

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

HARRISON-RAY WATER COMPANY,

Respondent.

DOCKET UW-180885
(*Consolidated*)

SETTLEMENT AGREEMENT

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

HARRISON WATER COMPANY/KIONA, LLC,

Respondent.

DOCKET UW-190311
(*Consolidated*)

1 This settlement agreement (Agreement) is entered into by all of the parties to this proceeding save one for the purpose of resolving all issues raised in the above docket.

I. PARTIES

2 The parties to this Agreement are Harrison-Ray Water Company (Harrison-Ray), Harrison Water Company/Kiona, LLC (Harrison/Kiona), and the Staff of the Washington Utilities and Transportation Commission (Staff) (collectively, “the Parties”). The Public Counsel Unit of the Office of the Attorney General of Washington is not a party to the settlement.

II. RECITALS

3 Harrison-Ray is a water company in Walla Walla County that serves 242 customers.
Harrison/Kiona is a water company in Benton County that serves 213 customers. They will be
referred to collectively as “Companies” in this Agreement, and the word “Company” refers to
either one of the Companies. Although the Companies are organized as separate business
entities, they are both owned and operated by Tom Harrison out of his home in Pasco.

4 For many years, Ms. Dacia Harrison, the spouse of Tom Harrison, ran the office and the
customer-facing operation of the Companies, and Mr. Harrison was responsible for field
operations. At some point, Ms. Harrison became unable to run the office, and customers began
to experience missed bills, shut-off notices, a lack of communication, a lack of responsiveness
to inquiries and complaints, and overall deficient customer service.

5 In January and February of 2018, frustrated customers filed a total of nine formal
complaints with the Commission against the Companies. The Commission suspended decision
on the complaints and opened a formal investigation into the Companies.

6 Commission Staff conducted an investigation of the Companies in 2018. The
investigation was delayed due to the lack of responsiveness by Mr. Harrison. During the
investigation, Staff reviewed some 22 informal complaints that the Companies’ customers had
lodged with the Commission’s Consumer Protection division against the Companies. Staff
identified a total of 915 violations of state laws and Commission rules by Harrison-Ray and 571
violations of state laws and Commission rules by Harrison/Kiona. The investigation culminated
in a formal complaint that Staff filed with the Commission on May 1, 2019, alleging these
violations and requesting penalties of up to \$1,000 for each violation.

7 In the meantime, Mr. Harrison engaged a certified public accountant (CPA) to handle
many of the office operations, including the billing and responding to customer inquiries. The

flood of complaints to the Commission from the Companies' customers diminished. The CPA is not an employee of the Companies or of Mr. Harrison; rather she is an independent contractor.

8 Mr. Harrison is interested in retiring from water company operations. He would like to secure a buyer for Harrison-Ray as soon as possible. He would like to sell Harrison/Kiona after construction of the development it serves has been completed, which he estimates will occur in approximately two years.

9 On June 12, 2019, the Commission conducted a prehearing conference and set a procedural schedule for this case. Following the prehearing conference, the Parties met to discuss resolving the case and were able to reach a full settlement in principle.

III. AGREEMENT

10 The Parties have reached agreement on the issues raised in the above dockets and present their agreement for the Commission's consideration and approval. The Parties therefore adopt the following Agreement, which the Parties enter into voluntarily, to resolve the matters in dispute between them and to expedite the orderly disposition of this proceeding.

A. Penalties

1. Harrison-Ray

11 Harrison-Ray admits to the violations alleged in the complaint and agrees to pay a penalty of \$11,525 in installments over two years.

12 Harrison-Ray agrees to be liable for suspended penalties of \$11,525, which will remain suspended on the condition of Harrison-Ray's compliance for two years with the Company Commitments (below).

13 The Parties agree that, if Harrison-Ray complies with the Company Commitments for two years, the suspended penalties will be mitigated to zero.

14 The Parties further agree that, if Harrison-Ray fails to comply with any of the Company
Commitments during the two-year suspension period, the suspended penalties will become due
and payable immediately.

2. Harrison/Kiona

15 Harrison/Kiona admits to the violations alleged in the complaint and agrees to pay a
penalty of \$7,615 in installments over two years.

16 Harrison/Kiona agrees to be liable for suspended penalties of \$7,615, which will remain
suspended on the condition of Harrison/Kiona's compliance for two years with the Company
Commitments (below).

17 The Parties agree that, if Harrison/Kiona complies with the Company Commitments for
two years, the suspended penalties will be mitigated to zero.

18 The Parties further agree that, if Harrison/Kiona fails to comply with any of the
Company Commitments during the two-year suspension period, the suspended penalties will
become due and payable immediately.

B. Company Commitments

19 Harrison-Ray and Harrison/Kiona each agree to undertake the following actions:

1. Make timely payments on the two-year payment plan.
2. Retain a Qualified Office Manager for two years following the Commission's approval of this Agreement (see Additional Terms below).
3. Promptly report to the Commission any staffing changes, involving an independent contractor as well as an employee, for two years following the Commission's approval of this Agreement (for example, if the Qualified Office Manager ceases working for the Company, or if the company engages a Qualified Office Manager).
4. Ensure the Qualified Office Manager attends a one-session training provided by Commission Staff on Tuesday, September 17, a date that is mutually agreeable to the Companies and Staff.

5. Ensure that Tom Harrison attends a one-session training provided by Commission Staff on Tuesday, September 17, a date that is mutually agreeable to the Companies and Staff.
6. Provide a copy of customer complaint records retained for the Companies pursuant to WAC 480-110-315(4), as well as any supporting materials, to Staff every six months.

C. Acts Constituting Compliance Failures

20 The following acts or omissions will cause the Company to fail to meet the conditions of suspension of the penalties and will cause the suspended penalties to be imposed:

1. Failure to make a payment on the payment plan by the date the subsequent payment is due.
2. Failure to retain a Qualified Office Manager.
3. Failure to promptly inform the commission of a staffing change at the Company.
4. Failure by the Qualified Office Manager or by Tom Harrison to attend the training session.

D. Qualified Office Manager

21 A Qualified Office Manager (see the Company Commitments above) must perform the following job duties at a minimum:

- Send customers accurate bills on time.
- Handle regulatory compliance and reporting requirements.
- Coordinate and schedule meter reading.
- Make a record of customer complaints and retain the complaints pursuant to WAC 480-110-385(4).

E. Status of Formal Complaints

22 The Commission will retain the suspended status of the formal complaints in Dockets UW-180081 and UW-180144 through 180151 filed by the customers of Harrison-Ray and Harrison/Kiona respectively for up to two years following the Commission's approval of this Agreement, so long as the Company remains in compliance with the Company Commitments in this Agreement. This term is not intended to prevent or discourage any customer from filing any other formal or informal complaint with the Commission.

F. Sale or Transfer of Company

23 If the Commission approves a sale or other transfer of control by Tom Harrison of Harrison-Ray or Harrison/Kiona pursuant to chapter 80.12 RCW, and if the transfer is consummated before the end of the two-year penalty suspension period, the Parties agree that the outstanding portion of the penalty imposed on the transferred Company will be mitigated in full.

G. Future Compliance Investigation and Enforcement

24 The Parties understand that this Agreement does not preclude any investigation or enforcement that Staff might undertake during or after the suspension period. The Parties further understand that any such investigation or enforcement may be based on the six-month complaint report of the Company (Company Commitment 6), informal complaints to the Commission, a Staff audit of the Company, or other information.

IV. GENERAL PROVISIONS

25 The Parties agree that this Agreement is in the public interest. The Parties further agree that this Agreement reflects the settlement of all contested issues between them in this proceeding. The Parties understand that this Agreement is not binding unless and until accepted by the Commission. If the Commission does not accept this Agreement, including all of its terms and conditions without change, then the Parties shall be free to assert their pre-settlement positions and agree that neither this Agreement nor any statements or admissions contained herein shall be admissible or used for any purpose in this docket or any other proceeding for any purpose.

26 The Parties agree to cooperate in submitting this Agreement promptly to the Commission for acceptance. The Parties agree to support adoption of this Agreement in proceedings before the Commission. No party to this Agreement or its agents, employees,

consultants, or attorneys will engage in advocacy contrary to the Commission's adoption of this Agreement.

27 The Parties agree (1) to provide each other the right to review in advance of publication any and all announcements or news releases that the other party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Staff's recommendation to approve the settlement is not binding on the Commission itself.

28 Nothing in this Agreement shall limit or bar any other entity from pursuing legal remedies against Harrison-Ray or Harrison/Kiona or affect the Company's ability to assert defenses to such claims.

29 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty, and delay. The Parties recognize that this Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Agreement or any Commission order fully adopting those terms. This Agreement shall not be construed against either party because it was a drafter of this Agreement.

30 By executing this Agreement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Agreement, nor shall any Party be deemed to have agreed that any provision of this Agreement is appropriate for resolving issues in any other proceeding, except to the extent expressly set forth in the Agreement.

31 The Parties have negotiated this Agreement as an integrated document to be effective upon execution. This Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Agreement in its entirety.

32 The Parties may execute this Agreement in counterparts and as executed shall constitute one agreement. A signed signature page sent by facsimile or email is as effective as an original document.

33 The Parties shall take all actions necessary as appropriate to carry out this Agreement.

34 In the event the Commission approves this Agreement, but with conditions not proposed in the Agreement, the provisions of WAC 480-07-750(2)(b) will apply, and each Party may accept or reject each such condition. If all Parties timely notify the Commission that they accept the conditions, the terms in this Agreement and the Commission's conditions will resolve the issues identified in the Agreement, and the Commission's order conditionally approving the Agreement will then become final by operation of law with respect to those issues without further action from the Commission. If a Party rejects any condition of the Commission, this Agreement is deemed rejected and void and the Parties agree to request the prompt reconvening of a prehearing conference to address procedural matters and to cooperate in developing a procedural schedule.

35 In the event that the Commission rejects this Agreement, the provisions of WAC 480-07-750(2)(c) will apply. In such event, none of the Parties will be bound or prejudiced by the terms of this Agreement, and the Parties agree to request the prompt reconvening of a prehearing conference and to cooperate in developing a procedural schedule.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

HARRISON-RAY WATER COMPANY

ROBERT W. FERGUSON
Attorney General



JENNIFER CAMERON-RULKOWSKI
Assistant Attorney General
WSBA No. 33734
Counsel for the Washington Utilities and
Transportation Commission Staff

TOM HARRISON
Owner

Dated: _____, 2019.

Dated: June 28, 2019.

HARRISON WATER COMPANY/KIONA, LLC

TOM HARRISON
Owner

Dated: _____, 2019.

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WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

HARRISON-RAY WATER COMPANY

ROBERT W. FERGUSON
Attorney General

JENNIFER CAMERON-RULKOWSKI
Assistant Attorney General
WSBA No. 33734
Counsel for the Washington Utilities and
Transportation Commission Staff

Dated: , 2019.

TOM HARRISON
Owner

Dated: , 2019.

HARRISON WATER COMPANY/KIONA, LLC

TOM HARRISON
Owner

I AGREE TO TERM OF ORIGINAL SETTLEMENT
AGREEMENT


Dated: , 2019.

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