

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

NEWAUKUM WATER SYSTEM, INC.

Respondent.

DOCKET UW-144112/UW-150045

NARRATIVE SUPPORTING  
SETTLEMENT AGREEMENT

**I. INTRODUCTION**

1 This Narrative Supporting Settlement Agreement (Narrative) is filed pursuant to Washington Administrative Code (WAC) 480-07-740(2)(a) on behalf of both Newaukum Water System, Inc. (Newaukum or Company), and the Staff of the Washington Utilities and Transportation Commission (Staff) (collectively, the Parties). Both parties have signed the settlement agreement (Agreement), rendering it a “full settlement” pursuant to WAC 480-07-730(1). The Agreement is being filed concurrently with this Narrative. This Narrative summarizes the Agreement but is not intended to modify any terms of the Agreement

**II. PROPOSALS FOR REVIEW PROCEDURE**

2 The Parties submit that this matter is considerably less complex than a general rate proceeding and request that review proceed on a timetable for less complex matters, as

provided in WAC 480-07-740(1)(b). To the knowledge of both parties, there are no opponents of the settlement. Because of the less complex nature of this matter and the uncontested status of the settlement, the Parties concur that a formal settlement hearing and the opportunity for public comment are unnecessary in this case.

3           The Parties do not intend to file documentation supporting the Agreement, with the exception of the Agreement itself and this Narrative. If the Commission requires supporting documents beyond the Agreement, Narrative, and the other documents on file in this docket, the Parties will provide documentation as needed.

4           In keeping with WAC 480-07-740(2)(b), the Parties are prepared to present one or more witnesses each to testify in support of the proposal and answer questions concerning the Agreement's details, and its costs and benefits, should such testimony be required. In addition, representatives of both Parties are available to respond to any questions regarding the proposed settlement that the Commission may have.

5           The Parties request a streamlined review of the proposed settlement. To that end, the Parties would prefer an informal review on a paper record. In accordance with WAC 480-07-730, the Parties propose the foregoing procedural alternatives for review of the proposed settlement agreement.

### **III. SCOPE OF THE UNDERLYING DISPUTE**

6           The underlying dispute concerns two penalty assessments issued by the Commission against Newaukum. The Commission issued the first penalty assessment on December 19, 2014 in Docket UW-144112. The Commission issued a second penalty assessment on January 13, 2015 in Docket UW-150045. Both assessments imposed penalties for violations

of RCW 80.28.080 relating to the Company charging each of its customers more than the published tariff rate for monthly water service in both November 2014 and December 2014.

7 Newaukum requested a brief adjudicative hearing to contest or mitigate both penalty assessments. The Commission subsequently issued notices of a brief adjudicative proceeding (“BAP”) to be held on February 11, 2015. The Parties then entered negotiations and reached a full settlement of the dispute.

#### **IV. DESCRIPTION OF PROPOSED SETTLEMENT**

8 The settlement agreement resolves all of the issues in dispute. Newaukum acknowledges forty-four (44) violations of RCW 80.28.080. The Agreement suspends the entire amount of the penalty assessments<sup>1</sup> for one year and subject to waiver on the condition that: 1) Newaukum refrain from charging customers any amount other than the monthly service rate included in the Company’s tariff, and 2) Newaukum credit or reimburse all of its customers a total of \$880, or \$40 per customer, within four full calendar months of the effective date of the Agreement. Should Newaukum fail to adhere to either of the conditions described above, the full penalty assessments of \$1,000 and \$2,200 shall become due and payable immediately.

#### **V. STATEMENT OF PARTIES’ INTERESTS AND THE PUBLIC INTEREST**

9 As stated in the Agreement, the settlement represents a compromise of the positions of the Parties. The Parties find it is in their best interests to avoid the expense, inconvenience, uncertainty, and delay inherent with a litigated outcome. Likewise, it is in

the public interest that this dispute conclude without the further expenditure of public resources on litigation expenses. Finally, Staff is satisfied that the settlement is consistent with its efforts to ensure compliance with the relevant statutes and the Company's tariff. The penalty and suspended penalty in this settlement recognize the importance of published tariff rates and regulated entities' obligations to adhere to those tariffs. The Agreement brings the Company into compliance, and the suspended penalties provide a financial incentive for future compliance.

#### **VI. LEGAL POINTS THAT BEAR ON PROPOSED SETTLEMENT**

10 In WAC 480-07-700, the Commission states its support for parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest. The Parties have resolved all of the issues in dispute between them, and their resolution complies with Commission rules and, as explained above, is consistent with the public interest.

#### **VII. CONCLUSION**

11 Because the Parties have negotiated a compromise on all of the issues in this dispute and because the settlement is in the public interest, the Parties request that the Commission issue an order approving the Agreement in full.

Respectfully submitted this 13<sup>th</sup> of February 2015.

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<sup>1</sup> The Penalty Assessment in Docket UW-144112 imposed \$1,000 in penalties. The Penalty Assessment in Docket UW-150045 imposed \$2,200 in penalties. The Agreement suspends the entirety of both penalties, or \$3,200 in total.

ROBERT W. FERGUSON  
Attorney General

A handwritten signature in black ink, appearing to read 'Brett P. Shearer', written over a horizontal line.

Brett P. Shearer  
Assistant Attorney General  
Counsel for the Washington Utilities and  
Transportation Commission

NEWAUKUM WATER SYSTEM, INC.

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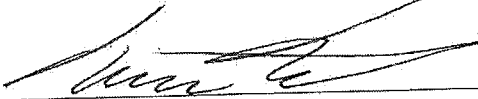
Maury Kurtz, Chairman  
Newaukum Board of Directors

ROBERT W. FERGUSON  
Attorney General

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Brett P. Shearer  
Assistant Attorney General  
Counsel for the Washington Utilities and  
Transportation Commission

NEWAUKUM WATER SYSTEM, INC.



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Maurice Kurtz, Chairman  
Newaukum Board of Directors