

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Penalty Assessment Against
PARKLAND WATER SYSTEM, INC., in
the Amount of \$100

DOCKET UW-081083

DECLARATION OF
SHERI HOYT

SHERI HOYT, under penalty of perjury under the laws of the state of Washington, declares as follows:

1. I am over 18 years of age, a citizen of the United States, a resident of the state of Washington, and competent to be a witness.
2. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Compliance Investigator in the Compliance Investigations Section. I have been employed at the Commission for over 16 years, holding various positions. As a Compliance Investigator, my responsibilities include conducting investigations regarding the business practices of regulated utility or transportation companies. As part of those duties, I investigate water companies that may be operating in violation of Commission statute or, rule.
3. On November 25, 2008, Parkland Water System, Inc. (Parkland) filed with the Commission a Request for Mitigation (Mitigation Request) in Docket UW-081083.
4. This Mitigation Request arises from a Notice of Penalties Incurred and Due for Violations of Laws and Rules issued by the Commission on June 30, 2008, in Docket UW-081083. In that Notice, the Commission issued a penalty of \$100 for a violation of Washington Administrative Code (WAC) 480-110-505, which requires water companies to file annual reports with the Commission by May 1 each year.
5. Before recommending the Commission issue penalties, as part of my job, I conducted an investigation of Parkland's records. My investigation resulted in an investigation report titled, "Staff Investigation - 2007 Annual Reports."¹ I identified the violation in this case from records maintained by the Commission.

Specific Issues Addressed by Parkland in its Mitigation Request

Parkland states the company submitted its annual report, has only seven customers and does not have the money with which to pay the \$100 penalty assessment.

6. Parkland states it filed the annual report and does not currently have the funds to pay a \$100 penalty.

¹ A true and accurate copy of the investigation report is attached to this declaration as Attachment A.

7. Commission records indicate the 2007 annual report packet was mailed to regulated water companies on February 29, 2008. On April 1, 2008, a reminder notice stating the annual report was due to the Commission by May 1, 2008, was mailed to all regulated water companies. In addition, on May 15, 2008, a notice was sent to all companies that failed to file their annual reports by May 1, 2008, that extended the annual report filing deadline until May 30, 2008.
8. The Commission received Parkland's 2007 annual report on July 16, 2008.² No regulatory fee was due. Had Parkland submitted the annual report by the May 1 deadline, or the May 30 extended deadline, no penalty would have been issued and no monies would be due from the company.

Parkland asserts if the Commission is unwilling or unable to mitigate the penalty, it will have no other choice than to appear in court where it will seek to be relieved of the Commission's jurisdiction.

9. The deadline for requesting mitigation passed in July 2008. The company had fifteen days from the date of receipt of the penalty to protest the penalty or to request mitigation of the penalty. No penalty payment or any type of request was received within this time period.
10. The penalty was mailed to Parkland by first class mail as well as certified mail. The certified mail envelope was returned by the Postal Service on July 22, 2008, marked "unclaimed." The first class envelope was not returned to the Commission; therefore, it is reasonable to assume that the company received the penalty assessment shortly after it was mailed on June 30, 2008. Moreover, the company's mitigation request does not claim the penalty was not received.
11. This is not the first time that Parkland has failed to file its annual report by the May 1 deadline and been penalized as a result. After a decade of non-compliance with the annual report rule, the Commission penalized Parkland \$100 in docket UW-060985 for failure to file its 2005 annual report by the May 1 deadline. Parkland requested an administrative hearing to dispute the violation had occurred. In the Commission's November 2, 2006, final order denying mitigation, the Commission encouraged Parkland to avail itself of offers by Commission Staff to provide technical assistance in the completion of its annual report and, based on the data in that report, the evaluation of whether Parkland remains subject to the Commission's jurisdiction.³ Parkland never filed a 2005 annual report and did not contact staff.
12. Parkland is capable of timely filing an annual report; it did so last year. Staff urges Parkland to avoid any future penalties by filing timely.
13. Staff further urges Parkland to contact Jim Ward, Regulatory Analyst, at (360) 664-1250, to discuss whether Parkland may be relieved of regulation under Commission rules.

² A true and accurate copy of Parkland's 2007 annual report is attached to this declaration as Attachment B.

³ A true and accurate copy of the final order in Docket UW-060985 is attached to this declaration as Attachment C.

Staff Recommendation

14. Staff recommends the Commission deny mitigation of the \$100 penalty assessment. Parkland is fully aware of the requirement that it must file the annual report by May 1 every year. In addition, Parkland has not acted on Staff's previously offered assistance in evaluating whether the company should continue to be regulated by the Commission.

DATED at Olympia, Washington, and effective December ____, 2008.

SHERI HOYT

Attachment A

Water Companies

Staff Investigation - 2007 Annual Reports

June 12, 2008

Purpose

The purpose of this investigation is to determine if three water companies, Ketron Island Water, Inc., Parkland Water System, Inc. and South Bainbridge Water System, Inc., are in violation of Washington Administrative Code (WAC) 480-110-505. WAC 480-110-505 requires water companies to furnish annual reports to the Washington Utilities and Transportation Commission (commission) no later than May 1 each year.

Background

This investigation was prompted by commission staff's yearly review of annual reports for water companies registered with the commission.

On February 29, 2008, the commission mailed 2007 Annual Report forms and 2008 Regulatory Fee packets to water companies registered with it. A letter from Executive Secretary Carole Washburn instructed companies to file annual reports and pay regulatory fees by May 1, 2008¹. Further, the letter stated failure to file the annual report by May 1 could result in a penalty. Those companies wishing to request an extension to file the annual report were asked to do so prior to May 1, providing a reason for the requested extension. None of the above listed water companies requested an extension.

On April 1, 2008, the commission mailed a notice to all water companies reminding them that 2007 annual reports and 2008 regulatory fees were due by May 1, 2008².

Investigation

The three water companies named above failed to file their 2007 annual reports by the May 1 deadline. On May 15, 2008, the commission sent letters to those companies that had not yet filed their reports. The letter, signed by Carole Washburn, gave an extension to companies to file their reports by May 30, 2008³. In the letter, Ms. Washburn stated the commission would not seek a fine against any company with a report received by the commission postmarked no later than May 30.

A review of commission records revealed that all three water companies have filed annual reports in previous years. In June 2006, the commission issued Parkland Water System, Inc., a \$100 penalty assessment for failing to file its annual report on time. The penalty assessment was paid in full in November 2006.

Recommendation:

Staff recommends the commission penalize Ketron Island Water, Inc., Parkland Water System, Inc. and South Bainbridge Water System, Inc., \$100 each, in accordance with Revised Code of Washington 80.04.405, for violation of WAC 480-110-505 which requires companies to file the annual report by May 1.

¹ See Appendix A for a copy of the February 29, 2008, letter sent to water companies.

² See Appendix B for a copy of the April 1, 2008, reminder notice sent to water companies.

³ See Appendix C for a copy of the May 15, 2008, letter sent to delinquent water companies.

APPENDIX A



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

February 29, 2008

Dear Regulated Company:

Subject: Your 2007 Annual Report and 2008 Regulatory Fees are Due May 1, 2008

State law requires you to file an annual report and pay regulatory fees to the Washington Utilities and Transportation Commission (UTC).

What is required of me?

By May 1, you must:

- Complete and file the enclosed 2007 annual report form
- Pay your 2008 regulatory fees

What happens if I do not file my annual report by May 1?

If you do not file your company's annual report by May 1 commission staff will recommend a financial penalty and may recommend revocation of your authority to operate in Washington.

What happens if I do not pay my regulatory fees by May 1?

If you do not pay your company's regulatory fee by May 1, you will incur:

- a 2 percent penalty on the amount due; and
- a 1 percent monthly interest charge on the unpaid balance.

May I request an extension of time if I am unable to file the annual report by May 1?

Yes, however, you must provide the request in writing, including a valid reason for the extension no later than May 1. We will notify you whether your request is approved or denied. You will still be liable for penalty and interest payments if you fail to pay your regulatory fees by May 1. If you are late filing your annual report or fail to file, you could incur additional penalties up to \$100 a day.

May I designate any information that I submit in my annual report as confidential?

Yes, however, you must follow the strict legal guidelines outlined in WAC 480-07-160 (3).

You may find a copy of this rule at the UTC Website, www.utc.wa.gov. Locate "Quick Links" on the right side of the home page then select "2007 annual reports."



Where do I mail my completed annual report form and regulatory fee payment?

Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

Where may I obtain an electronic version of the annual report form?

Forms are available on our website at www.utc.wa.gov. Locate "Quick Links" on the right side of the home page and then select "2007 annual reports."

Who do I contact if I have questions?

You may call 360-664-1152 or e-mail us at: annualreports@utc.wa.gov. If you need this information in an alternate format, please call 360-664-1133. The TTY Toll Free phone number is 1-800-416-5289.

Sincerely,



Carole J. Washburn
Executive Secretary

Enclosures

APPENDIX B

Reminder! **Annual Reports and Regulatory Fees are due May 1, 2008**

On February 29, we sent you a 2007 annual report form and 2008 regulatory fee form. This is just a friendly reminder that your company's completed annual report and regulatory fees are due, postmarked, no later than May 1.

If you already mailed your annual report and regulatory fees, **thank you!** Please disregard this notice. If you have not yet filed, please be sure not to miss this deadline

You may mail your completed annual report form and regulatory fee payment to:

Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

You may obtain an electronic version of the annual report and regulatory fee sheet at our website, www.utc.wa.gov. Locate "Quick Links" then select "2007 annual reports".

If you have questions about your report or fee or need assistance, please contact staff for your industry, listed below:

Industry	Contact
Bus – Nonprofit Special Needs	Carolyn Caruso at (360) 664-1244 or e-mail at ccaruso@utc.wa.gov
Electric	Roland Martin at (360) 664-1304 or e-mail at rmartin@utc.wa.gov
Gas	Roland Martin at (360) 664-1304 or e-mail at rmartin@utc.wa.gov
Railroad	Lori Halstead at 360-664-1262 or email at lhalstea@utc.wa.gov
Auto-Transportation - Bus, Commercial Ferry, Household Goods, Low-level Radioactive Waste, Pipelines, Solid Waste, Telecommunications or Water	Jeff Schmidlkofer at (360) 664-1152 or e-mail at annualreports@utc.wa.gov

Annual Report Reminder
Page 2

If you fail to pay your regulatory fee or file your company's annual report, postmarked by May 1, commission staff will recommend the commission issue a financial penalty. Staff may also recommend that the commission cancel your authority to operate in Washington.

Please don't let either happen. If you have questions or needed assistance, please contact us at the numbers listed above.

Sincerely,

Carole J. Washburn
Executive Secretary

APPENDIX C

May 15, 2008

Attention:

Your annual report to the Utilities and Transportation Commission (commission) was due by May 1 as required by law. You are now subject to enforcement action by the commission, including financial penalties. This letter tells you what you can do to avoid this. **If you have already submitted your annual report, please disregard this notice.**

Commission staff mailed you a 2007 annual report form and fee calculation sheet on February 29, 2008. On April 1, 2008, staff mailed a reminder to file your report and pay your fees. Commission records indicate that you have not yet filed the completed report form.

Commission staff will file for enforcement action against your company unless your completed report is received postmarked no later than May 30. Enforcement action in this matter may include penalties of up to \$100 for each day it is late.

If the commission receives your report postmarked no later than May 30, commission staff will not seek a fine.

Annual report forms are available on the commission's Web site at www.utc.wa.gov. If you have questions or require additional information, please contact Sheri Hoyt, Compliance Investigator, at (360) 664-1149 or shoyt@utc.wa.gov.

Sincerely,



Carole J. Washburn
Executive Secretary

Attachment B

RECEIVED

2 JUL 16 2008

CLASS C - WATER COMPANIES

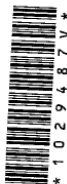
0 WASH. UT. & TP. COMM

ANNUAL REPORT

RIAN

0 W295
Dennis Burke
Owner
Parkland Water System, Inc.
6007 Hill Rd. NE
7 OLYMPIA, WA 98516-9551

Correct name and address, if different than shown



WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
for the
YEAR ENDED DECEMBER 31, 2007

Inquiries concerning this Annual Report should be addressed to:

NAME: Dennis A. Burke TITLE: Owner
ADDRESS: 6007 Hill St. NE
CITY: Olympia STATE: WA ZIP: 98516
TELEPHONE: 360-923-2000 FAX: 360-923-1642 E-MAIL: waeng@mcc.com

The company must notify the Commission, in writing, of any changes to the above information.

TYPE OF PAYMENT - DO NOT SEND CASH IN THE MAIL		For Commission Use Only	
<input checked="" type="checkbox"/> Check <input type="checkbox"/> Money Order <input type="checkbox"/> AMEX <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard		Credit Card Authorization #: _____	
Credit Card Number:		Expiration Date Month/Year	
CERTIFICATION: I, the undersigned, under penalty for false statement, certify that the information is true, valid and correct, that I am authorized to execute on behalf of the applicant, and that I agree to pay the above total amount according to card issuer agreement.			
Name (Printed) <u>Dennis A. Burke</u>		Title <u>Owner</u>	
Signature <u><i>Dennis A. Burke</i></u>		Date <u>July 14, 2008</u>	

For Commission Use Only		
Reception Number: _____	001-11-02-68-160-11: _____	Reference Number: _____
001-111-02-68-160-01: _____	001-111-02-68-032-05: _____	

NO MONIES
ENCLOSURE

Original to be mailed to the Washington Utilities and Transportation Commission
Web Site: www.wutc.wa.gov

Do not remove, rearrange or deface the contents of this Report in any way. If you need copies, please contact the Records Center Staff at 4-1234.

RECEIVED
JUL 14 2008
STATE OF WASHINGTON
DEPARTMENT OF LICENSING

Washington Unified Business Identifier (UBI) No.: _____
(If you do not know your UBI No. please contact the Department of Licensing at 360-664-1400)

CERTIFICATION

I certify that I, Dennis A. Burke, the responsible account officer for _____ have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in all attached schedules are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2007, to December 31, 2007, inclusive.

Name (Printed) Dennis A. Burke Title Owner

Signature [Handwritten Signature] Date July 14, 2008

**ANNUAL REPORT
WATER UTILITY
2007**

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TOC

Line No.

COMPANY INFORMATION

1 Parkland Water
(Exact name of utility)

2 6007 Hill St NE
(Mailing Address)

3 Olympia WA 98516 Thurston
(City) (State) (Zip) (County)

4 N/A

5 Unified Business Identifier (UBI) Number _____ Telephone Number 360-923-7000

6 _____ Fax Number 360-923-1642

7 _____ E-mail or Web Address waeng@mac.com

8 _____ Date Utility First Organized 1993

9 _____ Location of Books and Records Same

10 _____

11 _____ Method Of Accounting (Cash/Accrual) Cash

12. Type of Business (Proprietorship, Partnership, C-Corp, LLC, S-Corp) Proprietorship

Name	Title	Principal Business Address	Telephone
Person to send correspondence:			
13 <u>Dennis A. Burke</u>	<u>owner</u>	<u>6007 Hill St. NE</u>	<u>923-2000</u>

14 Person who prepared this report:

15 Same

16 Same

17 Certified Water Manager: Same Certificate Number: _____

18 Emergency Response Personnel: Same

19 Same

20 Managers, Officers & Directors: Same

21 Same

Report of person(s) owning 5 percent or more of company.

Name	Ownership Percent	Principal Business Address	Telephone
22 <u>None other than Same</u>			

23 Does the company have any affiliated interest transactions as defined above (person(s) owning 5 percent or more) No Please sign this page and no further action is required.

24 _____ Yes, Please sign this page and request an Affiliated Interest Report.

Dennis Burke makes oath and says
(Name of officer)

that he/she is owner
(Official title of officer)

of Parkland Water
(Exact legal title or name of company)

that he/she has examined the foregoing annual report water utility and affiliated interest report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the report are true and the report is a correct statement during the period from and including January 1, 2007, to and including December 31, 2007.

Dennis Burke
(Signature of officer)

July 14, 2008
Date

INCOME STATEMENT
For the Calendar Year 2007

Line No. (L)	Account Name (a)	Water (b)	Other (c)	Total Company (d)
REVENUES				
1	Operating Revenue Accounts	\$ 3753 ⁰⁰	\$	\$ 3753 ⁰⁰
2	Miscellaneous Revenue Accounts	-	-	-
3	Other Revenue Accounts	-	-	-
4	Utility Operating Revenue (Add L1 thru L3)	\$ 3753 ⁰⁰	\$	\$ 3753 ⁰⁰
EXPENSES				
5	Operating Expense Accounts	3940 ⁰⁰	-	3940 ⁰⁰
6	Depreciation Expense	2980 ⁰⁰	-	2980 ⁰⁰
7	Federal Income Taxes	-	-	-
8	Utility Operating Expense (Add L5 thru L7)	\$ 6920 ⁰⁰	\$	\$ 6920 ⁰⁰
9	Utility Operating Income (Loss) (L4 minus L8)	\$ (3167)	\$	\$ (3167)
OTHER INCOME AND DEDUCTIONS				
Other Income:				
10	Interest & Dividend Income	-	-	-
11	Miscellaneous Nonutility Income	-	-	-
12	Total Other Income (Add L10 thru L11)	-	-	-
Other Deductions:				
13	Interest Expense	-	-	-
14	Miscellaneous Nonutility Expenses	-	-	-
15	Total Other Deductions (Add L13 thru L14)	-	-	-
16	Net Income (Loss) (Add L9 plus L12 minus L15)	\$ (3167)	\$	\$ (3167)

CUSTOMER COUNT SUMMARY

Description (a)	Number at Begin Year (b)	New Services (c)	Number at End Year (d)	Temporary (e)
17 Total Unmetered	-	-	-	-
18 Total Metered	8	-	8	-
19 Total Master Metered	-	-	-	-
20 Total Customers	8	-	8	-

COMPARATIVE BALANCE SHEET
For the Calendar Year 2006 & 2007

Line No. (L)	Account Name (a)	Year 2006 (b)	Year 2007 (c)
ASSETS:			
1	Utility Plant	\$ 60,800	\$ 61,600
2	Less: Accumulated Depreciation	<u>3,200</u>	<u>6,800</u>
3	Accumulated Amortization		
4	Utility Plant Acquisition Adjustment		
5	Net Utility Plant (Add L1 thru L4)	\$ <u>57,600</u>	\$ <u>55,320</u>
6	Special funds (Surcharges, Facility Charges)	\$	
7	Cash		
8	Customer Accounts Receivable		
9	Other Assets (Specify)		
10	Total Assets (Add L5, plus L6 thru L9)	\$ <u>57,600</u>	\$ <u>55,320</u>
EQUITY CAPITAL AND LIABILITIES:			
11	Capital Stock Issued	\$	\$
12	Other Paid In Capital		
13	Retained Earnings		
14	Proprietary Capital		
15	Total Equity Capital (Add L11 thru L14)	\$ <u>57,600</u>	\$ <u>55,320</u>
16	Long-Term Debt	\$ - 0 -	\$ - 0 -
17	Accounts Payable	<u>- 0 -</u>	<u>- 0 -</u>
18	Current Debt	<u>- 0 -</u>	<u>- 0 -</u>
19	Contributions In Aid Of Construction (CIAC)	<u>- 0 -</u>	<u>- 0 -</u>
20	Less: Accumulated Amortization Of CIAC		
21	Other Liabilities (Specify)	\$	\$
22	Total Liabilities (Add L16 thru L21)	\$ <u>- 0 -</u>	\$ <u>- 0 -</u>
23	Total Equity Capital and Liabilities (Add L15 & L22)	\$ <u>57,600</u>	\$ <u>55,320</u>

WATER SUMMARY

	Annual Water	Cubic Feet
24	Purchased or Ground Water	<u>64,800</u>
25	Loss or Wastage	<u>0</u>
26	Sold to Customers	<u>64,800</u>

EMPLOYEE SUMMARY

	Year 2006	Year 2007
	Full Time Count	Full Time Count
	<u>2</u>	<u>2</u>
	Part Time Count	Part Time Count

CONVERSION: 1 cubic foot = 7.48 gallons

**Contributions in Aid of Construction
(CIAC)**

Report below all plant, equipment, and monies received during the year.
Please report for each type of charge the company has.
If needed, use additional sheets.

Line No.	(a)	(b)	(c)	(d)
Surcharge				
1	Docket Number	_____		
2	Date Authorized	_____	Monthly Rate	\$ _____
3	Date Expires	_____	Loan Amount	\$ _____
4	Current Year Collected \$	_____	Remaining Loan	\$ _____
5	Current Year Collection Amount	\$ _____		
Facilities Charge				
6	Docket Number	_____		
7	Date Authorized	_____	Rate	\$ _____
8	Date Expires	_____	Loan Amount	\$ _____
9	Current Year Collected \$	_____	Remaining Loan	\$ _____
10	Current Year Collection Amount	\$ _____		
Service Connection				
11	Docket Number	_____		
12	Date Authorized	_____	Rate	\$ _____
13	Date Expires	_____	Loan Amount	\$ _____
14	Current Year Collected \$	_____	Remaining Loan	\$ _____
15	Current Year Collection Amount	\$ _____		
16	Other Current Year Collection Amounts	\$ _____		
Annual Total CIAC Collected				
17	(Add L5, L10, L15 & L16)	\$ _____		

REGULATORY FEE CALCULATION SCHEDULE

Company Name PARKLAND WATER Annual Report Year 2007

In accordance with RCW 80.24.010 "Regulatory Fees", the Commission requires Water companies (Class C) to file reports of gross intrastate operating revenue and pay fees on that revenue. Every company subject to regulation shall file with the Commission a statement under oath showing its gross intrastate operating revenue from operations for the preceding year and pay to the Commission a fee as instructed below.

1	Total Gross Intrastate Operating Revenue **				1	\$	3753*
2	Less Non Fee-Paying Revenue				2	\$	-
3	Balance-Adjusted Gross Intrastate Operating Revenue (subtract line 2 from 1)				3	\$	3753*
4	Regulatory Fee Calculations:				4		
4a	If line 3 is UNDER \$20,000, Enter ZERO (Filing ZERO indicates schedule is complete).				4a	\$	0
4b	If line 3 is BETWEEN \$20,000 and \$50,000-enter amount from line 3 (Filing BETWEEN \$20,000 and \$50,000 indicates schedule is complete. If filing after May 1st go to Line 6)	4b	\$	x .001 (.1%) =	\$		
4c	If line 3 is OVER \$50,000-enter amount from line 3	4c	\$				
4d	First \$50,000 is subject to .1% regulatory fee	4d	\$	50,000.00 x .001 (.1%) =	\$		
4e	Adjustment of Gross Intrastate Operating Revenue (subtract Line 4d from 4c)	4e	\$	x .002 (.2%) =	\$		
5	Total Regulatory Fees owed (enter line 4b, or add 4d and 4e)	5	\$				6
Agency Use Only: 001-111-02-68-160-01							
Complete Lines 6 through 9 if filing after May 1							
6	Penalties on Regulatory Fees filed after May 1	6					
6a	Total Penalties on Regulatory Fees owed - enter amount from line 5	6a	\$	0 x .02 (2%) =	\$		0
7	Interest on Regulatory Fees filed after May 1	7					
7a	Amount from line 5 <u>0</u> x Number of months past May <u>2</u> x .01 (1%) =	7a	\$		\$		0
8	Total Penalties and Interest owed (add lines 6a and 7a)	8	\$		\$		0
Agency Use Only: 001-111-02-68-160-01							
9	Total Regulatory, Penalty and Interest Fees Due (add lines 5 and 8)	9	\$		\$		0

** Note: Gross Washington intrastate operating revenue is defined as all revenue collected for the year from rates under tariffs, and contracts on file at the Washington Utilities and Transportation Commission. The revenues subject to the Commission's regulatory fees are gross Washington intrastate operating revenues before deductions for uncollectibles, unbillables or the payment of state and federal taxes, i.e. "Gross Revenues" means before any deductions from Revenue Receipts.

Attachment C

[Service Date November 2, 2006]

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Penalty Assessment)	DOCKET UW-060985
Against)	
)	
PARKLAND WATER SYSTEM, INC.,)	ORDER 03
)	
in the Amount of \$100.00)	
)	ORDER DENYING MITIGATION
.....)	

- 1 **Penalty:** On June 30, 2006, the Washington Utilities and Transportation Commission (Commission) assessed a penalty in the amount of \$100 against Parkland Water System, Inc., (Parkland Water) for one violation of WAC 480-110-505, which requires water companies to file annual reports with the Commission no later than May 1 of each year.

- 2 **Request for Hearing:** On July 6, 2006, Parkland Water filed an application for mitigation and request for hearing. On July 26, 2006, the Commission Staff (Staff) filed its response to the application for mitigation and request for hearing.

- 3 **Brief Adjudicative Proceeding:** On October 11, 2006, the Commission issued a notice of brief adjudication and scheduled the hearing for November 1, 2006. The hearing convened, as scheduled, and Parkland Water and Staff presented testimony.

- 4 **Commission Decision:** At hearing, Parkland Water admitted that it did not file the annual report. Parkland Water asserted that it should not have to file an annual report because of the size of the water system. Parkland Water serves seven customers for an average fee of approximately \$40 per month. Parkland Water alleged that maintenance of the water system and electrical bills require the expenditure of all revenue received from customers. Parkland Water argued the annual report form was designed for much larger utilities and that there are insufficient funds to hire accountants and other experts to aid in the completion of an annual report. Parkland Water contended that filing an annual report is “fodder for the bureaucrats” because the annual report does not request “readily available data that serves a utilitarian function.”

- 5 Staff asserted that Parkland Water was not singled out for compliance with the regulation; all regulated water companies must file an annual report by May 1 of each year. In addition, Staff asserted that assistance in completing the annual report is available, if requested. Staff contended that current revenue information may demonstrate that Parkland Water no longer needs to be regulated. Staff argued that Parkland Water did not request assistance in completing its annual report or in evaluating whether it needed to be regulated. However, Staff asserted that Parkland Water has a history of noncompliance with this regulation since 1998 and argued that the request for mitigation should be denied.
- 6 The Commission concludes that Parkland Water did not present good cause to mitigate the penalty assessment. The applicable regulation, WAC 480-110-505, requiring water companies to file annual reports by a date certain, is mandatory. Parkland Water admitted that it did not comply with the regulation but argued that it shouldn't have to comply because the regulation is unreasonable and burdensome. Neither Parkland Water nor any other regulated water company has the discretion to evaluate whether or not a particular statute or regulation meets its standard of reasonableness and then comply only with the ones with which it concurs. Parkland Water must comply with all applicable statutes, regulations, and orders.
- 7 As an aside, WAC 480-110-505 performs a highly "utilitarian function" from the perspective of Parkland Water. The data in the annual report provides the information necessary to determine whether Parkland Water remains subject to the Commission's jurisdiction. Both in its response to Parkland Water's request for hearing and during the hearing, Staff offered Parkland Water technical assistance in the completion of its annual report and, based on the data in that report, the evaluation of whether Parkland Water remains subject to the Commission's jurisdiction. Parkland Water is encouraged to avail itself of that opportunity for assistance.
- 8 The request for mitigation of the penalty assessment is denied. Parkland Water must remit its payment of the penalty by November 13, 2006, or the Commission may consider additional enforcement action.

9 It is so ordered.

DATED at Olympia, Washington, and effective November 2, 2006.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

PATRICIA CLARK
Administrative Law Judge