

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

SUMMIT VIEW WATER WORKS,

Respondent.

DOCKET UW-110107

**TESTIMONY OF
KIRK RATHBUN
ON BEHALF OF
SUMMIT VIEW WATER WORKS, LLC**

June 10, 2011

1 **Q. PLEASE STATE YOUR NAME AND PROVIDE YOUR BUSINESS**
2 **ADDRESS FOR THE RECORD.**

3 A. My name is Kirk Rathbun. My address is 8428 W Gage Blvd Ste E, Kennewick
4 WA 99336.

5 **Q. WHAT IS YOUR RELATIONSHIP TO SUMMIT VIEW WATER**
6 **WORKS, LLC?**

7 A. I am one of the members of the limited liability company. That also means that I
8 am one of the owners of SVWW.

9 **Q. ARE YOU AUTHORIZED TO TESTIFY ON BEHALF OF SVWW?**

10 A. Yes.

11 **Q. WHAT WAS FILED IN THIS DOCKET?**

12 A. SVWW filed both a request for a surcharge and a request to establish a facilities
13 charge. Copies of the tariff pages are attached as Exhibit ____ (KR-2). The
14 purpose of the surcharge and the facilities charge are to fund the construction of a
15 new well.

16 **Q. WHY IS A NEW WELL NEEDED?**

17 A. A new well is needed for two purposes. The new well is needed to allow for
18 growth by adding additional customers. The new well is also needed for
19 reliability for existing customers. Because it has two purposes, the idea that
20 SVWW used in making its filing is that half of the cost of the well should be paid
21 for through surcharge and half the cost of the well should be paid for through a
22 facilities charge. The facilities charge would be paid by new customers. The
23 surcharge would be paid by existing customers.

1 **Q. WHY IS THE NEW WELL NEEDED FOR RELIABILITY PURPOSES?**

2 A. The second well is needed to be a backup to the first well. Customers are one
3 breakdown away from a serious disruption of service. The existing well is stable,
4 but the pumping components have a limited shelf life. Due to the location of the
5 pump, which is a submersible pump located 830 feet underground, the Company
6 is not able to monitor its ongoing operations. The only way the Company will
7 know when the pump is having difficulty is when it fails or begins to pump less
8 water. This will put customers out of service if it fails and could lead to serious
9 interruptions in service if it malfunctions and pumps less water. Because of the
10 depth of the pump and the need to order a new pump, it could be quite some time
11 before service is put back in place. A second well will provide reliability of
12 service for existing customers.

13 **Q. WHAT IS THE PROPOSED FINANCING FOR THE CONSTRUCTION**
14 **OF THE NEW WELL?**

15 A. It is proposed that fifty percent of the well be financed through the surcharge and
16 fifty percent of the well be financed through the facilities charge. The financing
17 for the surcharge portion is available through a commercial lender. A copy of the
18 loan commitment is attached as Exhibit ____ (KR-3). Because a facilities charge
19 is by its nature sporadic in its generation of revenue, a bank is not willing to lend
20 money to SVWW to fund the facilities charge portion of the construction costs.
21 Therefore, the Company has entered into an arrangement with an affiliated
22 interest, Candy Mountain Limited Liability Company, upon financing of that half

1 of the construction project. A copy of that Promissory Note is attached as Exhibit
2 ____ (KR-4).

3 **Q. IS THE LOAN COMMITMENT FROM THE COMMERCIAL LENDER**
4 **STILL VALID?**

5 A. The initial commitment was available for sixty days from January 14, 2011. I
6 have checked and the commitment is still open. However, if interest rates start to
7 rise, the lender may want to change the terms of the commitment.

8 **Q. HOW IS THE AMOUNT OF THE CONSTRUCTION PROJECT**
9 **DETERMINED?**

10 A. SVWW received a proposal from a third party who is reputable in the area for
11 construction of wells. That documentation is attached as Exhibit ____ (KR-5).
12 Based on this information, the total cost was estimated.

13 **Q. IS THE PROPOSAL STILL IN PLACE?**

14 A. It is at the moment. However, if material and supply costs change, the cost of the
15 project could increase. It is doubtful that materials and supply costs will decrease
16 in the near future.

17 **Q. IS CONSTRUCTION OF THE WELL CONSISTENT WITH THE**
18 **COMPANY'S COMPREHENSIVE PLAN?**

19 A. Yes. This well is projected to be constructed under the terms of SVWW's
20 Comprehensive Plan on file with the Washington State Department of Health.

21 **Q. CAN THE EXISTING WELL SERVE PROJECTED GROWTH?**

22 A. No. SVWW currently serves approximately 85 customers. The existing well has
23 a maximum capacity of 126 customers. Thus, a new well will be needed for

1 growth. In addition, as explained above, a new well is needed for continuity of
2 supply to existing customers.

3 **Q. DOES THAT COMPLETE YOUR TESTIMONY?**

4 **A.** For the present time it does.