



Summit View Water Works LLC
Docket UW-240589

Public Counsel Informal Data Request Set #2
Issued 9/19/24
Due Date – Prior to Open Meeting on 9/26

PC Informal Data Request #2-21

In Summit View’s response to Staff Informal Data Request No. 1-7, it noted that it had not yet located the invoices for domestic and irrigation assets related to “Ph 8-11”. Has the Company since located those invoices?

Response for PC IDR #2-21

The company sent a follow-up email response to staff on 8/16/24 stating that these documents requested by staff in IDR #1-7 for “Ph 8-11,” had previously been provided under docket UW-180801. This email is attached and labeled *240589 – PC IDR #2-21 – response*.

PC Informal Data Request #2-22

Ann M. LaRue, Exhibit AML-02r (Sch 1.0) (provided in response to Staff Informal Data Request No. 2-1) lists the in-service dates for domestic assets labeled “Ph 8-11” as January 1, 2019. In Summit View’s workbooks filed in Docket UW-230555, domestic assets labeled “Ph 8” have an in-service date of May 17, 2011, domestic assets labeled “Ph 9 & 10” have an in-service date of August 8, 2015, and domestic assets labeled “Ph 11” have an in-service date of September 2, 2016.¹ The same in-service dates as in Docket UW-230555 are provided in the Summit View’s workbooks filed in Docket UW-180801.² Please explain this discrepancy between Docket UW-240589 and previous Summit View filings.

Response for PC IDR #2-22

In the company’s response to PC’s IDR #1-18, we explained that the company’s previous 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 dates placed into service didn’t necessarily align with the date of the related notes payable.

As explained in the 2/22/24 open meeting when the company withdrew its rate case under docket UW-230555, and as discussed with commission staff on 8/23/24, the rate case SVWW submitted under docket UW-230555 was the first time (since this company came under UTC regulation in 2006), that it didn’t receive any rate case technical assistance from commission staff.

Thus, the company had attempted to build its last rate case (UW-230555) from its 2018 rate case (UW-180801) without the benefit of a full understanding of regulatory accounting and the



Uniform System of Accounts and how its assets, CIAC, and notes payables should be recorded and presented for ratemaking purposes.

As described in the company's response to staff's second set of IDRs, to ensure the company's assets were accurately reported, SVWW's regulatory depreciation schedule (Exhibit AML-02r) was created from its tax depreciation schedule, and further supported by the voluminous amount of invoices that have been provided throughout the discovery process.

Ms. LaRue and Mr. Kermode have helped the company gain the understanding that use of a "plant held for future use" account would be more appropriate and would, in turn, provide improved financial stability for this regulated company. SVWW has taken the necessary steps to revise this practice going forward.

PC Informal Data Request 2-23

The Direct Testimony of Danny P. Kermode, Exhibit DPK-03 (4.2) shows that a loan related to "Ph 8-11" and "R 1-4" was issued in 2019. In Summit View's workbooks filed in Docket UW-180801, a loan related to "SV Ph 8" was issued in 2011, a loan related to "RRW Ph 1" was issued in 2012, loans related to "RRW Ph 2" and "RRW Ph 3" were issued in 2014, a loan related to "RRW Ph 4" was issued in 2015, and loans related to "SV Ph 9 & 10" and "SV Ph 11" were issued in 2016.³ Please explain this discrepancy between Docket UW-240589 and previous Summit View filings.

Response for PC IDR #2-23

There were no loans for these phases until 2019. As explained previously, prior to engaging its current regulatory consultants, SVWW was merely following previous commission staff guidance for recording its assets, CIAC, and related notes payable without fully understanding the regulatory ratemaking process.

The company's previous practice of delaying signing notes payable until approximately 30 percent of the lots were generating revenue was previously approved by former commission staffer, Mr. Ward, who simply explained to the company that the years between when the assets became "used and useful" and when SVWW signed the notes payable to begin paying for the assets, were "lost recovery years." But Ms. LaRue and Mr. Kermode disagree that SVWW should have any "lost recovery years" and have advised SVWW to utilize the USoA account, "plant held for future use," going forward for these situations.

Therefore, for this filing, Mr. Kermode strove to correctly reflect the dates the notes payable were signed, and Ms. LaRue endeavored to accurately record the assets' placed-in-service dates to ensure that SVWW's assets were accurately represented going forward.

PC Informal Data Request #2-24

Ann M. LaRue, Exhibit AML-02r (Sch 1.0) lists the original cost of domestic assets labeled "Ph 8-11" as \$317,526, which matches the sum of original cost of domestic assets related to those phases in Summit View's workbooks filed in Docket UW-230555. However, LaRue, Exhibit AML-02r (Sch 1.0)



lists the accumulated depreciation (end) of domestic assets labeled “Ph 8-11” as \$52,921, while the sum of accumulated depreciation (end) of domestic assets labeled “Ph 8”, “Ph 9 & 10”, and “Ph 11” is \$82,093 in Summit View’s workbooks filed in Docket UW-230555.4 Please explain this discrepancy.

Response for PC IDR #2-24

For the many previously provided reasons, the workpapers from SVWW’s previous rate case under docket UW-230555 may not have been fully accurate. And SVWW’s current regulatory consultants have not reviewed the entirety of SVWW’s previous (withdrawn) rate case under docket UW-230555, and therefore cannot speak to what was provided in that rate case nor would that process be efficient or productive in the context of resource expense.

Please understand that after the company withdrew its previous case at the 2/22/24 Open Meeting, SVWW and Ms. LaRue tried to meet with commission staff to better understand the issues that concerned staff which made it impossible for staff to complete its GRC review after two years. But after multiple emails and a call between Ms. LaRue and Ms. Carrasco, and SVWW’s imminent need for increased rates, the company abandoned this effort in order to focus upon and file this rate case.

And as stated in the company’s responses to staff’s second set of IDRs, and further discussed with Mr. Sharbono on our solitary call with him on 8/23/24, we trust that the revised regulatory depreciation schedule provided under this docket is correct, because it is based on the company’s tax depreciation schedule, and properly supported with the invoices provided throughout the discovery process. Additionally, SVWW is committed to properly reporting all new assets and related notes according to the USoA and regulatory accounting basis.

PC Informal Data Request #2-25

Kermode, Exh. DPK-04 (S5.3) shows that Summit View’s Phases 12-14 added 112 irrigation customers to the Company’s system. Summit View’s attachment to Public Counsel Data Request No. 14 shows that Summit View added 112 irrigation customers in December 2019. Assuming that Phases 12–14 added irrigation customers to Summit View’s system in December 2019, please explain why LaRue, Exhibit AML-02r (Sch 1.0) lists the in-service dates of irrigation assets related to “Ph 12-14” as March 20, 2023.

Response for PC IDR #2-25

The in-service date for the Ph 12-14 irrigation assets were aligned with the notes payable to allow SVWW to recover all costs associated with these assets. As previously explained, SVWW was not aware that it should be utilizing the “assets held for future use” account, therefore it was recording its assets as instructed by former commission staffer Jim Ward.

For the phases in question, customers were added between 2019 – 2022, when phases 12-14 were completed. Once customer occupancy reached the 30 percent threshold, SVWW initiated the loans to purchase the irrigation assets in these phases. This again was how SVWW was instructed to record this information for UTC purposes and no SVWW staffer recalls hearing of



the “assets held for future use” category while attending the UTC training sessions.

But once again, SVWW is committed to remedying all regulatory accounting issues to the satisfaction of the commission and is collaborating with its regulatory consultants to be sure SVWW remains in compliance with all UTC rules and requirements.

PC Informal Data Request #2-26

In Summit View’s response to Staff Informal Data Request No. 5-10, it states that Eagle Butte Vineyard’s mailing address is 101904 Wiser Parkway #103, Kennewick, WA 99338. Please confirm that this is also the address of Summit View’s office.

Response for PC IDR #2-26

Yes, that is correct.

PC Informal Data Request #2-27

Does Eagle Butte Vineyard pay Summit View for use of 101904 Wiser Parkway #103, Kennewick, WA 99338? If so, please provide invoices confirming this.

Response for PC IDR #2-27

The SVWW office, which is quite modest and unpretentious, is located at this address, and is the regulated entity’s office. If not for the regulated company, this office would not be needed.

EBV does not pay for the de minimis use of the physical address of 101904 Wiser Parkway #103, Kennewick, WA 99338 to receive mail and process payroll and no files are kept at this address. EBV work performed is at 4904 W 20th Ave Kennewick WA.

All files are stored at the shop/warehouse owned by DV&C and Mr. Rathbun, who has this shop divided among SVWW, LCI, and personal use. The files are stored on the personal use side of the warehouse, free of charge, because Mr. Rathbun does not charge for long term file storage.