

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. WASHINGTON WATER SUPPLY, INC., Respondent.	DOCKET UW-230997 ORDER 04 ORDER APPROVING SETTLEMENT
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BACKGROUND

- 1 On July 12, 2023, Washington Water Supply, Inc. (Washington Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) a tariff revision in Docket UW-230598. The revision included a surcharge of \$60 per month to 42 customers for the recovery of purchased water expenses due to well issues and high summer usage on the Echo Glenn water system located in Maple Valley.
- 2 On August 10, 2023, the Commission issued Order 01 in Docket UW-230598 that allowed the surcharge of \$60 per month, effective August 15, 2023. Order 01 included several conditions including that the surcharge would expire on November 15, 2023.
- 3 On December 8, 2023, the Company filed tariff pages to re-instate the \$60.00 per month surcharge for six months or until it collects \$13,710.00, to collect the remainder of water trucking costs initiating this Docket.
- 4 Commission Staff (Staff) reviewed the Company's documentation and determined the original surcharge did not provide sufficient recovery and that an additional surcharge was needed. However, Staff recommended that the \$60.00 the Company requested should be reduced to \$54.40 for six months to avoid overcollection.
- 5 On December 27, 2023, the Company informed Staff it disagreed with Staff's review and would not file revised tariff pages at the suggested rate. Staff subsequently recommended that the Commission suspend the revised tariff and set the matter for adjudication.

- 6 On January 11, 2024, this matter came before the Commission at its regularly scheduled open meeting. At the meeting, the Commission heard additional comments from Staff and from two Washington Water customers. Staff reiterated its recommendation and expressed concern that the Company sometimes relied on one customer to provide notice to others. One customer, who received notice of the proposed surcharge by email, expressed frustration that the Company had not repaired the well earlier and was seeking to recover costs for trucking water from customers. The other customer requested assistance from state agencies in securing their water supply.
- 7 Washington Water did not appear at the open meeting on January 11, 2024.
- 8 On January 11, 2024, following the open meeting, the Commission issued Order 01 in this Docket suspending the filing as recommended by Staff.
- 9 On January 30, 2024, the Company filed an Answer to Complaint (Answer) and a Motion for Reconsideration (Motion). The Company's Motion was subsequently denied in Order 02 in this Docket.
- 10 On February 28, 2024, the Commission issued a Notice of Prehearing Conference, setting a prehearing conference in the matter for March 25, 2024.
- 11 On April 25, 2024, following the prehearing conference, counsel for Staff emailed the presiding officer and notified the Commission that the parties had reached a settlement in the matter.
- 12 On May 30, 2024, the parties filed a Settlement Stipulation and Agreement (Settlement), which was agreed to by all of the parties and resolved all of the issues relating to the surcharge for costs related to hauling water.
- 13 The parties also filed testimony from Washington Water and Staff, and agreed the Settlement may be considered on the paper record.¹
- 14 **Settlement Agreement:** The filed Settlement is agreed to by both Staff and Washington Water, and both parties assert the Settlement is consistent with the public interest and should be approved without condition.²

¹ *WUTC v. Washington Water Supply, Inc.*, Docket UW-230997, Settlement Stipulation and Agreement, 4, ¶ 12 (May 30, 2024).

² *Id.* at 3, ¶ 8.

- 15 In the Settlement, the parties stipulate Washington Water incurred \$21,269.90 in expenses to haul water for its Echo Glenn customers between June and September 2023. The parties agree the Company has collected \$7,560.00 in surcharges which were approved in Docket UW-230598, leaving \$13,709.90 uncollected. The parties agree Washington Water should collect the remaining \$13,709.90 over six months through a surcharge of \$60.00 per customer for the first five months and \$26.43 per customer for the final month. The parties further agree customers may elect to pay a one-time payment of \$326.43 in lieu of the monthly charges.³
- 16 As part of the Settlement, the Company also agrees to file a revised Cost Recovery Surcharge, the language of which is contained in the Settlement.⁴

DISCUSSION

- 17 In considering settlement agreements, the Commission “may accept the proposed settlement, with or without conditions, or may reject it.”⁵ The Commission must “determine whether a proposed settlement meets all pertinent legal and policy standards.”⁶ The Commission may approve settlements “when doing so is lawful, when the settlement terms are supported by an appropriate record, and when the result is consistent with the public interest in light of all the information available to the commission.”⁷
- 18 This Settlement involves a surcharge for hauling water. WAC 480-110-455(2)(a)(iii) provides that surcharges may be used to fund capital needs or expenses relating to special expenses which are independent and unique from normal operating expenses or are subject to large variations. The special expense may be funded up to one hundred percent of the total cost.⁸
- 19 The parties’ Settlement, attached to and made part of this Initial Order by this reference, would fully resolve the issues pending in this docket. The issues are limited to the appropriate increase in rates for service to customers of Washington Water’s Echo Glenn water system.

³ *Id.* at 3, ¶¶ 9-10.

⁴ *Id.* at 3-4, ¶ 11.

⁵ WAC 480-07-750(2).

⁶ WAC 480-07-740.

⁷ WAC 480-07-750(1).

⁸ WAC 480-110-455(2)(b).

20 Further, Staff has reviewed the filing, the Company's books and supporting records, and provided testimony that the expenses incurred by the Company were necessary to the provision of water service to the Company's customers.⁹

21 Staff also testifies it believes the settlement is lawful pursuant to WAC 480-110-455, that the Settlement is in the public interest, and that the Company should be allowed to recover the entirety of the remaining expenses through the surcharge.¹⁰

22 The Company provides testimony that the Settlement is lawful, supported by the record, and is in the public interest.¹¹ The Company's witness specifically asserts that the Settlement is in the public interest because the trucking of water is a special expense, which is recoverable pursuant to WAC 480-110-455, and that because the expenses are supported by the Company's books and records, the Settlement is the most efficient and cost-effective resolution to this matter.¹²

23 Based on the testimony provided and our review of the Settlement, we find that the Settlement is lawful pursuant to WAC 480-110-455.

24 We further find that the Settlement is supported by the record and that the amount of the expenses incurred has been verified by Staff.

25 Finally, we find that the Settlement is in the public interest. Early resolution of the parties' dispute conserves valuable party and Commission resources that would otherwise be devoted to litigating Washington Water's request for recovery of expenses related to hauling water through the surcharge. Importantly, the surcharge provided for in the Settlement, should allow Washington Water to recover costs while simultaneously addressing the Commission's concerns about the possibility of over recovery by adjusting the surcharge amount charged to customers in the sixth and final month of the surcharge.

26 Consistent with WAC 480-07-750, the Commission finds that its approval and adoption of the Settlement Agreement is in the public interest, that the Settlement Agreement is

⁹ *WUTC v. Washington Water Supply, Inc.*, Docket UW-230997, Staff Testimony in Support of Settlement, 3:2-4 (May 30, 2024).

¹⁰ *Id.* at 2:19 – 3:9.

¹¹ *WUTC v. Washington Water Supply, Inc.*, Docket UW-230997, Washington Water Supply Testimony in Support of Settlement, 2:11 (May 30, 2024).

¹² *Id.* at 2:13-18.

supported by an appropriate record, and that approving the agreement is lawful. The Commission concludes that it should approve and adopt the Settlement Agreement as its resolution of the issues pending in this proceeding, upon condition that Washington Water issue a notice to impacted customers explaining the revised surcharge within ten (10) days of the effective date of this Order.

FINDINGS AND CONCLUSIONS

- 27 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
- 28 (2) Washington Water is a water company and a public service company subject to Commission jurisdiction.
- 29 (3) Washington Water filed a proposed surcharge for its Echo Glenn water customers on December 8, 2023.
- 30 (4) The Commission suspended the proposed surcharge on January 11, 2024, pending investigation and hearing.
- 31 (5) On May 30, 2024, the parties filed a Settlement Agreement that, if approved, would resolve all pending issues in the proceeding.
- 32 (6) The Settlement, attached as Appendix A to this Order, and incorporated by reference, should be approved by the Commission as a reasonable resolution of the issues presented in this matter.
- 33 (7) Approval and adoption of the Settlement is lawful, supported by an appropriate record, and is in the public interest.
- 34 (8) Washington Water should be authorized and required to file its revised Surcharge as agreed upon by the parties in paragraph 11 of the Settlement.

ORDER

THE COMMISSION ORDERS:

- 35 (1) The Settlement filed by the parties on May 30, 2024, which is attached as

an appendix to this Order, is approved and adopted in full resolution of the issues in this proceeding, and the complaint in this Docket against Washington Water Supply, Inc. is dismissed.

- 36 (2) Washington Water Supply, Inc. is authorized and required to make a compliance filing including such new and revised surcharge tariff sheets as are necessary to implement the requirements of this Order within ten (10) days of the effective date of this Order.
- 37 (3) Washington Water Supply, Inc. shall issue a notice explaining the surcharge to its customers within ten (10) days of the effective date of this Order.
- 38 (4) The Commission Secretary is authorized to accept a filing that complies with the requirements of this Order.

DATED at Lacey, Washington, and effective June 14, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ Connor Thompson
CONNOR THOMPSON
Administrative Law Judge

NOTICE TO PARTIES

This is an Initial Order. The action proposed in this Initial Order is not yet effective. If you disagree with this Initial Order and want the Commission to consider your comments, you must take specific action within the time limits outlined below. If you agree with this Initial Order, and you would like the Order to become final before the time limits expire, you may send a letter to the Commission, waiving your right to petition for administrative review.

WAC 480-07-610(7) provides that any party to this proceeding has twenty-one (21) days after the entry of this Initial Order to file a *Petition for Review*. What must be included in any Petition and other requirements for a Petition are stated in WAC 480-07-610(7)(b). WAC 480-07-610(7)(c) states that any party may file a *Response* to a Petition for review within seven (7) days after service of the Petition.

WAC 480-07-830 provides that before entry of a Final Order any party may file a Petition to Reopen a contested proceeding to permit receipt of evidence essential to a decision, but unavailable and not reasonably discoverable at the time of hearing, or for other good and sufficient cause. No Answer to a Petition to Reopen will be accepted for filing absent express notice by the Commission calling for such answer.

RCW 80.01.060(3) provides that an Initial Order will become final without further Commission action if no party seeks administrative review of the Initial Order and if the Commission fails to exercise administrative review on its own motion.

Any Petition or Response must be electronically filed through the Commission's web portal as required by WAC 480-07-140(5). Any Petition or Response filed must also be electronically served on each party of record as required by WAC 480-07-140(1)(b).

APPENDIX A

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASHINGTON WATER SUPPLY, INC.,

Respondent.

DOCKET UW-230997

SETTLEMENT STIPULATION AND
AGREEMENT

I. INTRODUCTION

1 This Settlement Stipulation and Agreement (“Settlement”) is entered into by and between all parties in this case, namely Washington Water Supply, Inc. (WWS), and the regulatory staff of the Washington Utilities and Transportation Commission (“Commission Staff”).¹ These parties are hereinafter collectively referred to as “Settling Parties” and individually as “Settling Party.”

2 Because this Settlement is entered into by all of the parties, and it resolves all issues in the case, it is a “full settlement,” as that term is defined in WAC 480-07-730(1).

3 This Settlement is subject to review and disposition by the Washington Utilities and Transportation Commission (“Commission”). The Settlement is effective on the date

¹ In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See* RCW 34.05.455.

executed except that Section III of the Settlement is effective on the date of the Commission order approving it (unless the Commission establishes a different date).

II. BACKGROUND

4 The Echo Glen Water System (Echo Glen) well supply has been gradually decreasing over the last few years and the well was in need of repair or replacement. WWS was aware of the decline. WWS contracted with Valley Well and Pump to rehabilitate the well. The work was delayed due to a Valley Well and Pump employee's medical issues, but the well was rehabilitated in September 2023.

5 In May 2023, WWS had well capacity issues and started to purchase water to be trucked in and added to the water system in June 2023. According to invoice statements from Water Buffalo Inc., the Company purchased water from June 2, 2023 until September 25, 2023.

6 On July 12, 2023, WWS filed with the Commission a tariff revision² to include a surcharge of \$60 per month for the recovery of purchased water expenses due to well issues and high summer usage on the Echo Glen Water System. The Commission issued Order 01 in Docket UW-230598 which granted WWS a surcharge in the amount of \$60.00 per month per customer to become effective August 15, 2023, and expire on November 15, 2023.

7 On December 8, 2023, WWS filed with the Commission a tariff revision in the current docket to include a surcharge of \$60 per month for the recovery of the remaining un-recovered costs of purchased water. Commission Staff determined that WWS would over-collect if it charged Echo Glen customers \$60 per month for six months by approximately \$1,410. To prevent over-collecting, Commission Staff recommended that the company charge \$54.40 each month for six months, or a one-time surcharge of \$326.40. WWS disagreed, and the Commission suspended the filing as recommended by Staff.

² Docket UW-230598.

III. AGREEMENT

8 The Settling Parties agree to the below terms as the basis for settling the issues in this docket. Commission Staff and WWS agree that these terms are consistent with the public interest and should be approved without condition by the Commission.

A. WWS is entitled to recover the cost of trucked water.

9 WWS incurred \$21,269.90 to truck in water for customers on its Echo Glen water system between June and September 2023. WWS collected \$7,560.00 in surcharges approved by the Commission in Docket UW-230598, leaving \$13,709.90 to be collected. WWS’s proposes to collect the remaining amount through a new surcharge, and Staff agrees that the remaining balance is appropriate to be recovered through a surcharge.

B. WWS will collect the surcharge over six months.

10 WWS agrees that it will collect the remaining trucked water expense through a surcharge of \$60.00 per customer for the first five months and \$26.43 per customer for the sixth month, as shown in the table below. Customers may have the option to pay a one-time payment of \$326.43. The effective date of the surcharge will be 10 days after the Commission enters an order approving this settlement.

\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$26.43
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6

C. WWS will file a new Cost Recovery Surcharge to reflect this agreement.

11 WWS agrees that it will file a revised Cost Recovery Surcharge with the following language to reflect the agreed-upon surcharge:

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Cost Recovery Surcharge

Availability

This schedule is available in all Water Service Areas served by the Utility and at the Utility's option and capability to maintain Department of Health's standards of quantity and quality.

Applicable

Applicable to any connection or customer on the Echo Glenn water system, DFI#27510D

Conditions

The charge for this service is not subject to cancellation or reduction for seasonal or temporary periods, unless seasonal rates apply per this tariff. This charge will be the monthly minimum bill for this class of service and will be in addition to other charges as provided in this tariff.

This surcharge is to fund the cost incurred of delivered water for the period June through September 2023, in order to maintain water quality and quantity that meets Department of Health drinking water standards.

Surcharge to expire after six months or upon recovery of **\$13,710**.

Surcharge may be paid at the customer's option in a one-time payment of **\$326.43** per connection or customer.

Charge

Each connection or customer:

\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$26.43
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6

D. The Settling Parties agree that this settlement can be considered on a paper record.

12

The Settling Parties will submit supporting testimony along with this Settlement explaining their support for the settlement. Unless the Commission has questions for the Settling Parties necessitating a hearing, the Settling Parties agree that the settlement may be considered without a hearing and on a paper record. If the Commission requires a hearing,

the Settling Parties will provide witnesses who will be able to testify regarding the terms of the settlement and each Settling Party's views.

IV. GENERAL PROVISIONS

13 Entire Agreement. This Settlement is the product of negotiations and compromise amongst the Settling Parties and constitutes the entire agreement of the Settling Parties. Accordingly, the Settling Parties recommend that the Commission adopt and approve the Settlement in its entirety as a full resolution of contested issues in this docket. This Settlement will not be construed against any Settling Party on the basis that it was the drafter of any or all portions of this Settlement. This Settlement supersedes any and all prior oral and written understandings and agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations will be relied upon by the Settling Parties to interpret this Settlement or for any other reason.

14 Confidentiality of Negotiations. The Settling Parties agree that this Settlement represents a compromise in the Settling Parties' positions. As such, conduct, statements and documents disclosed during the negotiation of this Settlement are not admissible in this or any other proceeding and will remain confidential. Notwithstanding the foregoing, the Settlement itself and its terms do not fall within the scope of this confidentiality provision, and each Settling Party is free to publicly disclose the basis for its own support of the Settlement.

15 Precedential Effect of Settlement. The Settling Parties enter into this Settlement to avoid further expense, uncertainty, inconvenience, and delay. The Settling Parties agree that this Settlement Agreement does not serve to bind the Commission when it considers any

other matter not specifically resolved by this Settlement in future proceedings. Nothing in this Settlement compels any Settling Party to affirmatively intervene or participate in a future proceeding.

16 Positions Not Conceded. In reaching this Settlement, the Settling Parties agree that no Settling Party concedes any particular argument advanced by that Settling Party or accedes to any particular argument made by any other Settling Party. Nothing in this Settlement (or any testimony, presentation or briefing supporting this Settlement) shall be asserted or deemed to mean that a Settling Party agreed with or adopted another Settling Party's legal or factual assertions in this proceeding. The limitations in this paragraph will not apply to any proceeding to enforce the terms of this Settlement or any Commission order adopting this Settlement in full.

17 Manner of Execution. This Settlement is executed when all Settling Parties sign the Settlement. A designated and authorized representative may sign the Settlement on a Settling Party's behalf. The Settling Parties may execute this Settlement in counterparts. If the Settlement is executed in counterparts, all counterparts shall constitute one agreement. A Settlement signed in counterpart and sent by facsimile or emailed as a pdf is as effective as an original document. A faxed or emailed signature page containing the signature of a Settling Party is acceptable as an original signature page signed by that Settling Party. Each Settling Party shall indicate the date of its signature on the signature page. The date of execution of the Settlement will be the latest date indicated on the signature page(s).

18 Approval Process and Support of Settlement. Each Settling Party agrees to support in this proceeding the terms and conditions of this Settlement as a full and final resolution of all contested issues between them in the above-captioned docket. Each Settling Party agrees

to support the Settlement during the course of whatever proceedings and procedures the Commission determines are appropriate for approval of the Settlement.

19 Commission Approval with Conditions. In the event the Commission approves this Settlement, but with conditions not proposed in this Settlement, the provisions of WAC 480-07-750(2)(b) will apply. The Settling Parties will have ten (10) business days to seek reconsideration and/or file a letter with the Commission accepting or rejecting each such condition. If, in such a timely filed letter, a Settling Party rejects a condition, this Settlement is deemed rejected and void and the Settling Parties will jointly and promptly request the Commission convene a prehearing conference to address procedural matters, including a procedural schedule for resolution of the case at the earliest possible date.

20 Commission Rejection. In the event the Commission rejects this Settlement, the provisions of WAC 480-07-750(2)(c) will apply. In that event, the Settling Parties agree to jointly and promptly request the Commission convene a prehearing conference to address procedural matters, including a procedural schedule for resolution of the case at the earliest possible date.

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DATED this 15th day of May 2024.

ROBERT W. FERGUSON
Attorney General

Washington Water Supply, Inc.

By: *Lisa W. Gafken*
Lisa W. Gafken
Cassandra Jones
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff

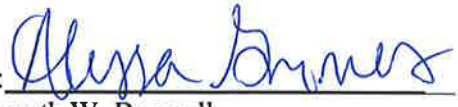
By: See attached
Kenneth W. Bagwell
Alysa M. Grimes
Counsel for Washington Water Supply,
Inc.

DATED this 13th day of May 2024.

ROBERT W. FERGUSON
Attorney General

Washington Water Supply, Inc.

By: _____
Lisa W. Gafken
Cassandra Jones
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff

By: 
Kenneth W. Bagwell
Alysia M. Grimes
Counsel for Washington Water Supply,
Inc.