

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

v.

HARRISON-RAY WATER COMPANY

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

v.

HARRISON WATER COMPANY/KIONA, LLC

DOCKETS UW-180885 & UW-190311 (*Consolidated*)

Exhibit CAC-1T

TESTIMONY IN OPPOSITION TO SETTLEMENT OF

CARLA A. COLAMONICI

ON BEHALF OF

PUBLIC COUNSEL

July 12, 2019

I. INTRODUCTION / SUMMARY

Q. Please state your name and business address.

1 A. My name is Carla A. Colamonici, and my business address is 800 Fifth Avenue,
2 Suite 2000, Seattle, Washington 98104.

Q. By whom are you employed and in what capacity?

3 A. I am employed as a Regulatory Analyst with the Public Counsel Unit of the
4 Washington State Attorney General's Office ("Public Counsel"). I have been with
5 Public Counsel since August 2016.

Q. On whose behalf are you testifying?

6 A. I am testifying on behalf of the Public Counsel.

Q. Please describe your professional qualifications.

7 A. I have a B.A. in Philosophy and a B.S. in Psychology from Loyola University
8 Chicago, as well as a Master's in Public Policy also from Loyola University
9 Chicago. I am also currently pursuing a Master's in Business Administration from
10 Seattle University.

11 Prior to joining Public Counsel, I was a Consumer Rights Counselor and a
12 Policy Intern at Citizens Utility Board (CUB) in Chicago, Illinois. In my duties as
13 a Consumer Rights Counselor, I assisted ratepayers in understanding their rights
14 under the Public Utilities Act, filed informal cases with investor-owned utilities,
15 and conducted billing analyses. As a Policy Intern, I represented CUB at
16 Stakeholder Advisory Group monthly energy efficiency meetings and in
17 negotiations on their Energy Efficiency Portfolio Standard Plans. Additionally, I

1 worked on issues and cases related to Smart Grid deployment, distributed
2 generation, and consumer protections related to electricity deregulation.

3 Since joining Public Counsel in August 2016, I have worked on a range of
4 energy issues and cases, including the review and analysis of utility conservation
5 programs, low-income assistance programs, and various issues in an electric and
6 natural gas general rate case (Avista's 2017 General Rate Case, Dockets
7 UE-170485 and UG-170846, on fuel conversions). I testified on behalf of Public
8 Counsel in support of the settlements reached in Dockets UG-151663 (Puget
9 Sound Energy's Liquefied Natural Gas proposal), UE-161123 (Puget Sound
10 Energy Open Access Tariff), UG-170929 (Cascade Natural Gas's 2017 General
11 Rate Case), and UE-180899 and UG-180900 (Puget Sound Energy Expedited
12 Rate Filing). Finally, I testified on behalf of Public Counsel in opposition of the
13 settlement reached in Dockets UE-170033 and UG-170034 (Puget Sound
14 Energy's 2017 General Rate Case).

Q. What exhibits are you sponsoring in this proceeding?

15 A. I will not be sponsoring any exhibits in this proceeding.

Q. Is Public Counsel a party to the Settlement Agreement in this proceeding?

16 A. No, we are not a Settling Party ("Party") to the Settlement Agreement
17 ("Agreement"). Commission Staff ("Staff") and Harrison-Ray and
18 Harrison/Kiona ("Companies") are the Parties.

Q. What is Public Counsel's position on the Agreement?

19 A. While Public Counsel generally agrees with the terms and conditions of the
20 Agreement, we disagree with Section III.F of the Agreement regarding waiver of

1 penalties in the event of the sale or transfer of the Company(s). Additionally,
2 Public Counsel would like to have access to the customer complaint records the
3 Companies submit to Staff every six months, pursuant to Section III.B.

Q. Please describe the scope of the complaint.

4 A. Harrison-Ray and Harrison/Kiona are separate water companies owned and
5 operated by Mr. Tom Harrison and managed as a single business. The
6 Harrison-Ray Water Company has 223 customers in Walla Walla County, while
7 Harrison/Kiona Water Company has 213 customers in Benton County.

8 Commission Staff began an investigation resulting from 22 informal
9 complaints filed with the Commission's Consumer Protection division against the
10 Companies between August 3, 2017, and February 20, 2018. The investigation
11 concluded in 1,486 documented violations by the Companies,¹ which included:

- 12 • WAC 480-110-315(1)(2)(4)(5)(6), Availability of information;
- 13 • WAC 480-110-325(1), Application for service;
- 14 • WAC 480-110-355(3)(a), Discontinuing of Service;
- 15 • WAC 480-110-375(1)(a)(e)(f)(h)(4), Form of bills;
- 16 • WAC 480-110-385(1)(a)(b)(c)(3)(a)(b), Water company responsibility for
17 complaints and disputes;
- 18 • WAC 480-110-485(1), Retaining and preserving records and reports; and
- 19 • RCW 80.28.080, Published rates to be charged.

¹ Investigation Report, Harrison-Ray Water Company, Inc. and Harrison Water Company/Kiona, LLC at 3 (Apr. 2019) ("Investigation Report").

1 Based on the documented violations, Staff recommended that the Harrison-Ray be
2 penalized \$46,100 for its 915 violations and Harrison-Kiona be penalized \$30,460
3 for its 571 violations.²

Q. Please list the terms in the Agreement.

- 4 A. The Parties agreed on several terms, including the following terms and conditions:
- 5 • Penalties for both Harrison-Ray and Harrison/Kiona;
 - 6 • Company Commitments;
 - 7 • Acts Constituting Compliance Failures;
 - 8 • Retaining a Qualified Office Manager;
 - 9 • Status of Formal Complaints;
 - 10 • Waiver of penalties upon Sale or Transfer of Company; and
 - 11 • Future Compliance Investigation and Enforcement.

Q. Please describe the Agreement's terms regarding penalties.

12 A. The Companies admit to the violations alleged in the complaint and have agreed
13 to pay penalties. Harrison-Ray has agreed to pay a penalty of \$11,525 in
14 installments over two years, and will be held liable for the suspended penalties of
15 \$11,525 if the Company fails to comply with the remaining Commitments for two
16 years.³ Additionally, Harrison/Kiona has agreed to pay a penalty of \$7,615 in
17 installments over two years, and penalties of \$7,615 if the Company fails to
18 comply with the remaining Commitments for two years.⁴ Furthermore, if

² Investigation Report at 3-4 (Apr. 2019).

³ Settlement Agreement ¶ 11.

⁴ Settlement Agreement ¶ 15.

1 Harrison-Ray and/or Harrison/Kiona complies with the Company Commitments
2 for the entire two-year suspension period, the suspended penalties will be waived.
3 Conversely, if the Harrison-Ray and/or Harrison/Kiona fails to comply with the
4 Commitments in the two-year suspension period, then the suspended penalties
5 become due immediately.⁵

Q. Does Public Counsel agree with the penalty provision as stated in the Agreement?

6 A. Yes, Public Counsel believes that the penalty provisions are appropriate. The
7 Companies violated several of the Commission's rules and necessary consumer
8 protections by failing to correctly and timely bill its customers, providing
9 incorrect shut-off notices, and lacking communication with its customers, etc.,
10 and should be penalized for these infractions.

11 However, we agree that imposing the penalties recommended by Staff in
12 its Investigation Report totaling \$46,100 for Harrison-Ray and \$30,460 for
13 Harrison/Kiona is not necessary.⁶ It is our understanding imposing the full
14 amount recommended by Staff would present a significant financial burden to the
15 Companies and its operations. Furthermore, since the Companies have contracted
16 a certified public accountant (CPA), customer service has improved.⁷

17 Given these circumstances, Public Counsel believes the penalties, the
18 proposed two-year payment plan, and suspended penalties provided for in the

⁵ Settlement Agreement ¶¶ 13-14 and ¶¶ 17-18.

⁶ Investigation Report (Apr. 2019).

⁷ Narrative Supporting Settlement Agreement ¶ 12.

1 Agreement are appropriate and properly incentivizes the Companies to remain in
2 compliance with Commission rules and Washington statute.

Q. Please describe the Company Commitments agreed to by the Parties.

3 A. The Companies agree to comply with the following commitments⁸:

- 4 • Make timely payments in the two-year suspension period;
- 5 • Retain a Qualified Office Manager for two years;
- 6 • Report to the Commission if there are any staffing changes regarding any
7 employee or independent contractor for two years from the approval of
8 this Agreement;
- 9 • The retained Qualified Office Manager must attend a one-time training
10 session with Commission Staff on September 17;
- 11 • Tom Harrison must attend a one-time training session with Commission
12 Staff on September 17; and
- 13 • Provide a copy of any customer complaint records obtained by the
14 Companies (and supporting materials) every six months.

Q. Does Public Counsel agree with these Commitments?

15 A. Generally, yes. Public Counsel believes that these commitments will ensure that
16 consumer protections are maintained, as well as preventing future violations for
17 the same infractions. However, Public Counsel believes the term requiring the
18 Companies to provide a copy of customer complaint records should be modified

⁸ Settlement Agreement ¶ 19.

1 to include a requirement that a copy be provided to Public Counsel, as well as
2 Commission Staff.

Q. Please describe the Acts Constituting Compliance Failures as stated in the Agreement.

3 A. The Parties have agreed to four acts that constitutes a violation of the Agreement
4 and causes the suspended penalties to become due immediately⁹:

- 5 • Failure to make a penalty payment on the appropriate date;
- 6 • Failure to retain a Qualified Office Manager;
- 7 • Failure to immediately inform Commission Staff of any staffing changes;
- 8 and
- 9 • Failure by Tom Harrison or the Qualified Office Manager to attend the
10 one-time training session offered by Commission Staff.

Q. Does Public Counsel agree with the four Acts Constituting Compliance Failures?

11 A. Yes. Public Counsel believes that a failure of one of these four acts will lead to
12 the degradation of customers' consumer protections and should result in the
13 immediate imposition of the suspended penalties.

Q. Please describe the required duties to be completed by the Qualified Office Manager.

14 A. According to the Agreement, a Qualified Office Manager must complete (at a
15 minimum) the following tasks¹⁰:

⁹ Settlement Agreement ¶ 20.

¹⁰ Settlement Agreement ¶ 21.

- 1 • Send accurate and timely customer bills;
- 2 • Handle any regulatory compliance or reporting requirements;
- 3 • Coordinate and schedule meter readings; and
- 4 • Make a record of customer complaints and maintain the records pursuant
- 5 to WAC 480-100-385(4).

Q. Does Public Counsel agree with the tasks required by the Qualified Office Manager?

6 A. Yes, Public Counsel believes that the duties to be completed by the Qualified

7 Office Manager will prevent any further violations by the Companies and will

8 result in the Companies' compliance with the Commission's rules. Furthermore,

9 we believe that the Qualified Office Manager will elevate the Companies'

10 customer service satisfaction to an appropriate level.

Q. Please describe the Status of the Formal Complaints condition.

11 A. The Commission will continue to suspend the formal status of Dockets

12 UW-180081 and UW-180144 through UW-180151 for up to two years, so long as

13 the Companies comply with this Agreement and its Commitments. This condition

14 does not preclude or discourage any other informal or formal complaint from

15 being filed with the Commission by a customer of the Companies.¹¹

¹¹ Settlement Agreement ¶ 22.

Q. Does Public Counsel agree with this term?

1 A. Yes, Public Counsel believes suspending the status of these dockets is appropriate
2 to ensure that the Companies have complied with the conditions of this
3 Agreement for the entire term of the two-year suspension period.

Q. Please describe the term regarding the waiver of penalties upon the Sale or Transfer of Company as stated in the Agreement.

4 A. The Parties have agreed that the Commission approves the sale or other transfer
5 of control by Tom Harrison of Harrison-Ray or Harrison/Kiona and the transfer is
6 completed during the two-year suspension period, the outstanding portion of
7 penalties imposed on the Companies will be entirely mitigated.¹²

Q. Does Public Counsel agree with waiver of penalties upon the Sale or Transfer of Company?

8 A. No, we do not.

Q. Please explain why Public Counsel does not agree with this term.

9 A. It is our understanding that this term was included in the Agreement to incentivize
10 the sale of one or both of the Companies. Public Counsel does not wish to deter or
11 prevent the sale or transfer of the Company(s) to another entity; however, we
12 believe the agreed upon penalties of \$11,525 and \$7,615 should be paid.

¹² Settlement Agreement ¶ 23.

Q. Why should the two-year suspension period penalties be paid?

1 A. As previously stated, the Companies violated several WACs and one RCW for an
 2 extended period of time. Specifically, the Companies incurred the following
 3 violations¹³:

Harrison-Ray Water Company

Number of Violations	Violation	Description	Staff's Initial Penalty Recommendation*
19	RCW 80.28.080	Failing to charge customers rates published in tariffs	\$19,000
253	WAC 480-110-315(1)(2)(4)(5)(6)	failure to provide customers a 24-hour emergency telephone number, notify the commission of changes to its contact information, failure to return customer's non-emergency call, failure to acknowledge customer's written inquiry, and failure to provide customers with a copy of the commission's consumer brochure	\$2,530
266	WAC 480-110-325(1)	Failure to provide a customer with an application for service.	\$1,000
1	WAC 480-110-355(3)	Failure to properly provide the required notice prior to disconnect of service	\$1,000
19	WAC 480-110-375(1)(a)(e)(f)(h)(4)	Failure to issue bills according to the rule; failure to provide enough information on bills for customers to calculate rates; failure to have a bill due date fifteen days after the mail date; failure to record accurate meter read date; and failure to allow customer payment arrangements equal to number of months back-billed	\$19,000
357	WAC 480-110-385(1)(a)(b)(c)(3)(a)(b)	failure to acknowledge complaints regarding requests for service, failure to investigate customer complaints, failure to timely investigate and report results of informal complaints to staff; and failure to keep commission staff informed of progress toward the solution and final result of the investigation	\$3,570

*Public Counsel is not proposing or agreeing to Staff's initial penalty recommendation. These numbers have been added for illustrative purposes. As previously stated, Public Counsel supports the penalty of \$11,525 paid in installments over two years, and the suspended penalties of \$11,525 for Harrison-Ray.

¹³ Investigation Report at 3-4 (Apr. 2019).

Harrison/Kiona Water Company

Number of Violations	Violation	Description	Staff's Initial Penalty Recommendation*
8	RCW 80.28.080	Failing to charge customers rates published in tariffs for non-sufficient funds	\$8,000
221	WAC 480-110-315(1)(2)(4)(5)(6)	Failure to provide customers a 24-hour emergency telephone number, notify the commission of changes to its contact information, failure to return customer's non-emergency call, failure to acknowledge customer's written inquiry, and failure to provide customers with a copy of the commission's consumer brochure	\$2,210
1	WAC 480-110-325(1)	Failure to provide a customer with an application for service	\$1,000
1	WAC 480-110-355(1)	Failure to properly provide the required notice prior to disconnect of service.	\$1,000
14	WAC 480-110-375(1)(a)(h)(4)	Failure to issue bills according to the rule; failure to provide enough information on bills for customers to calculate rates; failure to have a bill due date fifteen days after the mail date; failure to record accurate meter read date; and failure to allow customer payment arrangements equal to number of months back-billed	14,000
325	WAC 480-110-385(3)(a)(b)	Failure to acknowledge complaints regarding requests for service, failure to investigate customer complaints, failure to timely investigate and report results of informal complaints to staff; and failure to keep commission staff informed of progress toward the solution and final result of the investigation	\$3,250
1	WAC 480-110-485	Failure to maintain records.	\$1,000

*Public Counsel is not proposing or agreeing to Staff's initial penalty recommendation. These numbers have been added for illustrative purposes. As previously stated, Public Counsel supports the penalty of \$7,615 paid in installments over two years, and the suspended penalties of \$7,615 for Harrison/Kiona.

1 These infractions resulted in customer harm, substandard customer service, and
 2 infringement of vital consumer protections. For example, Harrison-Ray had 266
 3 violations for failing to provide customers with an application for service. These
 4 customers were harmed by not being able to obtain an essential service.

1 Harrison/Kiona had 325 violations for failing to acknowledge and handle informal
2 complaints, as well as failing to communicate to Staff the status and reports of
3 their informal complaints. Both Companies also had a high number of violations
4 relating to a customer's lack of ability to contact and communicate with the
5 Company for emergencies and non-emergencies. All of these violations harmed
6 customers, and the Companies should be held accountable even in the event of
7 sale or transfer.

Q. Please describe Public Counsel's recommendation regarding this term.

8 A. Public Counsel recommends that the Commission reject Section III.F, which
9 waives the outstanding portion of the penalty upon sale or transfer of control
10 during the two-year suspension period, as a condition of approving the Settlement
11 Agreement.

**Q. Please describe the Agreement's term on Future Compliance Investigation
and Enforcement.**

12 A. The Parties have agreed that this Agreement does not prevent any further
13 investigation or enforcement during or after the suspension period.

**Q. Does Public Counsel agree with the Future Compliance Investigation and
Enforcement condition?**

14 A. Yes, Public Counsel believes the Commission should retain the express authority
15 to investigate and enforce its rules if future violations or other consumer
16 protection concerns occur.

Q. Please summarize Public Counsel's position on the Agreement.

1 A. While Public Counsel supports many of the commitments and terms in the
2 Agreement, we recommend that the Commission modify the Agreement. While
3 we support reporting customer complaint records every six months, a copy of that
4 report should be provided to Public Counsel as well as Commission Staff.
5 Additionally, we do not support the waiver of penalties upon sale or transfer of
6 the Companies.

7 As a result, Public Counsel recommends that the Commission approve the
8 settlement with conditions: the Commission should modify Section III.B to
9 reflect that the Companies will provide Public Counsel with its customer
10 complaint report and Section III.F to reflect that the Companies will pay the
11 penalties pursuant to the agreement even if the Companies are transferred or sold.
12 These modifications are important to hold the Companies accountable for
13 violations of the Commission rules and a Washington State statute that are
14 intended to protect customers.

Q. Does this conclude your testimony?

15 A. Yes.