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BEFORE THE WASHINGTON STATE

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UTILITIES AND TRANSPORTATION COMMISSION

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4 In the Matter of the Penalty) DOCKET UW-140616
Assessment Against) Pages 1-29
5)
RAINIER VIEW WATER)
6 COMPANY, INC.)
7 In the Amount of \$2,600)

8

BRIEF ADJUDICATIVE PROCEEDING, VOLUME I

9

Pages 1-29

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ADMINISTRATIVE LAW JUDGE RAYNE PEARSON

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9:34 A.M.

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SEPTEMBER 17, 2014

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OLYMPIA, WASHINGTON, SEPTEMBER 17, 2014

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9:34 A.M.

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P R O C E E D I N G S

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JUDGE PEARSON: We can be on the record.

6

Good morning. This is Docket UW-140616 captioned:

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In the Matter of the Penalty Assessment Against Rainier View

8

Water Company, Inc. In the Amount of \$2,600.

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I'm Rayne Pearson. I'm the administrative law judge

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presiding over today's brief adjudicative proceeding that the

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Commission gave notice of in response to Rainier View's request

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for a hearing on the penalty assessment.

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Today is Wednesday, September 17, 2014. The time is

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approximately 9:34 a.m.

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So let's begin by taking appearances starting with

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the Company.

17

MR. FINNIGAN: Good morning, Your Honor. Richard

18

Finnigan appearing on behalf of Rainier View.

19

JUDGE PEARSON: Thank you.

20

And, Staff?

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MR. BEATTIE: Good morning, Your Honor. Julian

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Beattie, Assistant Attorney General, representing Commission

23

Staff.

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JUDGE PEARSON: Okay. Thank you. The parties have

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stipulated to admitting the exhibits filed by Staff, so I will

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1 admit exhibits numbered SP-1 through SP-9, and I will regard the
2 confidential report submitted by the Company in response to
3 Staff's investigation report as a pleading.

4 (Exhibit Nos. SP-1 through SP-9 were admitted into
5 the record.)

6 JUDGE PEARSON: And, Mr. Finnigan, I understand from
7 the Company's response the Company concedes there was one
8 violation but wishes to contest the other 25 on the grounds that
9 the Company disagrees with Staff's interpretation of the rule
10 cited for those violations. And since there are no issues of
11 fact to resolve, we can proceed with arguments on the legal
12 issues.

13 MR. FINNIGAN: Okay.

14 JUDGE PEARSON: And if you want to start with the
15 first set --

16 MR. BEATTIE: Your Honor?

17 JUDGE PEARSON: Sorry.

18 MR. BEATTIE: If I could, Staff has one more
19 preliminary matter before we begin.

20 JUDGE PEARSON: Oh, sure. I'm sorry.

21 MR. BEATTIE: So Staff is respectfully requesting
22 dismissal of four out of the remaining 25 issues that are in
23 play today, and Mr. Finnigan was made aware of this through some
24 e-mails last week.

25 And if you'll bear with me, I would like to put this

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1 on the record that the Staff investigation report alleged that
2 Rainier View Water Company committed three violations of WAC
3 480-110-355(5) (b), and that was with respect to Customer
4 Kierstin Smith. A report further alleged that the Company
5 committed six violations of that same rule with respect to
6 Customer Mary Ellen Drayer.

7 And for ease of reference, the investigation report
8 discusses these violations at pages 11 through 12 under the
9 heading "Reconnecting Service."

10 And upon further investigation, Staff determined that
11 Rainier View did not commit any of the three violations with
12 respect to Customer Kierstin Smith, and that the Company
13 committed five and not six violations with respect to Customer
14 Mary Ellen Drayer. And so, accordingly, Staff requests
15 dismissal of the three violations and the corresponding \$300
16 monetary penalty with respect to Customer Kierstin Smith, and
17 that the penalty associated with Customer Mary Ellen Drayer be
18 reduced from six days and \$600 to five days and \$500.

19 JUDGE PEARSON: Okay. Thank you.

20 MR. BEATTIE: And does Your Honor have any questions?
21 I'm happy to repeat any of that information.

22 JUDGE PEARSON: I do not have any questions. Thank
23 you. I will grant your request and dismiss those four
24 violations reducing the penalty assessment now to \$2,200, and
25 the number of violations of WAC 480-110-355(b) to 15 from 19; is

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1 that correct?

2 MR. BEATTIE: That is correct.

3 JUDGE PEARSON: Okay. So, Mr. Finnigan, do you want
4 to start with 480-110-335(9)(b), since that's the first in order
5 of presentation?

6 MR. FINNIGAN: Yes. Just one preliminary item as
7 well, and that's on the one violation that the Company agrees
8 happened which was applying an NSF fee to an electronic payment.
9 The Staff recommended that the Company modify its tariff, and I
10 just want to note for the record that the Company has done as
11 Staff recommended --

12 JUDGE PEARSON: Okay. Thank you.

13 MR. FINNIGAN: -- and has modified its tariff on that
14 point.

15 JUDGE PEARSON: So the tariff now includes a \$10 NSF
16 fee also for electronic payments, not just returned checks?

17 MR. FINNIGAN: That is correct.

18 JUDGE PEARSON: Okay. Has that gone into effect yet?

19 MR. FINNIGAN: Yes, it has.

20 JUDGE PEARSON: Okay. Thank you.

21 MR. FINNIGAN: Okay. On WAC 480-110-335, the Company
22 position is that deposits would apply to termination of service,
23 which is when the customer no longer wants water service, is
24 moving out of town, perhaps, but does not apply in the case of a
25 temporary disconnection where a customer has been notified of a

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1 delinquency in payment and disconnection process is being
2 followed.

3 One reason for that is if you look at the language in
4 the rules, and, particularly, if you compare (9) (a) with (9) (b),
5 (9) (b) talks about the termination of service. It does not use
6 the word "disconnection." (9) (a) uses the word "disconnection,"
7 so the standard rules of statutory construction would mean that
8 (9) (b) meant to exclude disconnection, temporary disconnection,
9 and applies only in the case of termination.

10 That's how the Company interprets the rule, that's
11 been its practice for many years, and I think the language of
12 the rule itself supports that conclusion by pointing out the
13 difference between two sections side by side, (9) (a) and (9) (b),
14 when using the word "disconnection" and the other using the word
15 "termination." So that's how we look at it.

16 JUDGE PEARSON: Okay. Thank you.

17 Staff?

18 MR. BEATTIE: Thank you, Your Honor. So Mr. Finnigan
19 has raised the question of statutory construction in this case.
20 There's no need to apply the rules of statutory construction.
21 This WAC is plain on its face, and the applicable language says
22 that a company must refund deposits and accrued interest.

23 And then if you go to the part that matters in this
24 case, when service is terminated, so there's no need to apply
25 (a) because we're talking about termination of service. So you

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1 skip right down to (b), "Termination of service. When service
2 is terminated, the customer must return to the" -- or excuse
3 me -- "the company must return to the customer the deposit
4 amount plus accrued interest, less any amounts due to the
5 company by the customer."

6 And I just would like to point out that Rainier View
7 Water Company is trying to draw a distinction between when a
8 company is permanently closing a customer's account and when it
9 is temporarily disconnecting for nonpayment. Well, that can't
10 be the correct interpretation of the rule because if you think
11 about it, only in hindsight would we know whether an account has
12 been permanently closed or just temporarily disconnected for
13 nonpayment. I mean, how many years do we have to go out before
14 we know for sure that this account has been permanently closed?
15 There is no discussion of permanently closed in the WAC. The
16 WAC says terminated, and it means what it says.

17 And so the bottom line, whereas here the Company
18 disconnects service for nonpayment and must apply deposits and
19 accrued interest to the customer's outstanding balance.

20 JUDGE PEARSON: Okay. Thank you.

21 Okay. And, Mr. Finnigan, next is 480-110-355(3).
22 There are two violations there?

23 MR. FINNIGAN: Sure. If I may briefly reply --

24 JUDGE PEARSON: Sure.

25 MR. FINNIGAN: -- to the argument?

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1 Thank you. The rule uses the word -- (9) (b) uses the
2 word "termination," it doesn't use the word "disconnection,"
3 and Mr. Beattie said how do we know? Well, through a
4 disconnection we have given them notice of delinquency, so we
5 know that that's a disconnection process.

6 And other than that, I won't belabor it, but I just
7 want to respond to his point that we don't know. Well, we do
8 know because we've started the disconnection process by
9 providing notice that a payment has been late.

10 Okay. The question that arises here on this next
11 point on WAC 480-110-355 is whether or not -- and this one the
12 facts sort of play in a little bit -- is that it's whether or
13 not this was a process that should have gone through the
14 disconnection process, or was this a process where the normal
15 disconnection doesn't apply and two notices are not required.

16 What happened is this customer had a history of
17 getting a disconnection notice, coming in and making an
18 electronic payment, and that electronic payment not being a
19 valid payment. It was done without funds.

20 When you see that pattern, it leads you to conclude
21 that the customer is intentionally trying to avoid disconnection
22 by making payments for which there are no funds. That's an act
23 of fraud, and under the statute -- or excuse me -- under the
24 rule, two notices are not required.

25 And so when there's a pattern of the customer

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1 repeatedly making an NSF -- essentially an NSF payment, whether
2 it's electronic or a check -- then the Company's view is that is
3 an intentional act to avoid disconnection and, therefore,
4 constitutes an act of fraud. So that's our interpretation
5 there.

6 JUDGE PEARSON: Okay. Thank you.

7 Mr. Beattie?

8 MR. BEATTIE: Well, Your Honor, our understanding
9 from reading Rainier View's response is that the arguments
10 related to NSF are nonmaterial in the proceeding because the
11 Company has admitted the violation.

12 MR. FINNIGAN: It's a different issue. That's a
13 different set of facts.

14 MR. BEATTIE: Well, I will go to the response filed
15 by the Company. And there are no page numbers, but under the
16 heading "Summary of Recommendation," there is a line that I'll
17 just read verbatim (as read): "Accept - 1 @ 100 on 2
18 disconnection notices was a timing fluke due to 2 NSF returns
19 but is accurate."

20 And it's Staff's understanding that that was the
21 violation that was admitted, so what Mr. Finnigan has argued
22 this morning is nonmaterial.

23 MR. FINNIGAN: Well, I'm sorry, but, again, we're
24 mixing -- things are getting mixed up.

25 This relates to the Satterwhite, the customer

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1 Satterwhite, and the allegation in the report is that he was --
2 that customer was disconnected without proper notice because the
3 second notice was not provided. And that is -- we do contest
4 that violation, and we're contesting it by the fact that this
5 customer, as explained in the report, made a series of these NSF
6 payments, you know, where he would make a payment and be
7 reconnected and then that payment would come through as not
8 valid. And once that set of facts occurred, the Company
9 realized that this customer was behaving in a way to avoid --
10 intentionally acting by making false payments to avoid
11 disconnection, and that constitutes under the rule an act of
12 fraud and the customer can be disconnected without going through
13 the two-notice procedure.

14 MR. BEATTIE: And to be clear here, we are talking
15 about Customer Satterwhite. We agree with that. In this
16 category of violation, there were actually two WACs that are at
17 issue. The one Mr. Finnigan is referring to has already been
18 admitted by the Company. The second violation involves WAC
19 480-110-355(3)(c)(iii), and that WAC creates a requirement that
20 disconnection occur within ten days after the first day that's
21 noted for disconnection. So in other words, once a company has
22 indicated that it will disconnect a customer's service, it has
23 ten days to complete the disconnection process. It can't simply
24 promise disconnection and then not accomplish that within the
25 ten-day window.

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1 In this case, not only did Customer Satterwhite not
2 receive the second successive disconnection notice as required
3 by (3) (b) (ii), which has been admitted by the Company, but also
4 it failed to complete the disconnection process within the
5 ten-day window. And having heard no argument on the ten-day
6 window violation, Staff would deem that undisputed.

7 JUDGE PEARSON: Can I clarify something? I just have
8 a question for Staff.

9 So what I understand Mr. Finnigan to say is that the
10 Company believes they were not required to provide notice to
11 disconnect this customer because of the returned electronic
12 payment, and the Company's belief that that rises to the level
13 of fraud under the WAC.

14 So does Staff have a position on whether or not a
15 returned payment rises to the level of fraud under the rule?

16 MR. BEATTIE: Yes, Your Honor. I'll respond to that.

17 Under WAC 480-110-355(c), that regulation provides
18 that a water company may terminate service without notice when
19 it discovers that a customer has obtained service fraudulently,
20 and Staff believes this to be the regulation that is being
21 brought up by Mr. Finnigan.

22 JUDGE PEARSON: Is that correct, Mr. Finnigan?

23 MR. FINNIGAN: That is correct.

24 JUDGE PEARSON: Okay.

25 MR. BEATTIE: "Examples of fraud include: When

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1 service is connected without the company's knowledge" -- and I'm
2 reading directly from the rule -- "when service is obtained by
3 fraudulent means or representations, or when service is used to
4 provide service to other persons who are required to obtain
5 their own service." You'll notice that NSF payments is not
6 included in this list.

7 Now, of course, the list is not intended to be
8 exclusive, but Staff's position is that Rainier View Water
9 Company cannot convincingly argue that an NSF payment
10 constitutes fraud within the meaning of this WAC. Payments may
11 be unintentional. They do not always indicate fraudulent
12 intent. There's no necessary connection there.

13 And I note that in my research I encountered an
14 analogous rule governing the disconnection of electric services,
15 and that's WAC 480-100-128(2)(a). And I find this rule to be
16 interesting because it provides that electric services -- in
17 terms of providing electric services, quote, a nonsufficient
18 funds check or a dishonored electronic payment alone will not
19 constitute fraud.

20 Now, granted, this rule does not apply to water
21 companies, but interpreting the water rules consistently with
22 how the Commission has set up the scheme for electric companies'
23 NSF payments do not constitute fraud within the meaning of the
24 rule.

25 JUDGE PEARSON: Thank you.

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1 Do you wish to respond to that?

2 MR. FINNIGAN: Thank you. Yes, Your Honor. The fact
3 that the Commission put that in the rule for electricity
4 actually supports my argument because they didn't put it in --
5 they didn't put that same language in this rule.

6 Now, the Company does not treat one NSF payment as an
7 act of fraud. That's not its position. It's only where there
8 has been a pattern of repeated use of invalid payments to avoid
9 disconnection. That's where the evidence shows that that
10 particular customer didn't make -- just make a mistake, but they
11 were acting intentionally to avoid disconnection and, therefore,
12 have obtained service through fraudulent means. So that's how
13 we apply the rule, Your Honor.

14 JUDGE PEARSON: Thank you.

15 Mr. Beattie, do you wish to respond to that, or are
16 we ready to move on?

17 MR. BEATTIE: Just briefly. There is no evidence of
18 fraud in this docket, and so for the present purposes what
19 matters is that the second successive notice violation was
20 admitted by the Company, and the ten-day window violation still
21 has not been responded to and should be upheld.

22 JUDGE PEARSON: Thank you.

23 So next are the 15 violations of 480-110-355(b),
24 failure to timely reconnect service.

25 MR. FINNIGAN: This one, again, it requires you to

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1 take a look at the facts. With Customer Reed -- and there
2 happen to be two Customer Reeds in here, one R-e-e-d and one
3 R-e-i-d. But on this Customer Reed, for example, he requested
4 reconnection. The Company went out. And he was a military
5 personnel out of town but wanted the service reconnected.

6 The Company went out and reconnected him but saw that
7 the meter was spinning, which means that there is an active
8 leak. So rather than reconnecting him, they kept it
9 disconnected at the meter and when he came back later and
10 again requested -- they also left a door hanger; although he's
11 in the military, but they left a door hanger saying we suspect
12 that there is a leak. Then when he came back and called later
13 and said, No, I really want it to be reconnected. I know
14 there's a leak, the Company went out and said, Okay. We'll
15 reconnect it and -- and did so.

16 The difference in the timing is simply that when the
17 Company went out and saw that there was a leak, it said, No. We
18 don't want to run up his bill. But when he made the second
19 request, the Company said, Okay. You know there's a leak.
20 We'll go do it, and he apparently wanted to address the leak in
21 that fashion.

22 The other instances are the Company reconnected the
23 customers, User Smith and Drayer -- well, I think Smith's been
24 dismissed, right?

25 Okay. So Customer Drayer was -- as soon as the

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1 Company recognized that there was a payment, the payment had
2 been made electronically, it reconnected the customer
3 immediately. The disconnection was how did the customer -- how
4 did the Company know when there was a payment or not, and the
5 customer didn't call and say, Well, I made an electronic
6 payment. The Company had to recognize that the transaction went
7 through the electronic system and it showed up on the Company's
8 books. As soon as it did, the Company went out and reconnected.

9 So that's the -- to use the word differently,
10 "disconnection" -- that's the disconnect in that -- in that time
11 is no contact from the customer and an electronic payment being
12 made and then the customer being reinstated service once the
13 Company realized that an electronic payment had been made.

14 JUDGE PEARSON: Okay.

15 Mr. Beattie?

16 MR. BEATTIE: What Staff is concerned with in this
17 category of violation is that customers are paying in full, and
18 thus, those customers are in good standing with the Company and
19 yet for a multitude of reasons -- two of them documented by
20 Staff in this investigation -- the Company is not promptly
21 restoring service. And so prompt restoration of service is
22 really what's at the heart of this category of violation.

23 Taking Customer Reed first, there's been some
24 discussion about the customer's meter spinning.

25 Staff is not taking a position on that allegation

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1 because it's really nonmaterial to the fact that the customer
2 had paid in full and no action was taken at the time payment in
3 full -- or the account balance was paid in full to restore
4 service promptly.

5 Taking Customer Drayer, in this case, the Company
6 appears to be arguing that it should be excused from the
7 violation because its systems cannot handle electronic payments.
8 There appears to be no notification process when a customer pays
9 the account balance in full, albeit, electronically.

10 Well, Staff's position is that that hardly excuses
11 the Company's conduct, and perhaps the Company should update its
12 system so that electronic payments are not languishing until
13 they're discovered however many days later and then service is
14 finally restored to that customer.

15 JUDGE PEARSON: Okay. Thank you.

16 Do you wish to respond?

17 MR. FINNIGAN: Yes, thank you. On Customer Reed, I
18 do want to make the point that the Company did, in fact, go out
19 and reconnect him and it was just because the customer -- we
20 found that the meter was spinning and there was a leak that we
21 disconnected the reconnection so that there wouldn't be, you
22 know, water wasted.

23 On Drayer, I do want to note that the Company --
24 there is no way to update the systems. We looked at that. It's
25 handled electronically, so what the Company has now done is to

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1 manually check for the payments on a daily basis, so the Company
2 is devoting additional resources, significant resources, to have
3 to manually check for payments every day.

4 And so we're not admitting that there was a violation
5 under the rule, but we have recognized that the Company could be
6 more proactive, I'll put it that way, and so they have decided
7 to devote those resources and now check daily.

8 JUDGE PEARSON: And that is something that the
9 Company plans to continue to do going forward?

10 MR. FINNIGAN: Oh, yes.

11 JUDGE PEARSON: Okay.

12 MR. FINNIGAN: Yes. If we can find a way to do it
13 electronically, we would. And maybe that day will come. But
14 until then, the Company will do it daily -- do it manually.

15 JUDGE PEARSON: Thank you.

16 Mr. Beattie, did you have anything to add?

17 MR. BEATTIE: Nothing further in this category.

18 JUDGE PEARSON: Okay. Thank you.

19 The next violation is WAC 480-110-355(c), two
20 violations for failure to offer two customers the option of
21 restoring service through the collection of a deposit.

22 MR. FINNIGAN: Yeah. On this one -- let me look at
23 the rule.

24 I'm sorry. What's the rule again?

25 JUDGE PEARSON: 480-110-355(c).

0020

1 MR. FINNIGAN: There we go. Yeah, it's actually
2 (5) (a), (b), and (c).

3 Here's an issue, and this is an issue with how this
4 rule is written. The rule is actually written in the
5 disconnection, so the Company -- in the disjunctive. I'm sorry.
6 I've used "disconnection" too many times today -- in the
7 disjunctive, so it uses "or" between (a), (b), and (c), which
8 would mean that you would think that what -- the way you would
9 apply the rule is that you would need to offer a deposit. We
10 certainly understand Staff's interpretation in this instance,
11 however, that interpretation doesn't make sense in practice.

12 For example, if the cause of disconnection is that
13 the customer has a source of cross-contamination so they need a
14 cross-connect control installed and they've been disconnected
15 for that purpose, it wouldn't make sense to say that, Well, the
16 rule reads "or," so if he pays a deposit -- if the customer pays
17 a deposit, they're entitled to reconnection. It's just not
18 logical. There are a lot of causes for disconnection, one of
19 which is not paying the proper charges.

20 In addition, I think it's instructive that the
21 Commission has published a template tariff for water purposes.
22 And let me hand this to you.

23 JUDGE PEARSON: Thank you.

24 MR. FINNIGAN: The court reporter and Mr. Beattie
25 already have copies.

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1 This is published by Staff, and on Rule 5, where it
2 talks about disconnection, the last sentence says (as read):
3 "The Utility will restore service when the cause of
4 discontinuance has been removed and payments of all proper
5 charges from the customer have been made."

6 So the Commission has interpreted its own rule as
7 meaning that those are not read separately but, in fact, are to
8 be read together and that payment -- the requirement of payment
9 is something that is permissible prior to reconnection, so for
10 those reasons, we think that the Company acted properly within
11 the intent of the rules.

12 JUDGE PEARSON: Okay. Thank you.

13 Mr. Beattie?

14 MR. BEATTIE: Well, reading this and notwithstanding
15 any language, Staff believes this WAC is, again, plain on its
16 face. Mr. Finnigan correctly stated that the subsections (a)
17 through (c) are written in the disjunctive, and I think that's
18 important and essentially dispositive of the issue because the
19 WAC sets up two requirements for reconnection: (1) that any
20 reconnection charge has been taken care of whether by payment by
21 the customer or because the Company has agreed to bill. So
22 that's one requirement.

23 And then the second, you can pick among any three of
24 these options (a), (b), or (c). And one of the options is that
25 the customer pays any applicable deposit as provided in the

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1 Company tariff, so really this is logical and it's very plain.

2 And so the upshot here is that Staff -- or excuse
3 me -- the Company can under some circumstances use payment in
4 full as the impetus to restore service, but the point is that
5 it's not giving customers the option to using applicable deposit
6 in a reconnection fee as the means to restore service. It must
7 provide customers that option.

8 JUDGE PEARSON: Okay. Thank you.

9 Mr. Finnigan, do you wish to respond?

10 MR. FINNIGAN: Not on that issue.

11 JUDGE PEARSON: Okay.

12 MR. FINNIGAN: I think what I said earlier is
13 sufficient.

14 JUDGE PEARSON: Okay. Now, let's move on to the
15 final violation, WAC 480-110-375(1), failure to bill customers
16 in a manner that clearly identifies rates and charges for water
17 services.

18 MR. FINNIGAN: This really boils down to what
19 constitutes water service. The Company's position is that water
20 service is one service. It's the receipt of water. Now, it's
21 billed by a base charge and a usage charge, but that doesn't
22 change it. It's still just one service.

23 Your Honor, if I may, I have provided Mr. Beattie
24 with copies of two rules earlier -- or two bills earlier. The
25 bill that's in the Staff report doesn't include the second page,

0023

1 so this provides a couple of examples.

2 That one page is really hard to read. If you look at
3 the second bill, the second page is much clearer and they're
4 identical.

5 JUDGE PEARSON: Okay.

6 MR. FINNIGAN: Unfortunately, the copy didn't copy
7 well, and if you look at the two bills, you'll see that on the
8 first one in the right hand -- upper right-hand side of page 1,
9 there's an amount stated for water. That's the water service.
10 On the second one where a customer has a second service -- in
11 this case being FireFlow -- that is separately stated and put on
12 the bill as a separate service.

13 So while water service is just that, the tariff does
14 have a base charge and a usage charge and then the tariff -- a
15 copy of the tariff is provided to the customer on page 2 so that
16 they can see how that charge was calculated.

17 Your Honor, I have one more item. What I've just
18 handed to you is out of the Commission's template tariff. It's
19 Schedule 2, Metered Rate Service. And if you look at the tariff
20 that's displayed there, it's strikingly similar to Rainier
21 View's tariff in the way it's set up. In the terms of the base
22 rate and then the usage rates, it looks really, really close to
23 what Rainier View has.

24 And if you go up into the conditions, it reads, "The
25 charge for this service." It doesn't say services, the charge

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1 for these services. It says "for this service."

2 And, again, in the second sentence under
3 "Conditions," it says "for this class of service," again, not
4 plural, so the Commission's own template tariff recognizes that
5 water service is one service, not multiple services. The
6 Company does believe that its form of bill complies fully with
7 the regulation.

8 JUDGE PEARSON: Thank you.

9 Mr. Beattie?

10 MR. BEATTIE: Yes, Your Honor. The issue here is
11 that Rainier View Water Company's bills do not show the extent
12 to which the final customer charge is broken up over multiple
13 rate blocks, if any.

14 And I will note that although Attachment F to the
15 Staff investigation report is just page 1 of the bill, the
16 pertinent information on the backside of the bill is contained
17 on page 14 of the Staff investigation report. But what's really
18 important to note here is that a customer looking at this bill
19 both front and back would have a very difficult time determining
20 the extent to which his or her usage for that billing cycle is
21 spread over multiple rate blocks. Staff considers this form of
22 bill to be a violation of the rules, and the rules require, one,
23 that bills identifying show each separate charge as a line item,
24 and in Section 375(1)(e) that the Company include enough
25 information that together with tariff rates the customer can

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1 calculate his or her bill.

2 And, now presumably, this WAC is not just simply
3 saying the bill needs to have the final charge. That's too
4 simple a reading of the WAC. There needs to be enough
5 information so that looking at that final number the customer
6 can know how the Company arrived at the figure.

7 JUDGE PEARSON: Thank you.

8 Do you wish to respond?

9 MR. FINNIGAN: Yes, briefly.

10 By including the tariff information on page 2, the
11 Company has done precisely what Mr. Beattie has said the Company
12 should do, and that's provide the means by which the Company can
13 calculate how the rate was arrived at. The amount of usage is
14 provided on the front of the bill so the customer merely has to
15 look at the amount of usage, look at the rate blocks, and say,
16 Okay. I understand this is what I did. If I want to have a
17 lower bill, perhaps I can cut my usage back.

18 As stated in the Company's response, the Company did
19 look at changing what it would take to change the form of bill,
20 even though it disagrees with Staff's view, and it turns out
21 it's going to be very expensive for the Company to do that.

22 Customers have not complained about the form of the
23 bill. In fact, some customers have said they like the form of
24 the bill, so we respectfully see no reason why the Company
25 should be forced to change its form of bill.

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1 JUDGE PEARSON: Thank you.

2 MR. BEATTIE: And I have nothing further to add.

3 JUDGE PEARSON: Okay. Thank you.

4 MR. FINNIGAN: Your Honor, there's one other item
5 that we would like to talk about.

6 JUDGE PEARSON: Okay.

7 MR. FINNIGAN: And that has to do with the complaint
8 log. And there's no violations on this, but it is set out in
9 Staff report.

10 JUDGE PEARSON: So that would be a conversation more
11 appropriate to have with Staff off the record because it's not
12 an alleged violation. It's nothing that the Company was
13 penalized for.

14 MR. FINNIGAN: But it's in the report saying there
15 could be future violations.

16 JUDGE PEARSON: I understand that. It's not
17 something I'm going to include in my order --

18 MR. FINNIGAN: Okay.

19 JUDGE PEARSON: -- because there are no alleged
20 violations.

21 MR. FINNIGAN: All right. Thank you. But it is
22 something we hope that Staff would sit down and talk with us
23 about because, you know, there are reasons for the way the
24 Company does what it does. And we would not want to have to
25 have the threat of future violations hanging over the Company's

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1 head, so it is something we would like to work out.

2 JUDGE PEARSON: Okay. And I'd encourage you to speak
3 with Ms. Paul and Ms. Wallace after the hearing and maybe set
4 something up.

5 MR. FINNIGAN: Okay. Thank you.

6 JUDGE PEARSON: Okay. Would either party like to
7 make any closing statements?

8 MR. FINNIGAN: I think we've covered it.

9 JUDGE PEARSON: Okay. Thank you.

10 Mr. Beattie?

11 MR. BEATTIE: Your Honor, just one thing to point out
12 is that Rainier View Water Company is a sophisticated company.
13 It has long been subject to Commission jurisdiction. And staff
14 at the Company have received numerous technical assistance
15 letters and phone calls over the years. It is not as though
16 Rainier View is an unsophisticated company that doesn't have the
17 capacity to comply with the applicable water rules.

18 Staff is asking that the Commission uphold all 21 of
19 the disputed violations that were at issue today, as well as the
20 \$100 violation that was already admitted by the Company. Thank
21 you.

22 JUDGE PEARSON: Thank you.

23 Mr. Finnigan?

24 MR. FINNIGAN: Thank you. Just very briefly.

25 As we said at the start, for most of the matters at

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1 issue here today is a question of interpretation of the rule.
2 And whether Rainier View is sophisticated or unsophisticated, it
3 still boils down to there is just some fundamental differences
4 in how to interpret the rule. It's not like the Company has
5 told Staff that we don't care. In fact, it started this process
6 so that it could bring these matters before the Commission and
7 get guidance on what is the proper interpretation of the rules.

8 JUDGE PEARSON: Okay. Thank you.

9 Anything else?

10 MR. BEATTIE: Nothing further, Your Honor.

11 JUDGE PEARSON: Okay.

12 MR. FINNIGAN: Nothing further.

13 JUDGE PEARSON: Okay. Thank you all for coming here
14 today. I will issue an order within ten days, and with that, we
15 can go off the record and be adjourned.

16 (Proceeding concluded at 10:14 a.m.)

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6 I, SHELBY KAY K. FUKUSHIMA, a Certified Shorthand Reporter
7 and Notary Public in and for the State of Washington, do hereby
8 certify that the foregoing transcript is true and accurate to
9 the best of my knowledge, skill and ability.

10 IN WITNESS WHEREOF, I have hereunto set my hand and seal
11 this 25th day of September, 2014.

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SHELBY KAY K. FUKUSHIMA, CCR

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16 My commission expires:

June 29, 2017

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