

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

QUEEN ANNE WATER WORKS, LLC,

Respondent.

DOCKET UW-171034

ORDER 02

GRANTING MOTION; REQUIRING  
FILING OF MEMORANDUM  
PURSUANT TO WAC 480-110-225(2)

**BACKGROUND**

- 1 On October 3, 2017, Queen Anne Water Works, LLC, (Queen Anne Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) its initial Tariff WN U-01. The Company's proposed initial tariff set out charges and rates for service to approximately 14 customers located near Belfair in Mason County.
- 2 Pursuant to Washington Administrative Code (WAC) 480-110-255, the jurisdictional threshold for Commission regulation is \$557 in average annual revenue per customer. In February 2016, Queen Anne Water began charging its customers \$47 per month, or \$564 per year, per connection, for un-metered water service, an amount that would subject the Company to regulation by the Commission.
- 3 On November 18, 2018, the Mason County Superior Court filed a judgment and order affecting the water service rates the Company is permitted to charge.<sup>1</sup> According to that order, Queen Anne is prohibited from charging more than \$37 per month for water services. The order also placed the Company into permanent custodial receivership,

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<sup>1</sup> *Mary C. Hrudkaj, et.al. v. Queen Anne Water Works LLC, et al.*, Case No. 13-2-00049-4, Judgment and Order, 2 (Sup. Ct. Wash., Mason Cnty., Nov. 19, 2018).

holding that the previous owners could not participate in the management of the Company, including financial, billing, and rate matters.

4 Commission staff (Staff) filed with the Commission a Motion for Order Requiring Filing of Status Memorandum Pursuant to WAC 480-110-225(2) (Motion). Staff requests that the Commission order the Company to file a status memorandum to include:

- Whether and when a receiver has or will be appointed;
- The effect of the receivership on the Company's filed tariff, and;
- Whether the Commission retains jurisdiction over the Company.

5 No party responded to Staff's motion.

### DISCUSSION AND DECISION

6 We grant Staff's motion and require the Company to file a memorandum updating the Commission as to its status.

7 At the time the Commission entered Order 01, Queen Anne Water met the jurisdictional threshold set out in WAC 480-110-255, but the Company's case before Mason County Superior Court altered and limited what the Company may charge its customers.<sup>2</sup> Rather than collecting \$564 in average annual revenue per customer for the Company's 14 customers, the Superior Court ordered that the Company may only charge \$37 per month for water services.<sup>3</sup> The order of the Superior Court thereby reduced the Company's average annual revenue per customer to \$518, below the \$557 threshold for Commission regulation.

8 Pursuant to WAC 480-110-225(b), the Commission has the authority to impose additional or different requirements on any company in appropriate circumstances, consistent with the requirements of law.

9 The Commission has patiently awaited resolution of the many issues involved in the Company's case before Mason County Superior Court, but we decline to delay this proceeding any longer. Accordingly, the Commission exercises its authority to impose certain requirements on the Company in order to bring this case towards resolution. We

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

determine that the circumstances presented by this case justify requiring the Company to file a memorandum updating its status, and that doing so is appropriate and consistent with the requirements of law.

10 The information Staff has requested the Commission order the Company to include in its memorandum is reasonable and captures the information the Commission needs in order to resolve this matter. We find that affording the Company until February 14, 2020, to file its memorandum is fair and reasonable under the circumstances.

11 Accordingly, we require Queen Anne Water to file a memorandum in this docket by February 14, 2020, which must include the following information:

- (a) Whether and when a receiver has or will be appointed;
- (b) The effect of the receivership on the Company's filed tariff; and,
- (c) Whether the Commission retains jurisdiction over the Company.

### FINDINGS AND CONCLUSIONS

12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.

13 (2) At the time it filed its initial tariff with the Commission on October 3, 2017, the Company served 14 customers, charged \$47 per month, or \$564 per year, per connection, for un-metered water service.

14 (3) The jurisdictional threshold for Commission regulation is \$557 in average annual revenue per customer.<sup>4</sup>

15 (4) At the time it filed its initial tariff with the Commission on October 3, 2017, the Company met this jurisdictional threshold for Commission regulation.

16 (5) During the pendency of this proceeding, the Company has become subject to a judgment and order issued by Mason County Superior Court that limits the water service rates that the Company may charge its customers. These limitations

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<sup>4</sup> WAC 480-110-255.

prohibited Queen Anne Water from charging its customers more than \$37 per month for water service.

- 17 (6) The Commission has authority to impose additional or different requirements on any company in appropriate circumstances, consistent with the requirements of law.<sup>5</sup>
- 18 (7) It is appropriate under the circumstances and consistent with law for the Commission to require the Company to file a memorandum updating its status.
- 19 (8) The Commission should grant Staff's motion and order the Company to file a memorandum by February 14, 2020, that includes the following information:
- (a) Whether and when a receiver has or will be appointed;
  - (b) The effect of the receivership on the Company's filed tariff; and,
  - (c) Whether the Commission retains jurisdiction over the Company.

### ORDER

#### THE COMMISSION ORDERS:

- 20 (1) Commission staff's motion for an order requiring the filing of a status memorandum pursuant to WAC 480-110-225(2) is granted.

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<sup>5</sup> WAC 480-110-225(2).

- 21 (2) Queen Anne Water Works, LLC, is ordered to file with the Commission a memorandum by February 14, 2020, and include the following information:
- (a) Whether and when a receiver has or will be appointed;
  - (b) The effect of the receivership on the Company's filed tariff; and,
  - (c) Whether the Commission retains jurisdiction over the Company.

DATED at Lacey, Washington, and effective December 16, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ *Andrew J. O'Connell*  
ANDREW J. O'CONNELL  
Administrative Law Judge