stated in his testimony that, “I did my best to comply with UTC**  
2 **requirements. Those requirements are often not in writing and based on internal**  
3 **practices that WWS is not privy to.”<sup>43</sup> What is your response to that?**

4 A. The record shows that Mr. Poppe did not comply with Commission orders and did not  
5 properly apply approved tariff rates for the surcharge. Commission requirements are  
6 clearly outlined in WAC 480-110-455, and Staff responded promptly to all his email  
7 requests for assistance in getting tariff pages filed and rates calculated. Additionally, he  
8 did not actually file the general rate case required in Commission Order 05 but instead  
9 proposed an additional surcharge to be borne solely by Echo Glen customers. It is Staff’s  
10 opinion that had Mr. Poppe cooperated more fully, he would have recovered all the  
11 incurred costs for the trucked-in water and well rehabilitation without the need to resort  
12 to these formal proceedings.

13  
14 **Q. Mr. Poppe stated in his testimony that “It is unclear what kind of “compliance**  
15 **program” Staff implies is required. WWS does its best to comply with all applicable**  
16 **regulations.”<sup>44</sup> What is your response to that?**

17 A. Again, the record shows that Mr. Poppe did not comply with Commission orders<sup>45</sup> and  
18 did not properly apply approved tariff rates for the surcharge.<sup>46</sup> The Commission’s  
19 Enforcement Policy states in Section VI that the Commission expects companies subject  
20 to the public service laws in RCW Titles 80 and 81 to comply with all statutory and

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<sup>43</sup> Poppe, Exh. WWS-6T at 20:18-20.

<sup>44</sup> Poppe, Exh. WWS-6T at 22:21-24.

<sup>45</sup> Poppe, Exh. WWS-6T at 4:9-11, 17:12-18.

<sup>46</sup> *Washington Water*, Docket UW-230997, Order 04, ¶ 21.

1 regulatory requirements.<sup>47</sup> This includes complying with Commission orders, meeting  
2 filing requirements, and implementing tariffs pursuant to applicable rules and statutes.<sup>48</sup>  
3 Further, the Enforcement Policy states that the Commission expects companies to have a  
4 compliance program that includes personnel whose stated job responsibilities include  
5 understanding and implementing Commission statutory and regulatory requirements.<sup>49</sup>  
6 Staff believes that a company “compliance program” could be as simple as employing a  
7 consultant that is familiar with Commission regulations requirements, when existing  
8 company employees do not have that expertise. Staff also believes that the Company  
9 could have avoided all compliance issues simply by reaching out to staff for assistance  
10 and following Staff’s instructions.

11  
12 **Q. Do you believe the Company’s failure to follow the Commission’s regulations and**  
13 **requirements justifies the penalties you have recommended?**

14 A. Yes.

#### 15 IV. CONCLUSION

16  
17 **Q. Can you summarize Staff’s recommendations with respect to the consolidated**  
18 **dockets?**

19 A. With respect to the complaint, Staff recommends adjusting the penalty amounts applied  
20 to the violations based on the amount of money the Company has available and its small  
21 size. Staff’s modified penalty recommendations are as follows:

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<sup>47</sup> *Enforcement Policy for the Washington Utilities and Transportation Commission*, Docket A-120061, ¶ 6 (Jan. 7, 2013) (Enforcement Policy).

<sup>48</sup> Enforcement Policy, ¶ 10.

<sup>49</sup> Enforcement Policy, ¶ 8.

- 1           1. The Company be fined \$75 per each of 57 violations for a total of \$4,275 for  
2           failure to provide safe, adequate, and efficient water service.
- 3           2. The Company be fined \$50 per each of 121 violations for a total of \$6,050 for  
4           failure to timely repair the Echo Glen well.
- 5           3. The Company be fined \$150 per each of 17 violations for a total of \$2,550 for  
6           failure to install working and accurate meters. I recommend that the Commission  
7           order Washington Water to install the remaining 17 meters by January 1, 2026. I  
8           further recommend that this penalty be suspended until January 1, 2026. For each  
9           meter installed by December 31, 2025, the \$150 penalty will be waived. For each  
10          meter *not* installed by January 1, 2026, the suspended penalty will be imposed at a  
11          rate of \$30 per meter per month until the meter is installed. I recommend that the  
12          Commission order the Company to implement meter reading and billing  
13          according to metered usage starting January 1, 2026, for those customers that  
14          have meters installed, and starting such practices once meters are installed for  
15          customers without meters on January 1, 2026. Lastly, I recommend that the  
16          Commission require the Company to report its meter installation progress no later  
17          than 30 days after the end of each calendar quarter.
- 18          4. The Company be fined \$1,000 for not complying with the Commission's order to  
19          file a general rate case.
- 20          5. The Company be fined \$500 for each of two violations for a total of \$1,000 for  
21          failing to file quarterly reports on two surcharges as required by WAC 480-110-  
22          455.

1           The total penalty under Staff's updated recommendation is \$14,875. Of that  
2 amount, Staff recommends that \$2,550 be suspended pending meter installation. Staff  
3 continues to recommend that the Commission approve a payment schedule for the  
4 remaining \$12,325.

5           With respect to the general rate case, Staff witness Jeanine Leggett presents  
6 Staff's recommendation. Jeanine Leggett's analysis results in an increase to Washington  
7 Water's monthly flat rate from \$43.25 to \$54.00.<sup>50</sup>

8  
9 **Q. Does this conclude your testimony?**

10 **A. Yes, it does.**

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<sup>50</sup> Leggett, Exh. JL-1T at 15:6-7.