

Exh. BF-1T
Dockets UW-180885/UW-190311
Witness: Bridgit Feeser

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

HARRISON-RAY WATER COMPANY,

Respondent.

DOCKET UW-180885
(Consolidated)

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**HARRISON WATER COMPANY/KIONA,
LLC,**

Respondent.

DOCKET UW-190311
(Consolidated)

TESTIMONY OF

Bridgit Feeser

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Rebuttal Testimony to the Testimony of Public Counsel
Regarding the Staff-Companies Settlement*

July 25, 2019

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1 I. INTRODUCTION

2

3 Q. Please state your name and business address.

4 A. My name is Bridgit Feeser and my business address is 621 Woodland Square Loop
5 SE, P.O. Box 47250, Olympia, Washington, 98504. My email address is
6 bridgit.feeser@utc.wa.gov.

7

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

9 A. I am employed by the Washington Utilities and Transportation Commission
10 (Commission) as the Assistant Director of Consumer Protection.

11

12 Q. How long have you been employed by the Commission?

13 A. I have been employed with the Commission since May 16, 2016.

14

15 Q. Please describe your education and relevant work experience.

16 A. I have a Bachelor of Liberal Arts Degree from Evergreen State College with an
17 emphasis in business and management. I have completed advanced investigator
18 training offered by the state of Washington. I have over 10 years experience
19 conducting investigations to ensure compliance with labor and employment rules and
20 laws. As the Assistant Director of the Consumer Protection Section, I oversee the
21 work of the Complaint Investigations Unit as well as the Compliance Investigations
22 Unit, and I supervise the Compliance Investigators.

1 **Q. What is your role in this proceeding?**

2 A. This proceeding began as a staff investigation that was performed by Ms. Susie
3 Paul, one of the Compliance Investigators under my supervision. I have been
4 overseeing the investigation and I have participated in all of the stages of the
5 proceeding, including developing Commission Staff's (Staff) position for settlement
6 and reviewing and approving the settlement agreement that was entered into by Staff
7 and Harrison-Ray Water Company (Harrison-Ray) and Harrison Water
8 Company/Kiona, LLC (Harrison/Kiona) (collectively, the "Companies"). I am
9 stepping in to respond to Public Counsel's testimony because Ms. Paul departed the
10 Commission earlier this month, and because I want to reiterate Staff's support of the
11 Staff-Companies settlement agreement (Agreement).

12

13 **II. SCOPE AND SUMMARY OF TESTIMONY**

14

15 **Q. What is the scope of your testimony in this proceeding?**

16 A. I explain why the property transfer provision of the Agreement is important to the
17 settlement, I provide a correction to Public Counsel's testimony, and I respond to the
18 proposal to include Public Counsel in the complaint reporting requirement.

19

20 **Q. Can you please summarize your testimony?**

21 A. Yes. First I discuss the property transfer provision. Public Counsel asks the
22 Commission to remove it. I explain that the provision is important to encourage
23 timely succession planning and that it is part of a negotiated whole. The Parties

1 period, the Parties agree that the outstanding portion of the penalty imposed on
2 the transferred Company will be mitigated in full.

3

4 **Q. Can you please explain each part of this provision?**

5 A. Yes. It is important to understand that the property transfer statute in chapter 80.12
6 RCW applies to a transfer of either of these water companies or their property. This
7 is significant because if Mr. Harrison wishes to transfer ownership of either
8 company, the Commission must first approve the transfer. This means that the
9 Commission would be able to vet the proposed new owner and ensure that the
10 company was being transferred to a competent owner.

11 Another important point is that the provision covers any type of transfer,
12 whether it be a sale or another arrangement, such as a gift. For example, Mr.
13 Harrison could give either company to a public water system. Mr. Harrison is not
14 currently planning to do this but the Agreement is designed to support such a transfer
15 as well as a sale.

16 The operative part of the provision is that if a company is transferred before
17 the end of the two-year penalty suspension period the remainder of the unpaid
18 penalties will be mitigated to zero. To be clear, the Companies will be paying their
19 respective penalties in equal monthly installments over two years. If a company is
20 sold, the installments that are outstanding for that company will no longer need to be
21 paid. In order for this provision to operate, however, the transfer must actually be
22 completed. This means that not only must the Commission have approved the

1 transfer, but the transfer has to actually happen. So, the provision would apply only
2 once ownership of a company had been fully and legally transferred.

3
4 **Q. Would Staff support removing the property transfer provision from the**
5 **Agreement?**

6 A. No. The provision in Section F is an essential term of the Agreement that Staff and
7 Mr. Harrison negotiated. Further, Staff considers the term to be a potentially
8 important component in ensuring the continuation of service for the Companies'
9 customers.

10
11 **Q. Can you please explain the connection of the property transfer provision with**
12 **service continuity?**

13 A. Yes. Public Counsel characterizes the provision as merely an incentive for Mr.
14 Harrison to sell the Companies.¹ The provision is much more than that, however.
15 The intent of the provision is to support timely succession planning. It is Staff's
16 understanding that Mr. Harrison is considering retirement. Staff believes that
17 succession planning for these water systems is vital to ensure ongoing service to
18 these neighborhoods. Currently, Mr. Harrison not only owns but operates the
19 systems. Given that Mr. Harrison is discussing retirement, and given that at some
20 point he will retire, it is important that he complete succession planning. If he can
21 hand over the businesses in an orderly fashion to competent new owners, he will
22 actually be able to retire and the customers will be able to experience a smooth

¹ Colamonici, Exh. CAC-1T at 9:9-10.

1 service transition. The penalty mitigation provision rewards the Companies and,
2 ultimately, Mr. Harrison, for implementing a succession plan for one or both
3 companies within the next two years.

4

5 **Q. Why does Public Counsel object to the property transfer provision?**

6 A. Public Counsel wants each company to pay a penalty, no matter what, and opposes
7 any further mitigation.

8

9 **Q. Why does Public Counsel oppose any further mitigation?**

10 A. Public Counsel appears to want to be sure that the Companies are punished. Public
11 Counsel reiterates the violations that Staff alleged and states that the “agreed upon
12 penalties of \$11,525 and \$7,615” should be paid.²

13

14 **Q. Did the Companies agree to pay penalties in those respective amounts?**

15 A. Yes, but contingent on Section III.F. That is, the Companies agreed to pay these
16 respective penalties unless a company was sold or otherwise transferred. So, the
17 agreement to pay the full amount of each penalty is contingent on the operation of
18 the property transfer provision in Section III.F.

19

² Colamonici, Exh. CAC-1T at 9:11-12.

1 **Q. Does it concern Staff that the Companies might end up paying a smaller penalty**
2 **than the total amounts in the Agreement?**

3 A. No. Paying a penalty can be an important part of taking responsibility for violations.
4 Staff's most important objective in this proceeding, however, is to ensure adequate
5 service for the Companies' customers. The Agreement is designed, with all of the
6 provisions working together, to achieve that objective. The Agreement as a whole
7 carefully balances the carrots with the sticks. If a carrot is removed, that balance will
8 suffer. In the event that the Companies end up paying no penalties but the
9 Companies have been transferred to competent new owners and are being well run,
10 that is acceptable to Staff and means that the carrots worked. It is also very unlikely
11 that the Companies will not pay any penalties.

12
13 **Q. Can you please explain why you think that, even with the property transfer**
14 **provision, it is unlikely that the Companies will not pay any penalties?**

15 Yes. It is most likely that at least one of the Companies if not both will pay penalties.
16 For one thing, it takes time to conclude the transfer of a regulated business, and Mr.
17 Harrison has not yet been able to secure a buyer. It is most likely that the Companies
18 will have paid some number of monthly installments before any transfer can be
19 completed. Further, it is Staff's understanding that, while Mr. Harrison would like to
20 sell Harrison-Ray now, he would like to wait to sell Harrison/Kiona until
21 construction of the development it serves is complete. Mr. Harrison believes it could
22 be two years before that construction will be complete. The significance of Mr.
23 Harrison's plans for Harrison/Kiona is that the penalties for the Harrison/Kiona

1 violations will likely be paid in large part if not in full before Mr. Harrison transfers
2 ownership of Harrison/Kiona.

3
4 **IV. OTHER ISSUES**

5
6 **Q. Is there anything in Public Counsel’s testimony that is incorrect?**

7 A. Yes, one item. In the complaint, Staff alleges that Harrison-Ray committed 266
8 violations of the application for service rule, WAC 480-110-325(1). This rule
9 provides that a water company must obtain applications for service in writing on
10 company-supplied forms. Public Counsel concluded that the 266 violations by
11 Harrison-Ray involved multiple customers.³ According to the Staff Investigation
12 Report, however, Harrison-Ray failed to obtain an application for service in writing
13 from *one* customer for at least 266 *days* (emphasis added).⁴ This means that only one
14 Harrison-Ray customer was affected and not 266 customers. One Harrison/Kiona
15 customer also was affected by a violation of this rule, which is also discussed in the
16 Staff Investigation Report.⁵ This correction is a minor issue but Staff wants the
17 record to be clear.

18

³ Colamonici, Exh. CAC-1T at 11:2-4.

⁴ Staff Investigation Report, p. 15.

⁵ Staff Investigation Report at p. 20.

1 **Q. Is there anything else in Public Counsel’s testimony that you would like to**
2 **address?**

3 A. Yes. Public Counsel implicitly opposes the Agreement unless the Commission
4 includes a condition modifying the complaint reporting commitment. Under
5 subsection III.B.6., the Companies will “[p]rovide a copy of customer complaint
6 records retained for the Companies pursuant to WAC 480-110-315(4), as well as any
7 supporting materials, to Staff every six months.” Public Counsel would like the
8 Commission to modify the term to require the Companies to “include a requirement
9 that a copy be provided to Public Counsel as well as to Commission Staff.”⁶ Staff
10 does not object to making the complaint records available to Public Counsel.
11

12 **V. CONCLUSION**
13

14 **Q. What is Staff’s recommendation regarding the Agreement?**

15 A. Staff recommends that the Commission approve the Agreement with the addition
16 that the complaint reporting set forth in subsection III.B.6. be made available to
17 Public Counsel. Staff further recommends that the Commission reject Public
18 Counsel’s proposed removal of the property transfer provision. The Agreement is a
19 negotiated whole. The property transfer provision is an integral part of the
20 Agreement, and its removal would upset the balance of incentives and consequences

⁶ Colamonici, Exh. CAC-1T at 6:17 - 7:2.

1 that were carefully structured and negotiated to foster ongoing stable service for
2 customers of the Companies.

3

4 **Q. Does this conclude your testimony?**

5 A. Yes.