

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,

v.

NEWAUKUM WATER SYSTEM, INC.,
Respondent.

DOCKET UW-143181
(Consolidated)

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,

v.

NEWAUKUM WATER SYSTEM, INC.,
Respondent.

DOCKET UW-143330
(Consolidated)

NARRATIVE SUPPORTING
SETTLEMENT AGREEMENT

I. INTRODUCTION

1 This Narrative Supporting Settlement Agreement (Narrative) is filed pursuant to Washington Administrative Code (WAC) 480-07-740(2)(a) on behalf of both Newaukum Water System, Inc. (Newaukum or Company), and the Staff of the Washington Utilities and Transportation Commission (Staff) (collectively, the Parties). Both parties have signed the settlement agreement (Agreement) for the above-referenced dockets, rendering it a “full settlement” pursuant to WAC 480-07-730(1). The Agreement is being filed concurrently with this Narrative. This Narrative summarizes the Agreement but is not intended to modify any terms of the Agreement.

II. PROPOSALS FOR REVIEW PROCEDURE

2 The Parties submit that this matter involving Staff's complaint against Newaukum's
rates is less complex than a company-filed general rate proceeding. Therefore, the Parties
request that review proceed on a timetable for less complex matters, as provided in WAC
480-07-740(1)(b).

3 The Parties request that the Commission conduct a settlement hearing as
contemplated in WAC 480-07-740(1). Although this matter is less complex, various
customers of Newaukum have voiced both satisfaction and displeasure with the proposed
settlement and the Parties concur that a formal settlement hearing and the opportunity for
public comment are necessary in this case.

4 The Parties do not intend to file documentation supporting the Agreement, with the
exception of the Agreement itself and this Narrative. If the Commission requires supporting
documents beyond the Agreement, Narrative, and the other documents on file in this docket,
the Parties will provide documentation as needed.

5 In keeping with WAC 480-07-740(2)(b), the Parties are prepared to present one or
more witnesses each to testify in support of the proposal and answer questions concerning
the Agreement's details, and its costs and benefits, should such testimony be required at the
Parties' requested settlement hearing. In addition, representatives of both Parties are
available to respond to any questions regarding the proposed settlement that the Commission
may have.

III. SCOPE OF THE UNDERLYING DISPUTE

6 The underlying dispute concerns two dockets involving Staff and Newaukum. On
September 11, 2014, the Commission entered Order 01 in Docket UW-143181 setting forth

a complaint against Newaukum's rates and alleging that the Company's rates may be excessive. On September 15, 2014, Newaukum filed a petition in Docket UW-143330 requesting to be removed from Commission jurisdiction. On October 28, 2014, the Commission issued an order consolidating Dockets UW-143181 and UW-143330:

7 On January 13, 2015, the Commission issued an order denying the Company's petition to remove it from the Commission's jurisdiction. Staff's complaint against the Company's rates remained intact and subject to the previously-determined procedural schedule.

IV. DESCRIPTION OF PROPOSED SETTLEMENT

8 The settlement agreement resolves all issues in dispute. Newaukum agrees that its costs support an annual revenue requirement of \$12,672. The Company's revenue requirement shall be spread equally among all customers, resulting in a monthly charge of \$48.00 per customer.

9 The Company will file an updated tariff with an effective date of April 1, 2015, to reflect a \$48.00 monthly charge per customer.

V. STATEMENT OF PARTIES' INTERESTS AND THE PUBLIC INTEREST

10 As stated in the Agreement, the settlement represents a compromise of the positions of the Parties. The Parties find it is in their best interests to avoid the expense, inconvenience, uncertainty, and delay inherent with a litigated outcome. Likewise, it is in the public interest that this dispute conclude without the further expenditure of public resources on litigation expenses. Finally, Staff is satisfied that the settlement is consistent with its efforts to ensure compliance with the relevant statutes and regulatory principles that require a utility's rates to reflect prudent costs incurred to provide service to ratepayers.

11 The agreed rates recognize the importance of supportable costs as the basis for a utility's rates. The Agreement ensures the Company's rates are fair, just, reasonable, and sufficient in relation to costs, and promotes prudent management of Newaukum's affairs moving forward.

VI. LEGAL POINTS THAT BEAR ON PROPOSED SETTLEMENT

12 In WAC 480-07-700, the Commission states its support for parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest. The Parties have resolved all of the issues in dispute between them, and their resolution complies with Commission rules and, as explained above, is consistent with the public interest.

VII. CONCLUSION

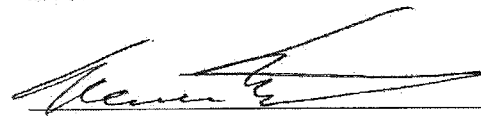
13 Because the Parties have negotiated a compromise on all of the issues in this dispute and because the settlement is in the public interest, the Parties request that the Commission schedule a settlement hearing and subsequently issue an order approving the Agreement without condition.

DATED this 24th day of February 2015.

ROBERT W. FERGUSON
Attorney General

NEWAUKUM WATER SYSTEM.
INC.

BRETT P. SHEARER
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff



MAURICE KURTZ, Chairman
Newaukum Board of Directors

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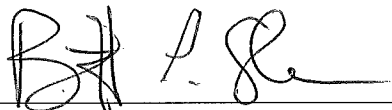
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VII. CONCLUSION

13 Because the Parties have negotiated a compromise on all of the issues in this dispute and because the settlement is in the public interest, the Parties request that the Commission schedule a settlement hearing and subsequently issue an order approving the Agreement without condition.

DATED this 26th day of February 2015.

ROBERT W. FERGUSON
Attorney General



BRETT P. SHEARER
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff

NEWAUKUM WATER SYSTEM.
INC.

MAURICE KURTZ, Chairman
Newaukum Board of Directors