

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Penalty Assessment Against  
PARKLAND WATER SYSTEM, INC., in  
the Amount of \$100

DOCKET NO. UW-060985

DECLARATION OF  
SHERI HOYT

SHERI HOYT, under penalty of perjury under the laws of the state of Washington, declares as follows:

1. I am over 18 years of age, a citizen of the United States, a resident of the state of Washington, and competent to be a witness.
2. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Compliance Specialist in the Business Practices Investigations Section. I have been employed at the Commission for over 13 years, holding various positions. As a Compliance Specialist, my responsibilities include conducting investigations regarding the business practices of regulated utility or transportation companies. As part of those duties, I investigate water companies that may be operating in violation of Commission statute, rule, or tariff.
3. On July 6, 2006, Parkland Water System, Inc. (Parkland) filed with the Commission an Application for Mitigation of Penalties (Mitigation Request) in Docket No. UW-060985. I have read the Mitigation Request. In the Mitigation Request, the company requests a hearing and both admits and denies the violation occurred.
4. This Mitigation Request arises from a Notice of Penalties Incurred and Due for Violations of Laws and Rules issued by the Commission on June 30, 2006, in Docket No. UW-060985. In that Notice, the Commission issued a penalty of \$100 for a violation of Washington Administrative Code 480-110-505, which requires water companies to file annual reports with the Commission by May 1 each year.
5. Before recommending the Commission issue penalties, as part of my job, I conducted an investigation of Parkland's records. My investigation resulted in an investigation report titled, "Staff Investigation - 2005 Annual Reports." A true and accurate copy of that investigation report is attached to this declaration as Attachment A.
6. The violation in this case arose from records maintained by the Commission.

**Specific Issues Addressed by Parkland in its Mitigation Request**

**The regulation and application is an unreasonable burden, denying the company “life, liberty and pursuit of happiness.”**

- 7. In its Mitigation Request, Parkland states that the requirement of filing the annual report is an unreasonable burden, denying him “life, liberty and pursuit of happiness.”
- 8. The rule applies to all regulated water companies and Parkland is a regulated water company.

**The annual report is an undue burden for a water system with six customers. The research, cost and fees necessary to complete the annual report exceeds the total annual income the water system receives.**

- 9. My review of the Commission’s Annual Reports Tracking System (ARTS) revealed Parkland has not filed an annual report since reporting year 1997. The 1997 annual report was received on December 21, 1998. Parkland stated its revenue amount as \$2,083.11 and paid the \$3.12 regulatory fee.
- 10. The Commission has regulated Parkland since 1992. If Parkland believes it no longer meets the threshold for regulation by the Commission, it can ask the Commission to withdraw from regulation.
- 11. If Parkland finds the annual report form to be burdensome to complete, it could request assistance in completing the form from Commission staff. There is no indication that it has done so.
- 12. The company has refused to come into compliance with WAC 480-110-505 for the past nine years.
- 13. The violation associated with this matter is appropriate.

**Staff Recommendation**

- 14. Parkland has not shown that the violation did not occur. Although Parkland objects in its Mitigation Request to being regulated, the company has not demonstrated that the company is not be subject to 480-110-505. For these reasons, I recommend that the Commission reject Parkland’s Mitigation Request.

DATED this 26th day of July 2006 at Olympia, Washington.

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SHERI HOYT

## **Attachment A**

### **Class C Water Companies Staff Investigation - 2005 Annual Reports June 13, 2006**

#### **Purpose**

The purpose of this investigation is to determine if 14 Class C water companies<sup>1</sup> violated Washington Administrative Code (WAC) 480-110-505. WAC 480-110-505 requires water companies to furnish annual reports and pay regulatory fees to the commission no later than May 1 each year.

#### **Background**

This investigation was prompted by commission staff's yearly review of annual reports for water companies registered in the state of Washington.

On March 10, 2006, the commission mailed 2005 Annual Report forms and 2006 Regulatory Fee packets to Class C water companies registered in the state of Washington. A letter signed by Executive Secretary Carole Washburn instructed companies to file annual reports and pay regulatory fees by May 1, 2006<sup>2</sup>. The letter stated that failure to file the annual report by May 1 would result in a penalty. In addition, the letter required companies requesting an extension to file the annual report to do so prior to May 1.

#### **Investigation**

The 14 water companies listed in attached Appendix A failed to file their 2005 annual report by the May 1 deadline. A review of the commission's Records Management System revealed that none of the 14 water companies requested an exemption from WAC 480-110-505 to late file their 2005 annual report.

#### **Recommendation:**

Penalize the 14 Class C water companies \$100 each for one violation of WAC 480-110-505, failing to file the 2005 annual report by May 1, 2006.

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<sup>1</sup> See Appendix A for a list of the 14 water companies.

<sup>2</sup> See Appendix B for a copy of the March 10, 2006, letter sent to Class C water companies.

**Appendix A**

	<b>Company Name</b>	<b>Received Yes or No</b>	<b>If yes, Date Received</b>
1.	Bethel Water Company, Inc.	Yes	May 3, 2006
2.	Canyon Village Water System, Inc.	No	
3.	Cristalina, L.L.C.	Yes	May 3, 2006
4.	Crosswoods Water Company, Inc.	No	
5.	Eastwood Park Water Co., Inc.	No	
6.	Estates Water Systems, Inc.	No	
7.	Fircroft Water Works, Inc.	No	
8.	Lake Cassidy Estates Water System	No	
9.	Monterra, Inc.	No	
10.	Northbay Water Utility Corporation	Yes	May 9, 2006
11.	Parkland Water System, Inc.	No	
12.	Pelican Point Water Company	No	
13.	Point Fosdick Water Co., Inc.	No	
14.	Sylvia Lake Water Supply, Inc.	No	

## Appendix B



STATE OF WASHINGTON  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

March 10, 2006

**Subject: Your Class C Water Annual Report and Regulatory Fees are Due May 1**

State law requires you to file an annual report and pay regulatory fees to the Washington Utilities and Transportation Commission.

**What is required of me?**

By May 1, you must:

- Complete and file the enclosed 2005 annual report form
- Pay your 2006 regulatory fees

Failure to file your annual report or pay regulatory fees by May 1 may result in a penalty. This is the only notice you will receive from the commission.

**What happens if I do not pay my regulatory fees by May 1?**

If regulatory fees are not paid by May 1, you will incur:

- a 2 percent penalty on the amount due; and
- a 1 percent monthly interest charge on the unpaid balance.

**Can I request an extension of time if I am unable to file the annual report by May 1?**

Yes, you must provide the request in writing, including a valid reason for the extension by May 1. We will notify you when your request is approved or denied. You will still be liable for penalty and interest payments if you fail to pay your regulatory fees by May 1. If you are late filing your annual report or fail to file, you could incur additional penalties up to \$100 a day.

**Where do I mail the completed annual report form and regulatory fee payment?**

Washington Utilities and Transportation Commission  
PO Box 47250  
Olympia, WA 98504-7250



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**Where can I obtain an electronic version of the annual report?**

Forms are available on our website at [www.wutc.wa.gov](http://www.wutc.wa.gov). Locate "Quick Links" then select "2005 annual reports".

**Who do I contact if I have questions?**

You may call 360-664-1201 or e-mail us at: [annualreports@wutc.wa.gov](mailto:annualreports@wutc.wa.gov). If you need this information in an alternate format, please call 360-664-1133. TTY Toll Free phone number is 1-800-416-5289 or 360-586-8203.

Sincerely,



Carole J. Washburn  
Executive Secretary

Enclosures