



**Summit View Water Works LLC  
Docket UW-240589**

Public Counsel Informal Data Request Set #1  
Issued 9/5/24  
No Due Date Indicated

**PC Informal Data Request #1-1**

For each of Summit View's employees identified in Ann LaRue, Exhibit AML-03, please provide the following:

- 1) The employee's anonymization code (e.g., RK007).
- 2) The employee's title at Summit View.
- 3) Any titles the employee may hold at the following companies or special purpose districts:
  - i. Candy Mountain LLC (CMLLC);
  - ii. Tri City Development Inc;
  - iii. Eagle Butte Vineyards LLC (EBV);
  - iv. Candy Mountain Farms LLC;
  - v. DV and C Companies LLC (DV&C);
  - vi. Lewis and Clark Irrigation LLC;
  - vii. Badger Mountain Irrigation District; and
  - viii. Kennewick Irrigation District.
- 4) Whether the employee collects benefits for their Summit View employment.
- 5) Whether the employee collects benefits for any employment identified in subpart 3.

Response for PC IDR #1-1-1 & #1-1-2

The information requested in PC's IDRs #1-1-1 & 1-1-2 is provided in the referenced Exhibit AML-03. On Sch 1.0 – Payroll Wages of Exhibit AML-03, the employee anonymization code is provided in column B and the employee's title is provided in column E. This information is also provided in this same exhibit on Sch 2.0 – Payroll Taxes in columns B and E.

Response for PC IDR #1-1-3

- i. CMLLC – RK007 & CG008 Managing Members & Owners
- ii. TCDC – RK007 Vice President & Owner | CG008 President & Owner
- iii. EBV – RK007 & CG008 Managing Members & Owners | AS004 Vineyard Manager
- iv. CMF – RK007 Managing Member & Owner
- v. DV&C – RK007 Managing Member & Owner
- vi. LCI – RK007 Managing Member & Owner
- vii. BMID – CG008 elected board member
- viii. KID – RK007 elected board member

Response for PC IDR #1-1-4

The SVWW employees provided benefits for their employment at SVWW are identified in the company's response to staff's IDR #3-1, on page 10. This page is also being provided in the attached document, *240589 – PC IDR #1-1-4 – response*.



Response for PC IDR #1-1-5

No employees collect benefits for any employment identified in subpart 3.

**PC Informal Data Request #1-2**

Please explain how Summit View determines employee eligibility for benefits purposes.

Response for PC IDR #1-2

To determine employee eligibility for benefits purposes, SVWW management periodically reviews salary survey data from other equivalent municipal providers, matches job duties from SVWW employees to salary survey data, and considers factors such as experience, merit, job references, job performance, and employee attitude.

**PC Informal Data Request #1-3**

Per the attachment to Summit View's response to Staff IDR #3-5, employee SM006 worked for 1,872 hours in 2023, but was compensated with a salary based on 40 hours of work per week, for a total of 2,080 hours, as noted in LaRue's Exhibit AML-03. Please explain the 208-hour difference between employee SM006's actual and compensated work.

Response for PC IDR #1-3

The hours entered for employee SM006, in Exhibit AML-03, in column D on Sch 1.0 and Sch 2.0 were inadvertently entered as 40 hours instead of 36 hours. To clarify, the hours reported for this employee on SVWW's payroll detail in Exhibit AML-03, Sch 8.0 SM006 are correct and represent 36 hours per week, or 1,872 hours per year.

**PC Informal Data Request #1-4**

Please provide a list of all professional activities for which Mr. Kirk Rathbun receives compensation. Please also provide a list of all professional activities for which Mr. Geoff Clark receives compensation.

Response for PC IDR #1-4

Other professional activities and compensation for Mr. Rathbun and Mr. Clark unrelated to SVWW and its affiliates represent personal information outside their employment with SVWW and are confidential and irrelevant for the purposes of this case.

**PC Informal Data Request #1-5**

Please provide the years in which Mr. Kirk Rathbun has been employed by or served on the board of the Kennewick Irrigation District and the titles he has held there. Please also provide the years in which Mr. Geoff Clark has been employed by or served on the board of the Badger Mountain Irrigation District and the titles he has held there.



Response for PC IDR #1-5

Mr. Rathbun was elected to the KID board in 2010 and has been serving on the board since then. Mr. Clark served on the BMID board from 1985 to 1990 and has resumed service on that board.

**PC Informal Data Request #1-6**

Please provide copies of all invoices received by Summit View from Badger Mountain Irrigation District in 2023. Please provide copies of the actual invoices, rather than invoice summaries as provided in Summit View's response to Staff Informal Data Request No. 2-4.

Response for PC IDR #1-6

Copies of the invoices received by SVWW and paid to BMID in 2023 are attached and labeled *240589 – PC IDR #1-6 – response*. Also included are the support worksheets for each invoice showing the POU (Percentage of Use) calculation for the amount reimbursed to SVWW by EBV.

**PC Informal Data Request #1-7**

For 2023, please estimate the percentage of Summit View's water supplied to customers which was:

- 1) Sourced from its own wells;
- 2) Sourced from affiliates (clarify which);
- 3) Sourced from Badger Mountain Irrigation District;
- 4) Sourced from Kennewick Irrigation District; and
- 5) Sourced from all other companies and local irrigation districts. If the answer to (5) is not zero percent, please identify those other companies and local irrigation districts from which Summit View sourced water.

Response for PC IDR #1-7

- 1) Domestic 100% | Irrigation 90%
- 2) Irrigation 10% from BMID
- 3) Irrigation 10%
- 4) 0%
- 5) 0%

**PC Informal Data Request #1-8**

If Summit View is unable to estimate percentages in response to Public Counsel Data Request No. 7, please provide alternative metrics (e.g., cost) for each subpart (PC-7(1) through PC-7(5)) which can be used to approximate the share of water obtained from each of the listed sources.

Response for PC IDR #1-8

N/A



**PC Informal Data Request #1-9**

Please provide documentation supporting Summit View’s answers to Public Counsel Data Requests No(s). 7 and 8.

Response for PC IDR #1-9

SVWW’s 2023 consumption data is provided in the attached document labeled 240589 – PC IDR #1-9 – response.

**PC Informal Data Request #1-10**

Does Summit View track water usage of its irrigation customers? If so, does Eagle Butte Vineyards (EBV) use irrigation water at the same rate as Summit View’s irrigation customers? Please explain why EBV’s percentage of use for shared utility expenses is calculated based on acreage, rather than water usage.

Response for PC IDR #1-10

As explained in SVWW’s responses to staff’s first set of IDRs and further expounded on in SVWW’s response to staff’s IDR #2-4, irrigation water use is based on acreage, which also applies to EBV.

Irrigation rates are typically based on acreage because it provides a straightforward and practical way to estimate the amount of water needed for agricultural purposes. Given that the amount of water required for irrigation is closely related to the size of the land being irrigated, basing its allocation of shared expenses on acreage provides an acceptable allocator for estimating shared costs.

Notwithstanding the above, and assuming the practicalities of metering SVWW’s irrigation customers could even be accomplished, the cost associated with obtaining, installing, and maintaining the commercial sized meters that would be required would be substantial and inconsistent with the goal of establishing the lowest reasonable costs for all customers.

**PC Informal Data Request #1-11**

Please provide Summit View’s revised capital structure, incorporating all revisions made so far during the discovery process, including in response to Staff Informal Data Requests No(s). 1-5 and 3-7.

Response for PC IDR #1-11

SVWW’s revised capital structure, resulting from the company’s responses to staff’s IDR #1-5 and #3-7, is attached and labeled 240589 – PC IDR #1-11 – response.



**PC Informal Data Request #1-12**

Please provide Summit View’s revised rate base and revenue requirement, incorporating all revisions made so far during the discovery process, including in response to Staff Informal Data Requests No(s). 1-5, 2-1, 3-7, and 3-8.

Response for PC IDR #1-12

SVWW’s revised rate base and revenue requirement, resulting from the company’s responses to staff’s IDRs #1-5, #2-1, #3-7, and #3-8, is attached and labeled *240589 – PC IDR #1-12 – response*.

**PC Informal Data Request #1-13**

In a call with Public Counsel on August 30, 2024, Summit View alluded to its affiliates having helped with costs while it operated with a revenue deficiency.

- 1) Have Summit View’s affiliates provided Summit View with temporary financial assistance while it operated with a revenue deficiency?
- 2) If the answer to (1) is yes, please provide documentation supporting this fact.
- 3) If the answer to (1) is yes, please provide a summary of Summit View’s debts incurred and debts outstanding to its affiliates as a result of this temporary financial assistance.

Response for PC IDR #1-13-1

Yes. SVWW affiliate Candy Mountain Farms, provided labor, vehicles, emergency labor, shop use, office space, equipment use (backhoes, service trucks, welders, pumps, etc.), as a handshake agreement, to SVWW, from approximately 2004 forward.

Response for PC IDR #1-13-2

The decision for CMF to help SVWW, on an uncompensated basis, was made on a sporadic basis, and admittedly lasted much longer than originally anticipated. The delay in obtaining rate adjustment approval has exacerbated and prolonged this period of financial triage due to the company’s inability to receive rate relief despite previous general rate case submissions that did not complete the audit review process.

There is no documentation for this handshake agreement. However, SVWW invites public counsel to interview current and past employees, as well as the manager of both companies, Mr. Rathbun about this action. Moreover, nonregulated affiliates are not barred by any known law or rule from contributing unrecorded labor and resources to regulated companies as circumstances require so long as the converse of nonregulated entity subsidization is not occurring.

Response for PC IDR #1-13-3

There are no documented, outstanding debts owed to SVWW affiliates as a result of this handshake (informal) oral agreement or mutual understanding to financially assist the regulated operations when required.



**PC Informal Data Request #1-14**

Please provide Summit View’s domestic customer count and irrigation customer count by month from 2018 through 2023, and for each month so far in 2024.

Response for PC IDR #1-14

SVWW’s domestic and irrigation customer counts, by month, from 2018 to present are attached and labeled *240589 – PC IDR #1-14 – response*.

**PC Informal Data Request #1-15**

For all of Summit View’s domestic customers and irrigation customers, please clarify:

- 1) How many of the domestic customers are residential customers;
- 2) How many of the irrigation customers are residential customers;
- 3) How many of the domestic customers have service connections that were constructed, contracted for, or otherwise set up by Summit View’s affiliates;
- 4) How many of the irrigation customers have service connections that were constructed, contracted for, or otherwise set up by Summit View’s affiliates; and
- 5) How many of the domestic customers are also irrigation customers.

Response for PC IDR #1-15

- 1) 100%
- 2) 100%
- 3) 100%
- 4) all but 12 connections
- 5) 100%

**PC Informal Data Request #1-16**

Please confirm that Summit View’s two-year domestic rate phase-in as described in the Direct Testimony of Danny P. Kermode, Exhibit DPK-01T at 12–13, forgoes, rather than recovers, revenue deferred in Year 1. Accordingly, the two-year domestic rate phase-in does not include carrying costs.

Response for PC IDR #1-16

Recognizing that as originally filed, the requested revenue requirement was substantial, SVWW requested that domestic rates be phased in over two years, deferring approximately \$50,000.

However, after the adjustments further identified through the audit process were incorporated into the company’s model, the revenue requirement has now decreased from \$514,200 to \$398,500. Since the initial second-year phase-in proposed a deferral of approximately \$50,000, the company now will request the revised revenue requirement be fully implemented on 10/1/2024.



**PC Informal Data Request #1-17**

Please confirm the address of Summit View’s shop space referenced in the Direct Testimony of Ann LaRue, Exhibit AML-01T at 9–11, as 82480 E Reata Rd, Kennewick, WA 99338.

Response for PC IDR #1-17

This address was an interim one and used to identify the turn off from the County owned and maintained road (Public Road) to allow vendors using GPS to find the turn off. The shop is located one mile down an unimproved road.

In 2022, construction began on City and County roads, that now allow paved road access to the shop. An updated address from Benton County should be received soon because it takes the County several months to segregate parcels and assign permanent addresses. The specific shop lot was part of a long plat that was recently approved by Benton County.

**PC Informal Data Request #1-18**

Referring to Summit View’s response to Staff Informal Data Request No. 1-6, please explain why the Promissory Notes labeled A through C were issued in March 2023, despite covering underlying services beginning as early as June 2018.

Response for PC IDR #1-18

Because SVWW was operating at a loss for many years, the company’s practice was to wait until approximately 30 percent of the lots within each phase were generating revenue before signing the corresponding loan agreement. Therefore, the loan documents provided in response to staff’s IDR #1-6, for phases 12,13, 14 and #2 reservoir were initiated in April 2023, while the related assets were entered in the depreciation schedule as of the dates they were placed into service. SVWW knowingly experienced a lag from date of service to the date it initiated a loan for the same assets, with the contributing factor generally being how quickly the lots of a development phase are generating revenue.

After consulting with Ms. LaRue and Mr. Kermode, the company now understands that using a “plant held for future use” account would be more appropriate and would, in turn, provide better financial stability for this regulated company. And SVWW has taken the necessary steps to revise this practice going forward.

**PC Informal Data Request #1-19**

Referring to Summit View’s response to Staff Informal Data Request No. 1-6 and Schedule 4.2 in Kermode, Exhibit DPK-03, please explain why Summit View aggressively accelerated repayment of the loan captured by the Promissory Note labeled H.

Response for PC IDR #1-19

The Company takes issue with the reference here to “aggressive acceleration” as implying something untoward. The Company restructured the loan to more accurately reflect the borrowing entity as part of its overall synchronization and coordination of financial accounting



to better conform with the Uniform System of Accounts and regulatory accounting principles as it has previously described in response to Staff IDRs and as implemented through the advice of new regulatory accounting advisors as also referred to above.

The original balance of this promissory note was paid down partly with hook-up fees. But due to prior bookkeeping practices at SVWW, the balance of this note was not reduced as it should have been for regulatory purposes. Therefore, this correction was made to ensure that the resulting tariffs from this rate case were based on more accurate financial information going forward.

**PC Informal Data Request #1-20**

Referring to Summit View's response to Staff Informal Data Request No. 1-6, for the Notes Payable labeled E1 and E2, please provide documentation outlining the loan terms and underlying services covered by the loans.

Response for PC IDR #1-20

The information requested here has also been previously provided in response to staff's IDRs #1-6 and #1-7 and in Exhibit DPK-03, Sch 4.2.

In response to staff's IDR #1-6, we stated, "The notes payable for the Ditch Witch (E1 and E2) represent funds provided by the owners to purchase this asset and were characterized as a "handshake" agreement, on advice of previous counsel. Therefore, the company has been appropriately tracking its payments for these loans on an amortization schedule." This practice is consistent with the previous description of the continuing move towards more appropriate regulatory utility accounting practices addressed in the response to PC IDRs, above.

The invoice for this asset – Ditch Witch HX30 500 – was again provided in response to staff's IDR #1-7.

Additionally, the terms of this loan are outlined in Exhibit DPK-03, Sch 4.2 Cost of Debt.