

**Docket No. UW-180886 - Vol. I**

**In the Matter of: Sunrise Acres Water Services, LLC**

**February 28, 2019**



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BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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In the Matter of Determining ) DOCKET NO. UW-180886  
the Proper Carrier Classification )  
of: )  
) )  
SUNRISE ACRES WATER SERVICES, )  
LLC )  
)

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BRIEF ADJUDICATIVE PROCEEDING, VOLUME I  
Pages 1-34  
ADMINISTRATIVE LAW JUDGE NELLI DOROSHKIN

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February 28, 2019

1:30 p.m.

Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive Southwest  
Olympia, Washington 98504

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1 A P P E A R A N C E S

2 ADMINISTRATIVE LAW JUDGE:

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4 Utilities and Transportation  
5 Commission  
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18 FOR SUNRISE ACRES:

19 TOM HARRISON  
20 PO Box 2818  
21 Pasco, Washington 99302

22 ALSO PRESENT:

23 SUSIE PAUL, Staff Witness

24 PAUL CHRISTENSEN

25 \* \* \* \* \*

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1 OLYMPIA, WASHINGTON; FEBRUARY 28, 2019

2 1:30 P.M.

3 --oOo--

4 P R O C E E D I N G S

5

6 JUDGE DOROSHKIN: We will be on the record.

7 This is a hearing in Docket No. UW-180886 in the matter

8 of determining the proper classification of Sunrise

9 Acres Water Services, LLC.

10 The purpose of this hearing is to determine

11 whether Sunrise Acres is a water company subject to the

12 jurisdiction of the Washington Utilities and

13 Transportation Commission.

14 My name is Nelli Doroshkin, and I am the  
15 administrative law judge presiding over this proceeding.

16 We will begin by taking appearances with the  
17 parties beginning with Commission Staff, and after that,  
18 I will give an overview of how this hearing will  
19 proceed.

20 MR. FUKANO: Good morning, Judge Doroshkin.

21 I am Harry Fukano, assistant attorney general with  
22 Utilities and Transportation division, and I am here on  
23 behalf of Commission Staff.

24 JUDGE DOROSHKIN: Okay. And is Mr. Harrison  
25 in the room?

1           Okay. Is there anyone else in the hearing  
2 room or on the bridge line who would also like to enter  
3 an appearance?

4           And your name is?

5           MR. CHRISTENSEN: Paul Christensen.

6           JUDGE DOROSHKIN: Paul Christensen? Could  
7 you please state and spell your first and last name,  
8 please? Or spell your first and last name.

9           MR. CHRISTENSEN: P-a-u-l,  
10 C-h-r-i-s-t-e-n-s-e-n.

11          JUDGE DOROSHKIN: Okay. And you are  
12 appearing on behalf of Sunrise Acres?

13          MR. CHRISTENSEN: Interested party at this  
14 point.

15          JUDGE DOROSHKIN: Okay. And what is your  
16 interest in the case?

17          MR. CHRISTENSEN: My daughter is looking at  
18 buying the Sunrise Acres water system.

19          JUDGE DOROSHKIN: Okay. And will you be --  
20 do you plan on testifying on behalf of Sunrise Acres or  
21 are you simply observing the proceeding?

22          MR. CHRISTENSEN: Depends on how the  
23 proceeding goes. Depends on what information might be  
24 needed at that point. So I would testify if required or  
25 asked to.

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1 JUDGE DOROSHKIN: Is there anyone else in  
2 the hearing room or on the bridge line who would like to  
3 enter an appearance? Okay. Hearing nothing, we will  
4 proceed.

5 As noted earlier, this is a classification  
6 hearing initiated by the Commission based on Staff's  
7 findings that Sunrise Acres is subject to Commission  
8 jurisdiction. If we determine today that that is the  
9 case, then we will issue an order requiring Sunrise  
10 Acres to file an initial tariff under provision  
11 480-110 -- or 110-433, Subsection 3 of the Washington  
12 Administrative Code or WAC. Among other things, that  
13 regulation would require Sunrise Acres to notify its  
14 customers prior to filing the tariff with the  
15 Commission.

16 So Staff will present its case first, and  
17 then Sunrise will have an opportunity to ask the Staff  
18 witness questions based on what the Staff witness has  
19 said. And after that, Mr. Harrison will have an  
20 opportunity to present his case and testify regarding  
21 Sunrise Acres' proper classification.

22 Mr. Harrison, if you'd like, you can come up  
23 here and sit. And, Mr. Harrison, is your address,  
24 telephone number, and email address on file with the  
25 Commission?



1 MR. HARRISON: Yes, it is.

2 JUDGE DOROSHKIN: It is, okay. Then Staff  
3 will present its case first.

4 Mr. Fukano, you may make any preliminary  
5 remarks and then call Staff's first witness.

6 MR. FUKANO: As a preliminary matter, would  
7 the Court -- or excuse me, would the Commission inquire  
8 as to the -- Mr. Harrison's response to the subpoena  
9 contained in the complaint at paragraph 13? And I have  
10 a copy --

11 JUDGE DOROSHKIN: Okay. I was going to ask  
12 that when it came to Mr. Harrison's turn to present his  
13 case.

14 MR. FUKANO: That would be fine with Staff.  
15 Under RCW 80.04.010, the Commission has  
16 jurisdiction over water companies that have greater than  
17 100 customers. The same statute requires the Commission  
18 to include all portions of water companies having common  
19 ownership or control when determining the measurement of  
20 customers or revenue for a particular water system to  
21 resolve whether a water system's subject to the  
22 Commission's jurisdiction.

23 Staff intends to introduce evidence that  
24 Sunrise Acres is owned or controlled by Tom Harrison and  
25 that Mr. Harrison owns two additional water companies in

Page 8

1 addition to Sunrise Acres and that the total number of  
2 customers across all of Mr. Harrison's water systems  
3 exceeds the Commission's jurisdictional threshold.

4 Furthermore, Staff intends to introduce  
5 evidence that Mr. Harrison has not filed a tariff for  
6 Sunrise Acres contrary to the requirements of RCW  
7 80.28.050. Thank you.

8 And I would like to call Susie Paul as my  
9 first witness.

10

11 SUSIE PAUL, witness herein, having been  
12 first duly sworn on oath,  
13 was examined and testified  
14 as follows:

15

16 E X A M I N A T I O N

17 BY MR. FUKANO:

18 Q. Good afternoon, Ms. Paul.

19 A. Good afternoon.

20 Q. Would you please state your name and spell your  
21 last name for the record.

22 A. My name is Susie Paul, P-a-u-l.

23 Q. And please state the name of your employer.

24 A. I'm employed by the Washington Utilities and  
25 Transportation Commission.

1 Q. And what is your position with the Commission?

2 A. I'm a compliance investigator for consumer  
3 protection.

4 Q. And what does your position involve?

5 A. I investigate the business practices of  
6 regulated utility and transportation companies, and as  
7 part of my duties, I also investigate nonpermitted or  
8 nonregulated companies that may be operating.

9 Q. And how long have you worked for the Commission?

10 A. I started with the Commission in April of 2013.

11 Q. And what are your qualifications?

12 A. I have a degree in criminal justice. I have  
13 been working as -- in the regulatory field as an  
14 investigator for 14-plus years. I also am a  
15 certificated investigator for the state of Washington,  
16 and I'm a board member of the Pacific Northwest License  
17 and Tax Fraud Association that recruits and provides  
18 training for Washington State investigators.

19 Q. Now I'd like to discuss the matter at issue in  
20 today's hearing.

21 Are you familiar with Sunrise Acres?

22 A. Yes.

23 Q. How are you familiar?

24 A. I became familiar, there was some consumer  
25 complaints that came in about two companies owned by

Page 10

1 Mr. Harrison that was not Sunrise. And -- and through  
2 the investigation, we realized that there was a third  
3 company called Sunrise Acres.

4 Q. Did you conduct an investigation into Sunrise  
5 Acres?

6 A. Yes.

7 Q. I'm showing you what's been previously labeled  
8 as proposed SP-1.

9 MR. FUKANO: And permission to approach  
10 opposing?

11 JUDGE DOROSHKIN: Yes.

12 MR. FUKANO: Copy of the exhibits we intend  
13 to introduce just for you to follow along.

14 MR. HARRISON: Okay.

15 MR. FUKANO: I placed two copies.

16 BY MR. FUKANO:

17 Q. And so I'm showing you what's been labeled as  
18 proposed Exhibit SP-1. What is this exhibit?

19 A. This is -- oh. This is my investigation report  
20 that I conducted on Sunrise Acres.

21 Q. Are you familiar with it?

22 A. Yes, I wrote it.

23 Q. Would you please turn to attachment A on page 9  
24 of proposed SP-1. I'm sorry, that should be page 10.

25 A. I'm there.

1 Q. What is attachment A?

2 A. Attachment A is a copy of the Secretary of State  
3 business information that shows Sunrise Acres Water  
4 Services.

5 Q. Does the Secretary of State record indicate who  
6 the governor of Sunrise Acres is?

7 A. Yes, it does. It lists Tom Harrison.

8 Q. And when did you last check the Secretary of  
9 State records for any updates?

10 A. I checked it this morning, about 9:30 this  
11 morning.

12 Q. Would you please turn to attachment B on pages  
13 11 and 12.

14 A. Okay.

15 Q. What is attachment B?

16 A. This is a Department of Health record. It's the  
17 Water Facilities Inventory Form and it's for Sunrise  
18 Acres water system.

19 Q. And does the Department of Health forms indicate  
20 who owns Sunrise Acres?

21 A. Yes, on -- in box 7, it lists William Tom T.  
22 Harrison as the owner.

23 Q. And when did you last check the Department of  
24 Health records for any updates?

25 A. I checked that this morning, approximately 9:30.

Page 12

1 Q. You had mentioned earlier in your testimony that  
2 you conducted an investigation into Sunrise Acres. Did  
3 you determine how many customers Sunrise Acres has?

4 A. Yes.

5 Q. How many --

6 A. Umm --

7 Q. Oh, how many customers does Sunrise Acres have?

8 A. The company reported that they had 39 active  
9 customers, and on the Department of Health forms, it  
10 indicates that they have 41 active connections with 50  
11 approved connections.

12 Q. And did you, in the course of your  
13 investigation, determine who owns Sunrise -- Sunrise  
14 Acres?

15 A. Yes.

16 Q. Who owns Sunrise Acres?

17 A. Tom Harrison.

18 MR. FUKANO: At this time, I would offer  
19 proposed SP-1 into evidence.

20 JUDGE DOROSHKIN: Mr. Harrison, do you have  
21 any objection to the admission of this exhibit?

22 MR. HARRISON: No.

23 JUDGE DOROSHKIN: Okay. Then SP-1 is  
24 admitted as designated.

25 (Exhibit SP-1 admitted.)

1 BY MR. FUKANO:

2 Q. Ms. Paul, to your knowledge, does Mr. Harrison  
3 own any other water companies?

4 A. Yes.

5 Q. How did you determine that Mr. Harrison owns  
6 other water companies?

7 A. Well, Mr. Harrison owns two other water  
8 companies; Harrison-Ray Water Company, Inc. and Harrison  
9 Water Company/Kiona, LLC, and they are both regulated by  
10 UTC and have tariffs on file.

11 Q. I'm showing you what's been labeled as proposed  
12 Exhibit SP-2. What is this exhibit?

13 A. This is -- I wanted to make sure. This is the  
14 Secretary of State business information for Harrison-Ray  
15 Water Company.

16 Q. And are you familiar with it?

17 A. Yes.

18 Q. And how are you familiar with it?

19 A. I researched this and printed out this  
20 information.

21 Q. And we are referring to attachment A on page 1  
22 of proposed SP-2, correct?

23 A. Yes.

24 Q. What does -- does the Secretary of State record  
25 indicate who the governor of Harrison-Ray is?

Page 14

1 A. Well, it lists as a registered agent Tom  
2 Harrison and then the governor Tom Harrison.

3 Q. Would you please turn to page 2 and 3 of  
4 proposed SP-2.

5 A. Okay. I'm there.

6 Q. What is attachment B on pages 2 and 3 of  
7 proposed SP-2?

8 A. This is the Department of Health's Water  
9 Facilities Inventory Form.

10 Q. Does the Department of Health material indicate  
11 who owns Harrison-Ray water system?

12 A. Yes, again, in box 7 of the form on the first  
13 page it's Harrison-Ray Water owned by William Tom T.  
14 Harrison.

15 Q. Did you also conduct a separate investigation  
16 into the Harrison-Ray Water Company?

17 A. Yes.

18 Q. Did you determine how many customers the  
19 Harrison-Ray Water Company has?

20 A. Yes.

21 Q. And how did you determine how many customers the  
22 Harrison-Ray Water Company has?

23 A. There were -- there were two factors that I  
24 looked at. One of them was provided by the company  
25 itself, and for Harrison-Ray Water Company, they



1 reported that they had 242 active customers. And  
2 Department of Health indicated that they have 212 active  
3 connections with 223 approved.

4 Q. By your calculation, how many customers does the  
5 water company have?

6 A. Are you speaking --

7 Q. Based on your investigation?

8 A. Are you speaking of just Harrison-Ray Water  
9 Company or total?

10 Q. Just Harrison-Ray Water Company.

11 A. 242 customers.

12 Q. Would you please turn to page 4 of the proposed  
13 SP-2. What is attach -- sorry.

14 A. I'm there.

15 Q. What is attachment C on page 4 of proposed SP-2?

16 A. This is another printout from the Secretary of  
17 State. It's the business information for Harrison Water  
18 Company/Kiona, LLC.

19 Q. Does the Secretary of State record indicate who  
20 the governor of Harrison/Kiona is?

21 A. Yes, it lists the registered agent as Tom  
22 Harrison, and it also lists Tom Harrison as the  
23 governor.

24 Q. Would you please turn to page 5 and 6 of  
25 proposed SP-2?

Page 16

1 A. Okay.

2 Q. What is attachment D on pages 5 and 6 of  
3 proposed SP-2?

4 A. That's the Department of Health's Water  
5 Facilities Inventory Form.

6 Q. Does the Department of Health records indicate  
7 who owns the Harrison/Kiona water system?

8 A. Yes, in box 7 for owner name it is listed as  
9 William Tom T. Harrison.

10 Q. Did you also conduct a separate investigation  
11 into the Harrison/Kiona water company?

12 A. Yes.

13 Q. Did you determine how many customers the  
14 Harrison/Kiona water company has?

15 A. Yes.

16 Q. How did you determine how many customers the  
17 Harrison/Kiona water company has?

18 A. It was the same as for the Harrison-Ray Water  
19 Company. I received from the company that they had 213  
20 customers and that Department of Health indicated on  
21 their form that they have 221 actual connections,  
22 approved for 360 connections.

23 Q. So based on your investigation, how many  
24 customers does the Harrison/Kiona water company have?

25 A. Well, 494.

1 Q. Or the -- the Harrison/Kiona water company?

2 A. Oh, for Harrison Water Company, I had 213.

3 MR. FUKANO: At this time, I would offer  
4 proposed SP-2 into evidence.

5 JUDGE DOROSHKIN: Mr. Harrison, do you have  
6 any objections to the admission of that exhibit?

7 MR. HARRISON: No.

8 JUDGE DOROSHKIN: Okay. Then SP-2 is  
9 admitted as designated.

10 (Exhibit SP-2 admitted.)

11 BY MR. FUKANO:

12 Q. I would like to ask some questions about the  
13 investigation detailed in your report.

14 How did Staff initially become involved in this  
15 matter?

16 A. There were informal complaints coming in for  
17 Harrison-Ray Water Company and Harrison Water  
18 Company/Kiona, and as a result of that, it was brought  
19 out that they also had a third company called Sunrise  
20 Acres.

21 Q. Based on your investigation, does Sunrise Acres  
22 operate a water system?

23 A. Yes.

24 Q. And how did you determine that?

25 A. Well, the company sent me the -- a copy of their

Page 18

1 customer list, and because I searched the Secretary of  
2 State records, Department of Revenue records, and the  
3 Department of Health records, and they all list Sunrise  
4 Acres water system as a company.

5 Q. And how many customers did you determine Sunrise  
6 Acres has?

7 A. 39 active customers according to the company.

8 Q. Earlier we discussed the other water systems  
9 that Mr. Harrison owns and controls and the number of  
10 customers they have. What is the total number of  
11 customers contained in Harrison-Ray Water Company,  
12 Harrison Water Company/Kiona, and Sunrise Acres?

13 A. That's the 494 total customers.

14 Q. If the total number of customers is more than  
15 the hundred customer jurisdictional threshold, is  
16 Sunrise Acres subject to the jurisdiction of the  
17 Commission?

18 A. Yes.

19 Q. Is a jurisdictional water company required to  
20 file a tariff with the Commission?

21 A. Yes, and we have attempted to have Mr. Harrison  
22 file that tariff numerous times, and we sent Staff to  
23 the company with a template for the tariff to encourage  
24 the tariff to be filed.

25 Q. Has Sunrise Acres filed a tariff?

1           A.    No.

2                   MR. FUKANO:  No further questions for this  
3 witness.

4                   JUDGE DOROSHKIN:  Okay.  Mr. Harrison, do  
5 you have any questions for Ms. Paul based on what she  
6 said?

7                   MR. HARRISON:  No.

8                   JUDGE DOROSHKIN:  Okay.  I have a few  
9 questions.  One is the -- really the only question I  
10 have.  The 242 self-reported customers for Harrison-Ray,  
11 similarly the 213 for the Harrison/Kiona, and the 39 for  
12 Sunrise Acres, these are all self-reported numbers?

13                   MS. PAUL:  Yes.

14                   JUDGE DOROSHKIN:  Okay.  And these were  
15 provided in an email or how were they provided to you?

16                   MS. PAUL:  They were provided in an email  
17 with a copy of the customer list.

18                   JUDGE DOROSHKIN:  All right.  I would like  
19 to request that email to be filed in this docket, and if  
20 that could be done within the next 48 hours.

21                   All right.  Mr. Harrison, you'll now have an  
22 opportunity to present your case.  Will anyone be  
23 speaking on behalf of Sunrise Acres other than yourself?

24                   MR. HARRISON:  Possibly Paul.

25                   JUDGE DOROSHKIN:  Okay.  You will need to

Page 20

1 make that decision.

2 MR. HARRISON: Yes, he'll probably speak on  
3 behalf --

4 JUDGE DOROSHKIN: Okay. So you will need to  
5 be sworn in before you begin.

6

7 TOM HARRISON, witness herein, having been  
8 first duly sworn on oath,  
9 was examined and testified  
10 as follows:

11

12 JUDGE DOROSHKIN: Before you delve into your  
13 testimony, do you have the documents that Order 01 in  
14 this docket requires you to bring to the hearing?

15 MR. HARRISON: Yes.

16 JUDGE DOROSHKIN: And do you have copies of  
17 these documents for myself and Staff?

18 MR. HARRISON: I don't know if they're  
19 duplicate or the sole ones.

20 JUDGE DOROSHKIN: Do you have just one copy  
21 of all of these documents?

22 MR. HARRISON: Yes, yes.

23 JUDGE DOROSHKIN: Okay. Then we will take a  
24 brief recess to make copies of the documents and look  
25 over them and then we'll get back on the record.

1 (A break was taken from  
2 1:49 p.m. to 2:22 p.m.)

3 JUDGE DOROSHKIN: Okay. We will be back on  
4 the record. Mr. Harrison, could you please briefly let  
5 me know if this data that you provided, this is for  
6 Sunrise Acres customers?

7 MR. HARRISON: Yes, it is.

8 JUDGE DOROSHKIN: Okay. So are certain of  
9 these customers Sunrise Acres customers and there are  
10 certain of them Harrison-Ray Water Company customers?  
11 How is it segregated out?

12 MR. HARRISON: It should all be Sunrise  
13 Acres. It's --

14 JUDGE DOROSHKIN: These are all Sunrise  
15 Acres?

16 MR. HARRISON: Yeah, there should be 39 of  
17 them.

18 JUDGE DOROSHKIN: Okay. 39 total. Okay.  
19 All right. I see no need to admit this into the record.  
20 There is personally identifiable information in these  
21 documents, and so for the time being, you can continue  
22 with your testimony.

23 MR. HARRISON: All righty. This system  
24 existed since the late '60s. It was owned by my dad and  
25 mother. I inherited them here about three years ago. I

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1 managed --

2 I pushed that and it didn't light up. I

3 pushed --

4 MR. FUKANO: It can be hard to see.

5 MR. HARRISON: And it's just a little

6 39-unit domestic water-only system. It -- I -- it never

7 exceeded the hundred. I considered it a separate

8 system, you know, than the others because they're

9 like -- one's six miles and one's 25 miles apart from

10 the other one, but I did manage them all.

11 I just -- like I said, I received them in

12 the closing of the estate roughly three years ago, and

13 I'm in the process of selling the unit off to Paul's

14 daughter, we just haven't signed the papers yet. And I

15 figured we might get it done before, you know, the

16 meeting was held here. It would put it -- make it kind

17 of moot because it would go back to a single person

18 owning it that doesn't own any other water companies.

19 I've had these things, like I said, since the '60s, late

20 '60s. I'm ready to be done with water companies. So if

21 you have any questions, go ahead and ask away.

22 JUDGE DOROSHKIN: All right. Mr. Fukano, do

23 you have any questions for Mr. Harrison?

24 MR. FUKANO: Just to confirm, that you had

25 stated that you did manage all of the water companies?



1 MR. HARRISON: Yes.

2 MR. FUKANO: Okay. No other questions.

3 JUDGE DOROSHKIN: Mr. Harrison, I have two  
4 questions for you. One is, can you please state the  
5 number of customers served by Harrison-Ray Water  
6 Company, by Sunrise Acres, and then separately by  
7 Harrison Water Company/Kiona?

8 MR. HARRISON: Well, I think the figures are  
9 pretty correct, the 242, the 213, and the 39, if that's  
10 the question.

11 JUDGE DOROSHKIN: That is the question.

12 And then the other question is, were the  
13 Commission to find that Sunrise Acres is a  
14 jurisdictional water company, by when would Sunrise  
15 Acres be able to file a tariff?

16 MR. HARRISON: Pardon me? I didn't quite  
17 hear you.

18 JUDGE DOROSHKIN: How much time would  
19 Sunrise Acres need to file a tariff were the Commission  
20 to find that it is a jurisdictional water company?

21 MR. HARRISON: How long would it take,  
22 Susie? I don't know. I've never, you know.

23 MS. PAUL: Well, I don't know how long it  
24 would take because it's regulatory services assists with  
25 that, but I know that almost a year ago they gave you a

Page 24

1 template that just needed to be reviewed and filed. So  
2 if things are in order, it shouldn't take you too long.

3 MR. HARRISON: So would 30 days be a...

4 MR. CHRISTENSEN: I think you'll need longer  
5 than that. Going to need 90.

6 MR. HARRISON: Should go 90?

7 MR. CHRISTENSEN: 90 days.

8 MR. HARRISON: 90 days?

9 And then the question back to you is, if I  
10 complete the sale prior to the tariff, instead of  
11 getting a tariff in place and then having to take it  
12 back off because it's to a sole entity?

13 JUDGE DOROSHKIN: So we will get back to  
14 that later. I'd like to have Mr. Christensen testify  
15 first.

16 And is your daughter on the bridge line?

17 MR. CHRISTENSEN: No.

18 JUDGE DOROSHKIN: No, okay. So,  
19 Mr. Christensen, can you please state your email  
20 address, your address, and your phone number for the  
21 record?

22 MR. CHRISTENSEN: It's Paul Christensen. My  
23 email is PDChristensen@charter.net. What was the other  
24 one, phone number?

25 JUDGE DOROSHKIN: Yes, your phone number.

1 MR. CHRISTENSEN: 509-460-1202.

2 JUDGE DOROSHKIN: And your address?

3 MR. CHRISTENSEN: PO Box 4766, Pasco,  
4 Washington.

5 JUDGE DOROSHKIN: All right. I will swear  
6 you in now.

7

8 PAUL CHRISTENSEN, witness herein, having been  
9 first duly sworn on oath,  
10 was examined and testified  
11 as follows:

12

13 JUDGE DOROSHKIN: Please sit. So you may  
14 speak as to your involvement in this sale.

15 MR. CHRISTENSEN: Okay. I currently own a  
16 water system in Benton County where this is located, and  
17 I've talked to Tom over the years. And knowing that he  
18 wants to get out of the water business, my children are  
19 wanting to get into the water business, so we're looking  
20 at -- we're talking to our attorney and our accountants.  
21 We're trying to figure out the best way to bring this  
22 whole system into a workable, accountable system.

23 My children have wanted to each individually  
24 own water systems. So the breakup between his systems  
25 would go to each one of my children, and I'm looking at

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1 my management being a satellite management corporation,  
2 an SMA, over the -- and overseeing what they're doing  
3 with their individual systems so that we're able to  
4 manage them, but they're the sole owners.

5 So that's -- that's kind of what we've been  
6 dealing with with Tom. We've been working on the  
7 details of -- and the, you know, part of it is going out  
8 and doing the investigation of the equipment, and with  
9 the weather we have back there right now, we just can't  
10 get out there to, you know, go out and check each meter  
11 and find out exactly what he's got for ownership. So  
12 we're in the process working on a purchase agreement for  
13 his water systems.

14 JUDGE DOROSHKIN: Okay. Does that complete  
15 your statement?

16 MR. CHRISTENSEN: Unless you have questions.

17 JUDGE DOROSHKIN: Okay. Mr. Fukano, do you  
18 have any questions for Mr. Christensen?

19 MR. FUKANO: I do not have any questions.

20 JUDGE DOROSHKIN: I have a couple of  
21 questions for Mr. Christensen.

22 When did negotiations begin on this sale?

23 MR. CHRISTENSEN: Probably about the first  
24 part of January.

25 JUDGE DOROSHKIN: Of this year?

1 MR. CHRISTENSEN: Yeah. As far as the  
2 negotiations of purchase price and assets. You know,  
3 we've been talking about the whole process probably for  
4 six months, but the actual arrangements for purchase and  
5 when we started to get our accountant involved in doing  
6 the analysis for us.

7 JUDGE DOROSHKIN: Okay. And have you or has  
8 anyone else notified Staff of the proposed sale?

9 MR. CHRISTENSEN: I mentioned it to Jim Ward  
10 here at one of the UTC training sessions.

11 When was that?

12 MR. HARRISON: Was that September or August?

13 MR. CHRISTENSEN: No, that was --

14 Here, whenever we -- here a couple weeks ago  
15 when we were up in Everett. I just happened to mention  
16 to him that we're looking at it and how -- how we're  
17 trying to put this system together.

18 JUDGE DOROSHKIN: Okay. And so do you have  
19 any evidence of the negotiations, any emails, any  
20 documents?

21 MR. CHRISTENSEN: Between us?

22 JUDGE DOROSHKIN: Yes, of this for this  
23 transaction --

24 MR. CHRISTENSEN: Not here with us.

25 MR. HARRISON: It's gone the other way.

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1 It's my CPA giving him information.

2 MR. CHRISTENSEN: Yeah.

3 MR. HARRISON: I -- we've talked on the  
4 phone more than anything.

5 JUDGE DOROSHKIN: Do you have any  
6 documentation of the negotiations that have been ongoing  
7 here?

8 MR. CHRISTENSEN: Just -- just a materials  
9 list of what he owns. I received his balance sheets, so  
10 and his depreciation tables on his equipment.

11 JUDGE DOROSHKIN: And when did this happen?

12 MR. CHRISTENSEN: In January.

13 JUDGE DOROSHKIN: In January?

14 MR. CHRISTENSEN: Yes.

15 JUDGE DOROSHKIN: Do you have -- did you  
16 receive it by email form, in mail?

17 MR. CHRISTENSEN: No, we just met.

18 JUDGE DOROSHKIN: You just met.

19 MR. HARRISON: We met at the CPA's office  
20 and she gave it to him.

21 JUDGE DOROSHKIN: And has a closing date  
22 been established?

23 MR. CHRISTENSEN: No, because we were aware  
24 that this was going on, so this is one of the things  
25 that we want to clarify is, is her system going to be

1 regulated? And if we do it under the SMA type of  
2 process, those don't -- systems don't need to be  
3 regulated. Now, we understand the other two do and  
4 that's not a problem. But this being a smaller one,  
5 private ownership, it's like, do we need to have this  
6 one regulated? So we're waiting to kind of see what's  
7 happening here at this meeting.

8           The meeting was supposed to be here earlier  
9 this month, and due to his problem with the breakage on  
10 his system, we weren't able to have that meeting. So  
11 we've just kind of been delayed here, waiting to see  
12 what's going on.

13           JUDGE DOROSHKIN: I will not be issuing any  
14 additional bench requests or have any other questions  
15 for you, Mr. Christensen. We'll have an opportunity now  
16 for closing statements.

17           Mr. Fukano, would you like to summarize  
18 Staff's recommendation or make a closing statement?

19           MR. FUKANO: Yes. And Staff has reviewed  
20 the materials submitted by Mr. Harrison and have  
21 determined that there are 46 customers listed in the  
22 materials.

23           MR. HARRISON: How do you get 46 and I'm  
24 only collecting from 39?

25           MS. PAUL: The paperwork that you submitted

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1 shows a total of 46 customers, although one is vacant.

2 So that would be 45 active customers --

3 MR. HARRISON: There's still only 39 lots in  
4 the system.

5 MS. PAUL: I'm sorry, this is the report --  
6 (Multiple speakers.)

7 MS. PAUL: -- you handed to us.

8 MR. HARRISON: -- on the billing. I don't  
9 know what, you know, a dead account. I didn't review it  
10 like that, but there's truly only 39 lots. Whatever.

11 MR. FUKANO: RCW 80.04.010(30) states that a  
12 water company is subject to Commission jurisdiction if  
13 the company has over 100 customers. RCW  
14 80.04.010(30)(b) further states that when measuring how  
15 many customers a water company has, the measurement must  
16 include all portions of water companies having common  
17 ownership or control regardless of location or corporate  
18 designation.

19 This statute means that the Commission is  
20 required to include all customers from water companies  
21 that have the same owner or controller when determining  
22 how many customers a water company has.

23 To interpret this provision in another  
24 manner, would allow companies to artificially  
25 compartmentalize water company operations to avoid



1 Commission regulations and the accompanying consumer  
2 protection safeguards.

3 Furthermore, WAC 480-100-235 defines control  
4 as meaning the water system operator or manger has  
5 discretion over the property or finances or operations  
6 of a water system which is normally exercised by an  
7 owner.

8 You've heard testimony today from  
9 Mr. Harrison that he does manage all of the water  
10 systems. Staff has also presented evidence that Sunrise  
11 Acres is a water company owned and controlled by Tom  
12 Harrison, and that Mr. Harrison owns and controls two  
13 additional water systems; Harrison-Ray Water Company and  
14 Harrison Water Company/Kiona through Secretary of State  
15 and Department of Health records.

16 Staff contends that Mr. Harrison controls  
17 Harrison-Ray, Harrison/Kiona, and Sunrise Acres in the  
18 capacity as governor of those companies as reflected in  
19 the Secretary of State records, and that Mr. Harrison  
20 owns Harrison-Ray, Harrison/Kiona, and Sunrise Acres as  
21 reflected in the Department of Health records.

22 Harrison-Ray is organized as a corporation  
23 and Harrison/Kiona and Sunrise Acres are both  
24 limited-liability corporations. RCW 23B.01.400(19) of  
25 the Washington Business Corporation Act states that the

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1 term "governor" has the same meaning as provided in RCW  
2 23.95.0 -- 0 -- 105, a provision in the Uniform Business  
3 Organizations Code.

4 According to that statute, a governor in the  
5 context of a for-profit corporation such as Harrison-Ray  
6 is a director. According to the same statute, in the  
7 context of a limited-liability company such as  
8 Harrison/Kiona and Sunrise Acres, a governor is a member  
9 of a member-managed limited-liability company.  
10 Therefore, according to the Secretary of State records  
11 provided by Staff, Mr. Harrison is the sole director of  
12 Harrison-Ray and is the sole managing member of  
13 Harrison/Kiona and Sunrise Acres.

14 Therefore, Staff asserts that Mr. Harrison  
15 controls Sunrise Acres, Harrison-Ray, and  
16 Harrison/Kiona. Staff has also presented evidence that  
17 Harrison-Ray Water Company and Harrison Water  
18 Company/Kiona each have over 200 customers.

19 Finally, Staff has testified that Sunrise  
20 Acres has not filed a tariff with the Commission. RCW  
21 80.25.050 requires a jurisdictional water company to  
22 file a tariff with the Commission. Therefore, Staff  
23 asks the Commission to determine that Sunrise Acres is a  
24 water company that is subject to the Commission's  
25 jurisdiction because it exceeds the 100 customer

1 threshold for Commission jurisdiction and to order the  
2 company to file a tariff by a definite and reasonable  
3 date. Thank you.

4 JUDGE DOROSHKIN: Mr. Harrison, do you have  
5 any final remarks that you would like to make on the  
6 record?

7 MR. HARRISON: No.

8 JUDGE DOROSHKIN: Okay. Then I will take  
9 this matter under advisement and issue an order. Is  
10 there anything else?

11 MR. FUKANO: Not from Staff.

12 JUDGE DOROSHKIN: Then we are adjourned.

13 (Adjourned at 2:43 p.m.)

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C E R T I F I C A T E

STATE OF WASHINGTON  
COUNTY OF THURSTON

I, Tayler Garlinghouse, a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.



Tayler Garlinghouse

Tayler Garlinghouse, CCR 3358