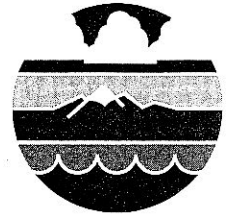


Union Hill Water Association

5020 236th AVENUE N.E.
REDMOND, WASHINGTON 98053
PHONE 425-497-1812 ~ FAX 425-497-8831 ~ WWW.UHWA.ORG



September 18, 2013

Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive, S.W.
Olympia, Wa. 98504-7250

RE: UTC Water Rulemaking Changes WAC 480-11-255 & Docket UW-131386

Dear Executive Director:

This letter is in response to the proposed Utility and Transportation Commission (UTC) Water Rulemaking Changes (Docket UW-131386) that will change key operating components of the WAC 480-11-255 and directly affect the operation of the Union Hill Water Association (Association). This Association provides water service and fire protection to over 2,060 customers within an approximate 9 square mile designated service area located in eastern King County. This Association was created in 1966 with the original service area being delineated by King County Franchise No. 541. In 1985, our service area was modified by King County and the Washington State Department of Health. This Association is a non-profit water provider that has always served only our members located within our jurisdiction. All of our Association members have equal voting rights to the election of our Board of Directors and have equal interests in whatever residual value upon dissolution of the Association. Several other water Associations in Eastern King County are organized and operate in a similar fashion as this Association.

This Association is very concerned and strongly objects to the proposed changes within the WAC 480-11-255(2) (e) & (f). Specifically, this Association disagrees with the elimination of the current exemption in the WAC for water associations, cooperatives and mutual cooperatives. This Association believes that the existing case law, under the RCW's and WAC's, adequately addresses the unique cases and individual issues that may be presented in the future to the UTC. The legal tests that are articulated in the *Inland Empire Rural Electrification, Inc. vs. Department of Public Service* and *West Valley Land Company, Inc. vs. Nob Hill Water Association* cases provide clear guidance to the UTC. These cases show that regardless of what a water utility may call itself, if the water utility operates under a defining set of rules and regulations it should be protected under the current exemption criteria. The proposed changes to the WAC that are being considered will cause confusion in the existing rules and regulations of similar water utilities, which currently do have recourse actions available to its members, and run counter the recited case law.

This Association would propose to NOT ELIMINATE, but rather MODIFY the existing WAC regulations to specify the allowance of non-profit water Associations be exempt from any UTC regulation. Based on the above reference case law of Inland Empire and Nob Hill, the following elements could be added to WAC 480-11-255(2) (e) for Non-Profit Water Associations:

- 1) The members of the Associations shall have written Policy Manuals that provide recourse actions to it members. This would not limit Associations to serve intermittent water sales to non-members for construction, hydroseeding, fire suppression, environmental concerns, and/or public safety concerns; and
- 2) The members of the Associations shall have a direct link to its management of the entity; and
- 3) The members of the Associations shall have an interest in any dividends or surplus from the entity along with any residual value upon dissolution of the entity.

Additional key items could be developed and referenced in the WAC by the UTC in the form of a Policy Guidance Document with the input of similar Associations throughout Washington State. This information could be easily compiled through a standard form letter questionnaire that could be issued by the UTC to the referenced Associations. Based upon the results of this inquiry, the UTC could then establish possible new WAC regulations that would HELP with the operation and management of the existing Associations. If the existing WAC regulations are ELIMINATED as proposed, then the members of these Associations that currently do have adequate recourse to the operation of their utilities will experience potential delays in resolving key operational issues, and higher utility bills to pay for necessary administration fees.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard D. Melton', with a stylized flourish extending to the right.

Richard D. Melton, P.E.
Acting GM – UHWA