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BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)Docket No. UW-021667
TRANSPORTATION COMMISSION,)Volume III
Complainant,)Pages 22-51
)
v.)
)
THOMAS WATER SERVICE, INC.,)
Respondent.)
_____)

A public hearing in the above matter was held on May 19, 2003, at 7:42 p.m., at Arlington High School, 600 East First Street, Arlington, Washington, before Administrative Law Judge KAREN CAILLE.

The parties were present as follows:

THOMAS WATER SERVICE, INC., by Richard Finnigan, Attorney at Law, 2405 Evergreen Park Drive, S.W., Suite B-3, Olympia, Washington 98502.

THE COMMISSION, by Mary M. Tennyson, Senior Assistant Attorney General, 1300 Evergreen Park Drive, S.W., P.O. Box 40128, Olympia, Washington 98504-0128.

Barbara L. Nelson, CCR
Court Reporter
.he UW-021667 VOL.III 5/19/03

0023

1

2

INDEX OF WITNESSES

3

4

WITNESS :

PAGE :

5

6

STEVE ROUTT

29

7

MICHELLE GAROFALO

31

8

JAMES BENETEAU

33

9

ED SCHMITT

34

10

CATHERINE PAXTON

36

11

MARIANNE BOYLE

39

12

ED THOMAS

41

13

IRENE SIMPSON

45

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MARCUS BAILEY

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JAMES BENETEAU

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KEVIN KRIEG

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ED SCHMITT

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0025

1 full settlement of the issues raised in this
2 proceeding and they have submitted that proposal to
3 the Commission. We held a formal hearing on that
4 settlement proposal earlier this evening, and that
5 will be taken under advisement, along with your
6 comments tonight.

7 The purpose of this public hearing is to
8 provide the Commissioners with information that they
9 can use to make a decision about whether this
10 settlement is in the public interest and will provide
11 rates that are fair, just, reasonable and sufficient.

12 The comments this evening will be given
13 under oath and recorded, just as the testimony during
14 the formal proceedings before the Commission. Your
15 comments will become part of the formal record that
16 will be the basis for the Commission decision.

17 If you decide not to comment tonight, but
18 would prefer to submit comments in writing or have
19 written materials with you, I would ask you to please
20 submit those to our public record -- Penny, what is
21 your --

22 MS. HANSEN: Public involvement
23 coordinator.

24 JUDGE CAILLE: Public involvement
25 coordinator, thank you. That's Penny Hansen, who is

0026

1 at the back of the auditorium. Her position has
2 changed recently, so I can't keep up with it. Her
3 title, actually.

4 So at this point, I am going to ask counsel
5 who are here to make your formal appearance at this
6 time, and that means they will state on the record
7 who they are and who they represent, and I will ask
8 you also to introduce any representatives that you
9 have with you.

10 MS. TENNYSON: Thank you. My name is Mary
11 Tennyson. I'm a Senior Assistant Attorney General,
12 representing Commission Staff. We've done our
13 address and stuff before. Do we need to do that
14 again?

15 JUDGE CAILLE: No.

16 MS. TENNYSON: Okay. Thank you. With me
17 tonight are Gene Eckhardt, Assistant Director for the
18 Water Transportation for the Washington Utilities and
19 Transportation Commission, and Jim Ward, Revenue
20 Requirement Specialist for the Commission in the
21 water section.

22 JUDGE CAILLE: Thank you.

23 MR. FINNIGAN: Richard Finnigan, on behalf
24 of Thomas Water Systems, Inc. That's wrong --
25 Service Inc. And with me today is Mr. Hathaway, on

0027

1 behalf of the Company.

2 JUDGE CAILLE: Thank you. The Commission
3 Staff and the Company representatives have already
4 spoken with you prior to this public meeting, and if
5 you have any additional questions, I'm sure that they
6 will be answer to those or try to answer those
7 following this public meeting, or you can call the
8 Commission at 360-664-1160, and someone will route
9 your calls to a person who can hopefully help you
10 with any questions. If you have any other questions,
11 please talk to Penny Hansen, who's at the back of the
12 room.

13 Before we get started this evening, I just
14 wanted to kind of go over the procedure, so that
15 everyone knows what to expect. I will be -- for
16 those of you who want to testify, I will be swearing
17 you in as a group, and then I will ask each speaker
18 to please limit yourself to five minutes. Believe it
19 or not, five minutes is quite a bit of time to speak,
20 but for those of you who prefer to speak more,
21 depending on where we are after we get through all
22 the people who are going to speak, you have an
23 opportunity to come back up to the podium.

24 It's not necessary for you to repeat what
25 another speaker has already said. You can just agree

0028

1 with their comments on the record. And if you have
2 -- I've already mentioned if you have any written
3 materials, please give those to Ms. Hansen, and we'll
4 include those in the record as an exhibit and they
5 will be admitted as Exhibit Number 3. It will be a
6 joint public hearing exhibit or a conglomeration of
7 your comments.

8 All right. Let's see. Okay. When you
9 finish speaking, if you'll just remain at the podium
10 in case I have a question or either Staff has a
11 question or the Company counsel has a question. And
12 then I will excuse you from the podium and call the
13 next witness to speak. All right.

14 So anyone who is going to testify this
15 evening, if you will please raise your right hand.
16 And after I swear you in, will you please state, I
17 do.

18 Whereupon,

19 ALL POTENTIAL PUBLIC SPEAKERS,
20 were duly sworn en masse by Judge Caille and
21 testified as follows:

22 JUDGE CAILLE: Thank you. All right.
23 Let's see. Marianne Boyle, you have listed yourself
24 as a possibly to comment. Would you like to --

25 MS. BOYLE: Could I wait a while to

0029

1 testify? Is that okay?

2 JUDGE CAILLE: That would be fine.

3 MS. BOYLE: Thank you.

4 JUDGE CAILLE: Let's see. Jeff Osmundsen,
5 you have written down, Thanks. I'm not sure whether
6 that means -- yes, does that mean you want to speak
7 or not?

8 MR. OSMUNDSEN: No, I just wanted to thank
9 the Commission and the Judge for appearing in
10 Arlington tonight, instead of asking us to appear in
11 Olympia.

12 JUDGE CAILLE: Thank you, thank you. Thank
13 you, too. Steve Routt, am I pronouncing that right,
14 R-o-u-t-t?

15 MR. ROUTT: Thank you. Steve Routt,
16 President of Meadow Ridge Homeowners Association.

17 JUDGE CAILLE: Mr. Routt, if you will
18 please just move the microphone a little? Yeah,
19 that's perfect.

20 MR. ROUTT: Can you hear me now? I'd like
21 to go on record. I'm protesting this rate increase.
22 This is the second rate increase we've had this year.
23 It seems that Meadow Ridge's water system has been
24 used as a lever over the years against the homeowners
25 when they speak out to hold people accountable to

0030

1 make the system acceptable in DOH standards.

2 The water rights was the only reason the
3 system was acquired to build a new development, but
4 yet the UTC has not yet -- and states they have not
5 given a value to those system rights to the
6 homeowners. We contend there is a value to them. We
7 need to be shown the value to get a fair and
8 reasonable price of the system.

9 We presently are in the market to buy it
10 and are negotiating presently right now, but I would
11 ask the UTC, under recommendations of you, to defer
12 the rate increase for at least 60 days, minimum 30,
13 to allow our homeowners to adjust their budgets to a
14 potential rate increase of this magnitude, being the
15 second one this year.

16 UTC made a comment they made the settlement
17 based on the potential litigation and costs that
18 could come back to us, which we have been told would
19 through surcharges from the ownership of the Thomas
20 Water System, which to us seems to be a threat. That
21 if you pursue to stand up for yourself, you will be
22 punished.

23 So as the homeowners, we would like to
24 acquire the system, operate it ourselves, and be our
25 own stewards of it. But given a fair chance hasn't

0031

1 really occurred yet, we are hoping that we will now
2 have a chance, so --

3 JUDGE CAILLE: Mr. Routt, you mentioned
4 that this is the second increase this year. Are you
5 referring to the surcharge?

6 MR. ROUTT: Yes, I am.

7 JUDGE CAILLE: And just to make sure I
8 understood you, you stated that the homeowners
9 association is attempting to buy the system, but you
10 need to know the value of the water rights; is that
11 what you said?

12 MR. ROUTT: That's correct.

13 JUDGE CAILLE: Are there any questions from
14 counsel? All right. Thank you, Mr. Routt.

15 MR. ROUTT: Thank you.

16 JUDGE CAILLE: Michelle --

17 MS. GAROFALO: Garofalo, right here.

18 JUDGE CAILLE: Garofalo. You know, if you
19 want to just pick up the microphone, you can still
20 sit, if you'd like.

21 MS. GAROFALO: Okay.

22 JUDGE CAILLE: Okay. Go ahead.

23 MS. GAROFALO: My name is Michelle
24 Garofalo, and I want to thank you for giving me the
25 chance to sit down, as opposed to stand up.

0032

1 I've only lived in Meadow Ridge about six
2 months, and I'm on the board, and I just wanted to
3 just bring something to your attention. I was told
4 by someone at Thomas not too long ago, in the last
5 six months, when I went to pay my water bill, that
6 our rates will be raised until we buy the system,
7 and we're just going to pretty much keep raising your
8 rates until you guys buy the system, is what I was
9 told.

10 Personally, I think that's pretty unfair
11 and I think that that's something that needs to be
12 looked at. We've got a great community. We've got
13 -- Meadow Ridge is a really nice place to live. I'm
14 glad I moved there. I don't really want to move out.
15 And I think the rates need to be looked at and the
16 cost of our water system needs to be, you know, taken
17 a good hard look at by yourself and the Commission to
18 make sure that our rates are fair with everybody else
19 in the area.

20 And that's pretty much all I have to say.
21 But I just wanted you to be aware that sometimes
22 comments are made and they're not real appropriate.

23 JUDGE CAILLE: Thank you for your comments.

24 MS. GAROFALO: Thank you.

25 JUDGE CAILLE: Are there any questions? Is

0033

1 it James Beneteau, B-e-n-e-t-e-a-u? Did I pronounce
2 that right?

3 MR. BENETEAU: Yes, you did. Very good.

4 JUDGE CAILLE: I was a French major and my
5 name is French, so I should. Go ahead, Mr. Beneteau.

6 MR. BENETEAU: Yes, I'm Jim Beneteau,
7 resident of Meadow Ridge. I'm particularly
8 concerned, even though I am not an accountant, so I
9 don't know the esoterics of that profession, that the
10 major asset of the Meadow Ridge water system, excuse
11 me, Thomas Water System, as constituted, was 120
12 gallons per minute water right. And at least 80
13 gallons per minute of that water right has now been
14 allocated to Kackman Creek, and the credit for that
15 never reflected in the cost of the system.

16 So that the -- only the cash spent on the
17 Meadow Ridge portion is used in allocating the rates
18 and not the benefits gained by Thomas Water, as it
19 now is constituted, and indeed the Lockwood
20 Foundation. So somehow that doesn't seem fair to me
21 in allocating the rates and the return on investment.

22 JUDGE CAILLE: All right. Are there any
23 questions? Thank you, Mr. Beneteau.

24 JUDGE CAILLE: Is it Marla Plummer or
25 Markla Plummer?

0034

1 MR. PLUMMER: Mark Plummer. That's me.

2 JUDGE CAILLE: Mark. Yes, Mr. Plummer,
3 would you like to speak or testify?

4 MR. PLUMMER: At this time, I don't think
5 that I --

6 JUDGE CAILLE: All right. Mr. Schmitt, Ed
7 Schmitt. If you'll introduce yourself, please.

8 MR. SCHMITT: I'm Ed Schmitt, I'm a
9 resident of Meadow Ridge, and I agree with Mr.
10 Beneteau. I don't know how much history you have on
11 Meadow Ridge in front of you, other than just from
12 the two attorneys and the Commission, but a brief
13 history, our rates were \$13. Everybody agrees that
14 that was a little low, but it was self-sustaining,
15 somewhat, not enough maintenance.

16 Thomas Water was bought by -- to develop
17 the property next door, Ironwood, Kackman Creek.
18 They did pull off a lot of the water rights and
19 developed that. And I have the same concerns as Jim.
20 I think that there was a value to that and I don't
21 think any of that was put into this rate increase and
22 a return on their dollar. I think it was a vast
23 benefit to them. They ended up with actually three
24 water systems from one. Meadowbrook was basically
25 just given to Meadowbrook. I wish they'd do that

0035

1 with Meadow Ridge. That would make us all happy.

2 I don't understand why -- I had asked some
3 people in here earlier what they paid for their
4 water, Staff and the people from Thomas Water. The
5 people from Thomas Water were not eager to dispose of
6 what that was, but Staff happily did and said that
7 they paid \$32, respectively, two different Staff
8 members, was what they pay a month.

9 Eighty-five dollars a month doesn't sound
10 like that is fair, just, reasonable and sufficient.
11 I think our water system and us, as homeowners, we
12 were used for profit and now we're being held to buy
13 the water system for an expanded price through rate
14 increases.

15 I do want to thank Staff for negotiating it
16 down quite a bit for us from what they really wanted.
17 But, you know, that is -- I don't think it's fair or
18 reasonable, just or sufficient.

19 JUDGE CAILLE: Mr. Schmitt, can you tell me
20 -- you said that originally you were paying \$13 a
21 month?

22 MR. SCHMITT: Yes.

23 JUDGE CAILLE: Can you give me a year when
24 that was? Do you recall?

25 MR. SCHMITT: That was five years ago, six

0036

1 years ago.

2 JUDGE CAILLE: And was that -- did you say
3 that was prior to Thomas Water taking --

4 MR. SCHMITT: It was owned by Thomas Water,
5 by Myron Thomas.

6 JUDGE CAILLE: Okay. And at that time, it
7 was --

8 MR. SCHMITT: And at that time, it was \$13
9 a month, yes.

10 JUDGE CAILLE: Okay. Any questions from
11 counsel? All right. Thank you. Catherine Paxton.
12 If you'll please introduce yourself, Mrs. Paxton?

13 MS. PAXTON: I'm Catherine Paxton. I'm the
14 Vice President of the Meadow Ridge Homeowners
15 Association. I've kind of prepared my statement
16 here. With all due respect, we, the Meadow Ridge
17 homeowners, object to number four of the agreement.
18 And number four starts out, The water rights and
19 affiliated interest concerns raised in this case are
20 considered resolved for the purposes of this case
21 reached between the WUTC and Thomas Water Services
22 with regard to that number four. While we have
23 researched all conceivable avenues with regard to the
24 water increases the company is requesting, the water
25 rights issue would not have been resolved with the

0037

1 recent past request, which is the \$62 request, the
2 one that is currently in front of the Commission that
3 this case is resolving by agreement, and nor should
4 it be resolved with this request. Does that make
5 sense?

6 JUDGE CAILLE: Okay. So what you're saying
7 is the original filing --

8 MS. PAXTON: Did not resolve the water
9 right issue.

10 JUDGE CAILLE: And this proposed settlement
11 agreement does not, as well?

12 MS. PAXTON: It has verbiage in it trying
13 to settle it, but I would like that -- and I think
14 all of the Meadow Ridge Homeowners would like number
15 four removed from this agreement.

16 Considering that the water rights were the
17 fundamental and, in our opinion, the only reason
18 Lockwood Foundation came to own Thomas Water, we do
19 not think any rate increase or surcharge resolves the
20 issue. In fact, the Meadow Ridge homeowners should
21 receive compensation for these water rights, which
22 should reduce their water bills, not increase them.

23 Until the homeowners drew attention to this
24 issue for the WUTC to consider, Thomas Water never
25 mentioned water rights in any of their previous

0038

1 materials submitted for any of their rate requests.

2 The Company, for Lockwood Foundation, made
3 a very reasonable return on their investment in the
4 development of Kackman Creek Subdivision, which could
5 not have been done at all or nearly as easily without
6 the Meadow Ridge water rights.

7 We are certain the company would like the
8 issue resolved in writing here tonight. However, we
9 believe the water rights were taken from us, and to
10 date the only benefit we have ever seen are higher
11 and higher rates. Thomas Water turned over two other
12 systems to homeowners upon completion of their
13 objectives, those being real estate development.
14 Thus we ask that Your Honor strike or the Commission
15 strike number four from the agreement as we do not
16 see how higher rates alleviate Thomas Water from the
17 taking and use of our water rights. Thank you.

18 JUDGE CAILLE: Thank you, Ms. Paxton. Are
19 there any questions?

20 MS. TENNYSON: Your Honor, I don't have a
21 question. I would like to clarify the language that
22 Ms. Paxton has addressed to the agreement.

23 JUDGE CAILLE: Okay.

24 MS. TENNYSON: And it does say it's
25 resolved for the purposes of this case. It doesn't

0039

1 prevent it from being raised at another time when
2 maybe more facts, other issues are involved. But
3 what we're saying, it's not that it's been bought out
4 by a higher rate increase. It is that -- at this
5 time, it is not something that essentially the Staff
6 feels that we are able to pursue with the information
7 and legal standards that we have at this point in
8 time.

9 JUDGE CAILLE: All right. Marianne Boyle,
10 I think we're back to you. Would you like to speak?

11 MS. BOYLE: Yes. My name is Marianne
12 Boyle, and I do not feel that the \$264,000 that the
13 plant value -- has been turned in as a plant value by
14 Thomas Water is an accurate figure, and they used
15 this figure to base their profit on this amount. But
16 Cascade Engineering alone charged \$28,000 as part of
17 that, and this was for a system that was already in
18 place. And this was charged after Thomas, Myron
19 Thomas sold the system to the Lockwood Foundation in
20 1995, or McDermott in 1995. And so this was a high
21 amount for this.

22 They did do some work where they ran a
23 line. It wasn't a very long line, so I don't think
24 there would be a lot of engineering for that from the
25 new well to our development in Meadow Ridge for our

0040

1 existing plant there.

2 I just feel that these charges are very
3 expensive and when I'm -- when Catherine and I
4 checked into a lot of the charges that were made, it
5 seemed like they were charged to Lockwood or they
6 were charged to the development next to us. And we
7 really question how accurate this was.

8 This figure that they're trying to recover,
9 this ten percent profit, it's about \$23,000 a year,
10 and that's about \$2,000 a month, and that's a lot per
11 household when there are 67 hookups in Meadow Ridge.
12 I think that's about all I have to say. Thank you.

13 JUDGE CAILLE: The last -- your last
14 comment, could you repeat that again, about the --
15 did you say \$1,000 per household?

16 MS. BOYLE: No, it's about -- it's -- if I
17 read it right, it's \$23,000, the ten percent that
18 they want to base their profit on. That's about
19 \$2,000 a month, and there are 67 hookups in Meadow
20 Ridge. So that alone seems like it's about \$30 per
21 month as part of this rate increase.

22 JUDGE CAILLE: All right. Thank you. Are
23 there any questions? No. Have I missed anyone or is
24 there anyone else who -- yes?

25 MR. THOMAS: Yes, I did not check the list,

0041

1 but I would like to be -- I did do the swearing in.

2 JUDGE CAILLE: Okay. Please come forward.

3 MR. THOMAS: My name's Ed Thomas and I'm a
4 Meadow Ridge homeowner and also basically from -- I
5 also was involved in the development of Meadow Ridge
6 when the -- my dad is Myron Thomas, who originally
7 owned Thomas Water Service.

8 I just want to comment on a couple things
9 here. One, a letter that we -- that came to Tom
10 McDermott from the Department of Health December 18th
11 of 1996, where Mr. McDermott requested to be able to
12 drill water rights in the Kackman Creek development
13 and abandon water wells in Meadow Ridge.

14 And Department of Health waged a question
15 that -- there's a comment here. Chloroform samples
16 collected from your water system have clearly
17 indicated the presence of total chloroform bacteria
18 in the distribution system. You have not provided
19 any reliable test results which indicate that the
20 source of bacteriological contamination is your well
21 supply and not a problem with the rest of the system.

22 I know of no water testing that was run on
23 the water pipes themselves from Mr. McDermott, and he
24 proceeded to abandon several wells. And as talked
25 about earlier, at quite an expense. Some of the

0042

1 bills I looked at were like \$6,500 to abandon a well.
2 I would think more research should have been tested
3 on those wells before water -- the wells were
4 actually abandoned before Meadow Ridge had to absorb
5 such large costs for this work.

6 And on February of this year, I -- Marianne
7 had given me several -- Marianne Boyle, who talked
8 earlier, had given me several invoices of a lot of
9 the bills, and I did review on them. And I saw
10 several discrepancies. And looking at them, it's --
11 it's hard to see whether the invoice went to our job,
12 Meadow Ridge -- excuse me, or to Kackman Creek
13 without studying them extensively, and I did actually
14 spend about a day and a half studying the bills.

15 I found several things wrong in the bills.
16 Bills for Meadow Brook were billed on the total,
17 Meadow Brook being another development that Thomas
18 Water Service owned, but not part of Meadow Ridge.
19 But, actually, the full bill was turned to the Meadow
20 Ridge side.

21 There were charges for public hearings
22 done. I know of no public hearings that Meadow Ridge
23 needed to do and why Meadow Ridge should pay a
24 quarter of these public hearings that went forward.

25 Several bills for Cascade Surveying. I was

0043

1 noticing, looking through it, there was a lot of
2 times 25 percent was charged to Meadow Ridge and
3 three-quarters of it was charged to the Kackman Creek
4 side, being -- saying that we had one well and
5 Kackman Creek had three wells. And I could follow
6 the logic on that. But then, later on I saw where
7 Cascade Surveying did work and all the work was
8 charged on Meadow Ridge, and it looked like designing
9 work that was actually done on the Kackman Creek
10 development.

11 So I questioned why we were paying for some
12 of these areas. It looked like the bills were not --
13 I don't know if I would say intentionally, but it
14 seemed like very -- not very careful or -- there were
15 lots of bills thrown on Meadow Ridge that shouldn't
16 have been billed there. And when we were billed a
17 hundred percent of a lot of the engineering, it
18 should have only been 25 percent.

19 And with the little information that was
20 provided, it was really hard to track to say, Oh,
21 this was done here, this was done here. Basically,
22 what I had to do was say the timing of it. When was
23 Iron Mountain worked on, when was the work done in
24 Meadow Ridge. And you can tell by what -- some of
25 the bills that came in, they actually stated what

0044

1 they were doing, so you could time it out.

2 And I know what work went on, being --
3 living in Meadow Ridge the whole time, I'm very
4 familiar with Meadow Ridge and Kackman Creek, and
5 actually, as Tomco Construction, I actually bid on
6 doing work over on McDermott's side. They had given
7 me plans and I had done preliminary work on it, so I
8 was familiar with what design work went on both of
9 them.

10 But I guess, basically, to cut it short is
11 I feel the bills were not properly billed to what
12 percent went on what side. I really question -- I
13 think Meadow Ridge got dumped with a lot of bills
14 that shouldn't have been there.

15 JUDGE CAILLE: All right. Any questions?

16 MS. TENNYSON: Mr. Thomas, I believe --
17 could you clarify for me, was some of that
18 information, like the bills and the questioning that
19 you did, that was included in information that you or
20 some of the customers presented to the Commission at
21 the earlier -- the open meeting; correct?

22 MR. THOMAS: Some of those were, yes.

23 MS. TENNYSON: Thank you.

24 JUDGE CAILLE: And let me clarify, too. I
25 have -- there are comments that I have that I believe

0045

1 were submitted earlier, and those will be included in
2 the record, too, so the comments -- the written
3 comments that you folks have sent in before, we have
4 records of those. Those will also become part of the
5 exhibit.

6 MR. THOMAS: Okay. Thank you.

7 JUDGE CAILLE: Is there anyone else who
8 would like to speak this evening?

9 MS. SIMPSON: I have one little thing.

10 JUDGE CAILLE: Okay, please.

11 MS. SIMPSON: I didn't swear in.

12 JUDGE CAILLE: Come up front and I'll swear
13 you in. You'll get your own swearing in.

14 Whereupon,

15 IRENE SIMPSON,

16 having been first duly sworn by Judge Caille,
17 testified as follows:

18 JUDGE CAILLE: Thank you. Please state
19 your name.

20 MS. SIMPSON: My name is Irene Simpson, and
21 I'm a resident in Meadow Ridge, and I just have one
22 little concern that has kind of come up through the
23 course of this evening, and that's that -- I'm a
24 teacher. And when a student doesn't always give me
25 accurate information or doesn't always tell me the

0046

1 truth, I start having doubts about that student's
2 credibility.

3 And I would hope that when you consider all
4 this information before you tonight, I would hope
5 you'd also consider that there's a lot of not
6 credible activity or information that seems to be
7 coming through, and I personally would rather doubt
8 all the information if there was a lot of information
9 that was not credible or that was not necessarily
10 honestly presented. And so that's a concern that I
11 rather -- I have.

12 I've been actually on the board in the past
13 when the water rights were an issue, when the new
14 subdivisions were being proposed, and it seems like
15 we were always fighting with getting the truth or
16 being -- having our questions answered honestly and
17 forthrightly, so that's just a concern that I'm
18 having right now, as to the degree of honesty.

19 JUDGE CAILLE: Thank you.

20 MS. SIMPSON: Thank you.

21 JUDGE CAILLE: Is there -- just a moment.
22 Are there any questions? All right. Thank you for
23 your comment. Anyone else?

24 MR. BAILEY: I'd like to state something.

25 JUDGE CAILLE: Okay. Were you previously

0047

1 sworn?

2 MR. BAILEY: No, well, I agreed --

3 JUDGE CAILLE: You agreed?

4 MR. BAILEY: No, no, I didn't swear.

5 JUDGE CAILLE: Let's do it.

6 Whereupon,

7 MARCUS BAILEY,

8 having been first duly sworn by Judge Caille,

9 testified as follows:

10 JUDGE CAILLE: Thank you.

11 MR. BAILEY: I'm Marcus Bailey, and I'm a
12 Meadow Ridge resident. I'm really upset about all
13 this because of the fact that the increase of the
14 water bills. And I think it's criminal what
15 McDermott did to our water system. They were going
16 to give Myron Thomas -- I think it was 70,000 for it,
17 and they only paid -- they agreed to do that, and
18 they only paid 10,000, that was it.

19 Myron Thomas, if he had known they were
20 going to back out and not pay the full amount, he
21 would have sold it to us for the same amount, and
22 that's what I think we should be able to purchase
23 this for. And I think it's really criminal that they
24 did this to us. And I tell you what, if we don't get
25 this for something like that or near that, if we

0048

1 can't buy it, I'm going to go to the media, write to
2 the governor, do whatever I have to do to get it back
3 to where it was fair. Thank you.

4 JUDGE CAILLE: Thank you. Are there any
5 questions of Mr. Bailey? No. Thank you for your
6 comments. Anyone else? Yes, sir.

7 MR. BENETEAU: Can I repeat?

8 JUDGE CAILLE: Yes, you may.

9 MR. BENETEAU: It's Jim Beneteau again. I
10 had another comment. I think the rate structure, as
11 proposed, with the minimum rate of \$47, if you use no
12 water at all, and a break of up to 800, is
13 anti-conservation. There's absolutely no reason not
14 to use water. It seems like if you decide to use no
15 water, you're still going to pay an outrageous rate.
16 It's higher than any city for using no water at all
17 just for having the privilege of having their meter
18 in your lot. So I think that base rate is much too
19 high.

20 JUDGE CAILLE: Thank you. Anyone else?

21 MS. HANSEN: Can you clarify the deadlines
22 for any additional comments we put into the record
23 tonight?

24 JUDGE CAILLE: Oh, let me see. Today is
25 what?

0049

1 MS. TENNYSON: Needs to be in by Thursday
2 or Friday.

3 JUDGE CAILLE: By Thursday, this Thursday
4 or Friday. So the 22nd -- let's say the 23rd. The
5 23rd is Friday. If you could have any further
6 comments in to the Commission, any written comments
7 by May 23rd. An easy way, if you have e-mail, would
8 be to e-mail those comments to Ms. Hansen. Is that
9 all right?

10 MS. HANSEN: Comments@wutc.wa.gov.

11 JUDGE CAILLE: Did you get that? Okay.
12 And if there -- are there any other comments this
13 evening? I have a couple things I wanted to say.
14 Yes, sir. Please come down. Good evening. Were you
15 previously sworn?

16 MR. KRIEG: Yes, I was.

17 JUDGE CAILLE: Okay.

18 THE WITNESS: My name's Kevin Krieg. I'm a
19 homeowner in Meadow Ridge.

20 JUDGE CAILLE: Kevin -- what was the last
21 name?

22 MR. KRIEG: Krieg.

23 JUDGE CAILLE: Could you spell that,
24 please?

25 MR. KRIEG: K-r-i-e-g.

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1 JUDGE CAILLE: Thank you.

2 MR. KRIEG: And I've been there four and a
3 half years and I've seen the water rates go up.
4 Since we are in the process of purchasing the system
5 and negotiating with it, why not just suspend this
6 whole raise in rates, because it seems to me like
7 this is just a waste of time.

8 JUDGE CAILLE: All right. Thank you. Any
9 questions from counsel? Okay. Yes?

10 MR. SCHMITT: Ed Schmitt again. I just
11 wanted to just paint a little word picture.
12 Everybody does taxes, everybody saves receipts for
13 them. What's in one pile of receipts or what you
14 claim to the IRS may not always be true, but nobody
15 knows that until you're caught, audited. I say, you
16 know, things that are misrepresented and unless there
17 was a full audit, to me, I think if this was an IRS
18 case, the red flags would be up and there would be an
19 audit done.

20 JUDGE CAILLE: Thank you. Anything
21 further? All right. I would like to thank everyone
22 for coming tonight and giving your comments. The
23 Commission will consider these comments, and the
24 Commission has several options here. The Commission
25 can accept the settlement, they can reject it, or

0051

1 they could accept it with conditions. And they will
2 take your comments under advisement, along with the
3 settlement, and issue an order.

4 I can't exactly tell you when that order
5 will come out, but hopefully it will be soon, and so
6 you will have some idea where things stand. Again,
7 thank you for coming, and this meeting is adjourned.

8 (Proceedings adjourned at 8:24 p.m.)

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