

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

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

BURTON WATER COMPANY, INC.,

Respondent.

DOCKET UW-091050

DOCKET UW-091051

SETTLEMENT STIPULATION

1 As described below, all parties to this docket, *i.e.*, Burton Water Company, Inc. (“Burton” or “the Company”) and Staff of the Washington Utilities and Transportation Commission (“Staff”) have reached an agreed resolution of issues in these dockets, subject to Commission approval. Consequently, this Settlement Stipulation (“Stipulation”) is being filed with the Commission as a “full settlement” pursuant to WAC 480-07-730(1). The Stipulation consists of this document, entitled “Settlement Stipulation,” and Appendix A and Appendix B attached hereto.

2 The Parties understand that this Stipulation is not binding on the Commission or any Party unless and until the Commission approves it.¹

I. PARTIES

3 This Stipulation is entered into by the Company and Staff. These are all the parties to these dockets.

¹ The exception is that prior to the Commission’s approval of the Stipulation, the Parties agree to support the Stipulation before the Commission. ¶ 17, *infra*.

II. RECITALS

4 **Docket UW-091051.** On June 30, 2009, Burton filed with the Washington Utilities
and Transportation Commission (“Commission”) revisions to its currently effective Tariff
WN-U2, designed to effect a general rate increase for water service.² In the filing, the
Company requested an annual revenue increase of \$60,485, or 37.8 percent. By complaint
and order dated July 30, 2009, the Commission suspended the effect of these tariff changes.³

5 **Docket UW-091050.** Also on June 30, 2009, Burton filed with the Commission
other revisions to its currently effective Tariff WN-U2, increasing certain charges for items
other than charges for water consumption. These charges relate to service reconnection,
account set-up, Non-Sufficient Funds (NSF) check charges, and water availability charges,
plus new charges for cross connection site visit, cross connection inspection, and
unauthorized meter lock removal. This tariff filing also added clarification to rules related
to irrigation, and adds language on limitation of liability, unauthorized use of service and
cross connection control.

6 By complaint and order dated July 30, 2009, the Commission suspended the effect of
these tariff changes.⁴

7 On November 19, 2009, the Commission issued an order consolidating the two
dockets and setting a prehearing conference for December 11, 2009.

8 The Staff investigated the Company’s filings in detail. By letter dated December 10,
2009, the Parties requested the Commission to cancel the prehearing conference because the

² The Company designated the new tariff sheets as Fourth Revised Sheet No. 22 Canceling Third Revised Sheet No. 22, and Second Revised Sheet No. 23 Canceling First Revised Sheet No. 23. The stated effective date is August 1, 2009.

³ *Washington Utilities and Transportation Commission v. Burton Water Company, Inc.*, Docket UW-091051, Order 01, Complaint and Order Suspending Tariff Revisions (July 30, 2009).

⁴ *Washington Utilities and Transportation Commission v. Burton Water Company, Inc.*, Docket UW-091050, Order 01, Complaint and Order Suspending Tariff Revisions (July 30, 2009).

parties had reached an agreement in principle, which, if approved by the Commission, would resolve all of the issues in these dockets. The Parties wish to present their agreement for the Commission's consideration. The Parties therefore adopt the following Stipulation, which is entered into by the Parties voluntarily to resolve matters in dispute among them in the interest of expediting the orderly disposition of this proceeding.

III. AGREEMENT

A. Revenue Increase and Rate Effective Date

9 The Parties agree that Burton shall be authorized to implement rate changes designed to increase its annual revenues from Burton customers by \$28,502 (or 17.8 per cent) of test year revenues. The Parties agree that the agreed rate changes identified herein will be effective the first day of the month after the Commission approves the Stipulation. The suspension period in both dockets ends on June 1, 2010.

B. Rate Spread and Rate Design for Revenue Increase

10 The Parties agree that the agreed revenue increase will be implemented as follows:

For customers served by a ready-to-serve charge:

Monthly rate \$21.59

Customers Served by a 3/4" Meter

	Usage in Cubic Feet	Monthly Rate per 100 Cubic Feet
Base Charge	0	\$21.59
First Block	0 – 2,500	\$1.83
Second Block	2,501 – 5,000	\$4.71
Third Block	Over 5,000	\$6.00

Customers Served by a 1" Meter

	Usage in Cubic Feet	Monthly Rate per 100 Cubic Feet
Base Charge	0	\$36.06
First Block	0 – 4,175	\$1.83
Second Block	4,176 – 8,350	\$4.71
Third Block	Over 8,530	\$6.00

11 Appendix A to this Stipulation contains the tariff sheets that implement this rate spread and rate design for the general rate increase.

C. Miscellaneous Charges and Other Proposals in Docket UW-091050

12 The parties agree that the Company should implement the tariff changes proposed in Docket UW-091050 as filed. Appendix B to this Stipulation contains the tariff sheets that implement these proposals.

D. Authorized Return on Rate Base

13 The Parties agree that, if needed for reporting and/or accounting purposes, the Company may use an overall return of 10.1 percent, and an authorized return on equity of 12 percent.

E. Discovery and Procedural Schedule

14 The Parties agree to suspend all discovery in this proceeding pending filing and consideration of this Stipulation. In the event the case resumes, the Parties agree to work cooperatively to develop a new schedule taking into consideration the delay associated with this Stipulation.

F. General Provisions

15 1. The Parties agree that this Stipulation is in the public interest and would produce rates for the Company that are fair, just, reasonable, and sufficient. The Parties agree to support this Stipulation as a settlement of all contested issues in this proceeding. The Parties further agree that this Stipulation, upon its approval by the Commission, resolves and concludes these dockets. The Parties understand that this Stipulation is not binding on the Commission or any Party unless and until it is approved.

16 2. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding.

17 3. The Parties agree this Stipulation represents the entire agreement of the Parties, and it supersedes any and all prior oral or written understandings or agreements related to this docket or this Stipulation, if any, and no such prior understanding, agreement or representation shall be relied upon by any Party. Parties have negotiated this Stipulation as an integrated document. Accordingly, the Parties recommend that the Commission adopt this Stipulation in its entirety.

18 4. The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance, and cooperate in supporting this Stipulation throughout the Commission's consideration of this Stipulation. In particular, each Party shall cooperate in filing supporting testimony, as described in WAC 480-07-740(2)(a) and (b). The Parties agree to support the Stipulation throughout the Commission's consideration of this Stipulation, and abide by the procedures determined by the Commission for its review of

this Stipulation. If necessary, each Party will provide witnesses to sponsor and support this Stipulation at a Commission hearing. If the Commission decides to hold such a hearing, each Party will recommend that the Commission issue an order adopting the Stipulation. In the event the Commission rejects this Stipulation, the provisions of WAC 480-07-750(2)(a) shall apply. In the event the Commission accepts the Stipulation upon conditions not proposed herein, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the Commission accepts the Stipulation upon conditions not proposed herein, or approves resolution of this proceeding through provisions that are different than recommended in this Stipulation, each Party reserves the right, upon written notice to the Commission and all parties to this proceeding within seven (7) days of the Commission's order, to state its rejection of the conditions. If any Party rejects a proposed new condition, the Parties will:

- (1) request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case pursuant to WAC 480-07-750(2)(a); and,
- (2) cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

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5. In the event the Commission determines that it will reject the Stipulation or accept the Stipulation upon conditions not proposed herein, the Parties request that the Commission issue an order as soon as possible so that the Parties may promptly invoke the provisions of WAC 480-07-750.

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6. The Parties enter into this Stipulation to avoid further expense, inconvenience, uncertainty, and delay. By executing this Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or

theories employed in arriving at the terms of this Stipulation, nor shall any Party be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except to the extent expressly set forth in the Stipulation.

21 7. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document. A Party may authorize another Party to sign on the first Party's behalf. A signed signature page that is faxed or emailed is acceptable as an original signature page signed by that Party.

22 8. This Stipulation is the product of negotiation and no part shall be construed against any Party on the basis that it was the drafter.

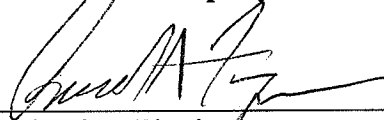
23 9. Each Party agrees to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Stipulation (with the right of review to include a reasonable opportunity to request changes to the text of such announcements). Each Party also agrees to include in any news release or announcement a statement to the effect that the Commission Staff's recommendation to approve the Stipulation is not binding on the Commission itself.

24 10. The effective date of this Stipulation is the date of the Commission order approving it, subject to the procedures described in paragraph 17 above.

25 This STIPULATION is entered into by each Party as of the date entered below.

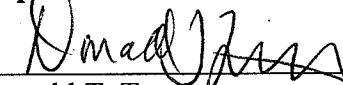
DATED: December 23, 2009.

Burton Water Company Inc.

By  _____
Richard A. Finnigan
Attorney

Date: 12/23/09

**Staff of the Washington Utilities and
Transportation Commission**

By  _____
Donald T. Trotter
Senior Counsel

Date: 12/23/09