

Honorable Adam Torem

BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

In RE the Complaint of
MIKE and GLENDA BECK,

Complainants,

v.

CRISTALINA WATER COMPANY,

Respondent.

NO. 117759

RESPONDENT'S MEMORANDUM AND
CLOSING ARGUMENT

Ms. Beck testified that the Becks moved to the Cristalina Water system in 1987. At the time of transition to new Cristalina ownership in 1998, the Becks had a balance due of over \$6,000. The new owner was unable to force the Beck's to pay, because the system was not metered and the owner could not shut off service. The owner's inability to shut off service prevented subsequent legal remedies. The Becks did not pay their water bill for over 20 years. The Beck's first payment occurred in September 2009.

I. The May 2009 Balance Is Not Valued At Zero Dollars And Beck Payments Should Not Be Applied To Recent Bills As A Means To Avoid Payment of Debt By Use of the Statute Of Limitations ("SOL").

Payments made by the Becks are applied to the rolling account balance and were not apply only to current invoices. According to testimony by Steve Elliot ("Elliot"), of the UTC, all

1 payments made by the Becks were applied to invoices in the past six years. According to Elliot,
2 all invoices, prior to those six years, were extinguished, resulting in a May 2009 base year
3 amount of zero dollars. According to Farmer's testimony, payments received by the Becks
4 during the current 6-year look back period were applied to the rolling balance due, at the time of
5 payment. Farmer also testified that, in keeping with the 6-year SOL, the oldest invoice in the 6-
6 year range was removed from the balance due, prior to calculation of subsequent monthly late
7 fees. As a result, the May 2009 balance due was not zero, as testified by Elliot, but rather
8 \$6,014.05, as testified by Farmer. According to Farmer testimony, the Becks, as of May 2014,
9 owed a total of \$15,691.96. The current amount owed, as of June 2014, is \$15,944.75.

10
11 **II. The Beck's Closing Argument That The 2% Late Fee Rate Is An Annual Rate Is**
12 **Incorrect, Per The UTC Tariff And Per Elliot's Testimony.**

13 The Becks' claim of usury demonstrates a misunderstanding of Washington law. The
14 Becks' closing argument relies upon RCW 19.52.020, a law designed to cap annualized interest
15 rates and prevent usury. Cristalina did not calculate interest rates. It calculated a monthly late
16 fee, as allowed by its UTC tariff. The 2% late fee rate is set forth by the body that promulgates
17 rules for the UTC. Rule 11 of the UTC Tariff Schedule states the monthly late fee rate is 2%. In
18 comparison, interest rates are typically stated in annual rates. Farmer testified that the 2%
19 penalty fee is calculated in the same manner as compounded interest. Compounded interest is
20 commonly referred to as "interest-on-interest," which means interest calculated on the balance
21 due, and unpaid, is added to the rolling balance, prior to calculation of interest in subsequent
22 periods. Late fees are similar to compounded interest because fees are assessed on the
23 balance due, which includes prior unpaid late fees. Farmer testified that she created a
24 spreadsheet and calculated the late fees, on the rolling balance due, at the monthly rate of 2%,
25

1 which is in accordance with Rule 11. During trial, Elliot also testified the 2% late fee is added to
2 the balance due, prior to assessment of late fees in subsequent monthly periods.

3 **III. All Checks Written By The Becks And Received By Cristalina Were Applied To**
4 **The Becks' Account.**


5 Cristalina accounted for all of the checks received by the Becks. The Becks could not
6 provide any proof that a check cleared their account and was not accounted for on Cristalina's
7 spreadsheet.

8 **IV. The Becks Cannot Claim Lack Of Water Or Water Quality Refund Issues As**
9 **Valid Reasons To Refuse To Pay For Water Services.**

10 Water availability and water quality were not issues with the Becks. Other than small
11 water outages throughout the years, the Becks never lost water availability, nor did the Becks
12 experience significant water quality issues. Any complaints regarding water quality refunds
13 must first be directed to the UTC, per RCW 480.110.395. The Becks never made any water
14 complaints to the UTC. Because the Becks did not use their available administrative remedies,
15 they are barred from raising water quantity or quality issues now.
16

17
18 DATED this 19th day of June, 2014.

19 PREG O'DONNELL & GILLETT PLLC

20 By 
21 Eric P. Gillett, WSBA #23691
22 Attorneys for Respondent Cristalina Water
23 Company
24
25

1 **DECLARATION OF SERVICE**

2 The undersigned declares under penalty of perjury under the laws of the State of
3 Washington that on this day the undersigned caused to be served in the manner indicated
4 below a copy of the foregoing document directed to the following individuals:

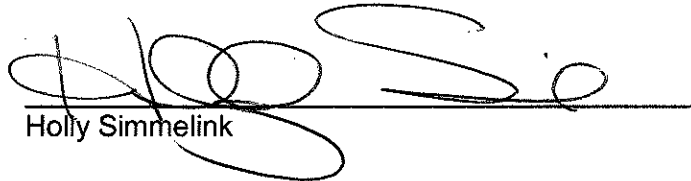
5 **Counsel for Claimant Mike and Glenda**

6 **Beck:**

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- 10 Via Messenger
11 Via Facsimile – (360) 886-2868
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13 Via Overnight Mail, postage prepaid
14 Via Email, with recipient's approval
rainierlegal@yahoo.com

15 DATED at Seattle, Washington, this 19th day of June, 2014.

16 
17 Holly Simmelink