

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

MARBELLO WATER COMPANY,

Respondent.

DOCKET NO. UW-041181

SETTLEMENT

This Settlement is entered into by the parties in Docket No. UW-040366 for the purpose of resolving all issues in this Docket, a general rate increase filing by Marbello Water Company, Inc. ("Marbello" or "Company").

1. The parties to this Settlement are Marbello and the Staff of the Washington Utilities and Transportation Commission ("Staff").
2. On June 28, 2004, Marbello filed a revision to its initial tariff requesting an approximately \$8,000 (10.5%) increase in its annual revenue. The Company based its filing on the 12-month test period ending December 31, 2003. The Commission suspended the filing at its date July 28, 2004, Open Meeting.
3. Following discovery and settlement discussions, the Parties have agreed to a resolution of all issues in this docket, including Marbello's overall revenue requirement and rate design.
4. The Parties therefore adopt the following Settlement, which the Parties have entered into voluntarily to resolve matters in dispute among them and to expedite the orderly disposition of this proceeding. The Parties submit this Settlement to the Commission and request that the Commission approve the settlement as presented.

AGREEMENT

1. Revenue Requirement

The Parties agree to an overall revenue requirement increase for the Company's operations of \$74,297. The Parties have negotiated this revenue requirement increase without regard to any specified adjustments to revenue, expense, rate base items, cost of capital components, or the Company's capital structure.

2. Rate Design

The Parties agree that the Company's rates will be redesigned such that there will be a monthly base rate of \$30 per customer per month and a usage charge of \$2.30 per 100/cubic feet, plus state utility tax.

3. General Provisions

(a) The Parties acknowledge and intend that this Settlement represents a complete settlement of issues in this Docket. The Parties recommend that the Commission resolve all issues in this Docket as set forth in this Settlement. The Parties agree to support the resolution of issues set forth in this Settlement.

(b) The Parties agree that this Settlement is in the public interest and, if implemented, will result in rates that are fair, just, reasonable, and sufficient.

(c) The Parties agree that this Settlement represents a compromise in the positions of the Parties. By entering into this Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other party in arriving at the terms of this Settlement. No Party shall be deemed to have agreed that any provision of this Settlement is appropriate for resolving issues in any other proceeding, and no Party shall be deemed to have agreed that this Settlement as a whole is of any precedential value.

(d) The Parties shall cooperate in submitting this Settlement to the Commission for acceptance. Each Party agrees to support this Settlement, including submitting supporting written testimony unless the obligation to submit such testimony is waived by the Commission, throughout this proceeding and recommend that the Commission issue an order adopting the settlement contained herein.

(e) In the event the Commission rejects all or any material portion of this Settlement or imposes additional material conditions in approving this Settlement, each Party reserves the right, upon written notice to the Commission and all parties to this proceeding within 15 days of the Commission's order, to withdraw from this Settlement. In such event, the Parties agree to cooperate in setting a revised procedural schedule in this Docket that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in preparing testimony, participating in hearings, and preparing briefs.

(f) The Parties have negotiated this Settlement as an integrated document. Accordingly, the Parties recommend that the Commission adopt this Settlement in its entirety.

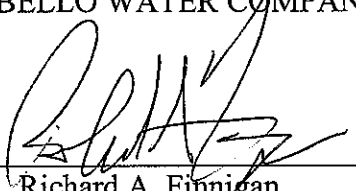
(g) This Settlement may be executed in counterparts and each signed counterpart shall constitute an original document.

This Settlement is entered into by each Party on the date entered below such Party's signature.

DATED: October 15, 2005.

MARBELLO WATER COMPANY, INC

By: _____



Richard A. Finnigan
Attorney at Law
Counsel for Marbello

Date: _____

10/15/04

CHRISTINE O. GREGOIRE
ATTORNEY GENERAL

By: _____


Jonathan Thompson
Assistant Attorney General
Counsel for Staff

Date: _____

10/15/04