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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 THE WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )

4 )

5 Complainant, )

6 )

7 vs. ) DOCKET NO. UW-010961

8 ) Volume II

9 AMERICAN WATER RESOURCES, INC., ) Pages 6 - 14

10 )

11 Respondent. )

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14 A settlement conference and public hearing in  
15 the above matter was held on December 13, 2001, at 6:37  
16 p.m., at 1300 South Evergreen Park Drive Southwest,  
17 Olympia, Washington, before Administrative Law Judge  
18 C. ROBERT WALLIS.

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20 The parties were present as follows:

21 THE WASHINGTON UTILITIES AND TRANSPORTATION  
22 COMMISSION, by MARY M. TENNYSON, Senior Assistant  
23 Attorney General, 1400 South Evergreen Park Drive  
24 Southwest, Post Office Box 40128, Olympia, Washington  
25 98504.

26 AMERICAN WATER RESOURCES, INC., by RICHARD A.  
27 FINNIGAN, Attorney at Law, 2405 Evergreen Park Drive  
28 Southwest, Suite B-1, Olympia, Washington 98502.

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31 Kathryn T. Wilson, CCR

32 Court Reporter

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EXHIBIT NO.  
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EXHIBITS  
MARKED/RECEIVED  
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1 P R O C E E D I N G S

2 JUDGE WALLIS: The hearing will please come  
3 to order. This is a hearing before the Washington  
4 Utilities and Transportation Commission in Docket  
5 Number UW-010961. This is a complaint by the  
6 Commission against American Water Resources, Inc., the  
7 respondent, regarding a proposal to increase rates for  
8 water service provided by the Company. This hearing is  
9 being held at Olympia, Washington, on December 13 of  
10 the year 2001 before Administrative Law Judge C. Robert  
11 Wallis.

12 Tonight, we have a proposed settlement  
13 agreement to hear. I would like to begin by asking for  
14 appearances from the parties and begin with the  
15 Company's representative. Would you state your name  
16 and business address for the record, please?

17 MR. FINNIGAN: Richard Finnigan appearing on  
18 behalf of American Water Resources, Inc. My address is  
19 2405 Evergreen Park Drive Southwest, Suite B-1,  
20 Olympia, Washington, 98502.

21 JUDGE WALLIS: For Commission staff?

22 MS. TENNYSON: My name is Mary M. Tennyson,  
23 senior assistant attorney general. My address is 1400  
24 South Evergreen Park Drive Southwest, Post Office Box  
25 40128, Olympia, Washington, 98504-0128.

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1 JUDGE WALLIS: Thank you very much. For  
2 tonight's presentation, I wonder if the parties have  
3 agreed amongst themselves as to the order and manner of  
4 the presentation?

5 MS. TENNYSON: I'm sorry to say we have not.

6 MR. FINNIGAN: It's completely ad lib.

7 JUDGE WALLIS: Mr. Finnigan, do you want to  
8 begin?

9 MR. FINNIGAN: Thank you, Your Honor. I'll  
10 make it very brief. There was a settlement agreement  
11 that was initiated through Commission mediation process  
12 and arrived at a result that the Company is willing to  
13 accept and Staff is willing to recommend based on their  
14 memorandum.

15 Just a couple of minor corrections. I do  
16 note that the settlement agreement caption has the  
17 wrong name of the company in it. It's American Water  
18 Resources, Inc., not American Water Resources Company,  
19 Inc., so if we can delete the word "company," that  
20 would be good. Other than that, the settlement  
21 agreement reflects the agreement of the parties from  
22 the Company's perspective.

23 I'll just say that Staff has distributed a  
24 two-page memorandum, I guess, that describes the  
25 settlement from their perspective. We don't join in

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1 the description that's contained in that. We have some  
2 differences of opinion as to how we arrived at the  
3 result we arrived at, but the result is what it is, and  
4 the Company supports the settlement agreement.

5 JUDGE WALLIS: Very well. Let me mark the  
6 settlement agreement as Exhibit 1 for identification.  
7 Would the parties like the opportunity to present a  
8 corrected document?

9 MR. FINNIGAN: We probably ought to have the  
10 caption correct.

11 MS. TENNYSON: Yes. I can provide you with a  
12 corrected first page, and if we could use the existing  
13 signature page or we can resign it. It doesn't matter  
14 to us.

15 JUDGE WALLIS: Very well. If that could be  
16 corrected and submitted tomorrow, we can handle through  
17 the administrative staff whether we would need a  
18 complete document or whether a corrected first page  
19 would be sufficient. There is no objection, I take it,  
20 to receiving Exhibit 1?

21 MS. TENNYSON: Absolutely none.

22 JUDGE WALLIS: The document is received.  
23 Ms. Tennyson?

24 MS. TENNYSON: As Mr. Finnigan indicated, we  
25 did reach agreement with some assistance from the

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1 Commission's administrative law judge staff for some  
2 mediation. We had several meetings. We discussed  
3 terms and lots of issues in detail. We did reach some  
4 fairly specific agreements on numbers, which sometimes  
5 we will reach an agreement in a case on just a revenue  
6 requirement figure. In this case, we did look to very  
7 specific numbers for certain amounts.

8         The basic way the agreement works is that the  
9 Company will set aside a portion of the revenues that  
10 it receives from rates into a separate account to be  
11 used for particular purposes; in this case, for  
12 employment of additional employees and the expenses  
13 related to those employees, such as vehicles to allow  
14 the field staff to get out into the systems to do their  
15 work, and that money will be set aside and spent only  
16 in the event those employees are hired.

17         The effect on the customers would be to  
18 increase the rates to the customers by \$3.47 per  
19 customer per month, and that amount will go into the  
20 rates. The actual amount to be set aside into the  
21 separate account exceeds that amount by 93 cents or  
22 something like that, so the Company is actually  
23 agreeing to take part of their current revenues and put  
24 them into the separate account to fund those employee  
25 expenses.

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1           The Company will also prepare certain monthly  
2 reports and provide them to the Commission on a  
3 quarterly basis in order to keep track of the amounts  
4 that they are spending for various expenses and how  
5 they are progressing on other aspects that were of  
6 concern to the Staff in terms of like bad debt expense  
7 and that sort of thing.

8           We think that this settlement allows the  
9 Company the ability to manage its business without  
10 having to obtain permission from the Commission for  
11 everything it does, which is something we had  
12 contemplated at one point in the proceedings, but it  
13 does give the Commission a level of review over the  
14 expenses, the opportunity to review them on a regular  
15 basis to insure that the Company is spending the money  
16 in the way it was anticipated in the settlement  
17 agreement.

18           JUDGE WALLIS: Does that conclude your  
19 statement?

20           MS. TENNYSON: That does, thank you.

21           JUDGE WALLIS: Are you planning to present a  
22 witness on behalf of staff in support of the agreement?

23           MS. TENNYSON: I had not planned to. I do  
24 have two staff members available in the event that you  
25 would like.

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1 JUDGE WALLIS: I had reviewed the document,  
2 and I have no questions about the document.

3 MS. TENNYSON: Thank you.

4 JUDGE WALLIS: Mr. Finnigan, do you have  
5 anything to add?

6 MR. FINNIGAN: No. I think Ms. Tennyson's  
7 summary is very concise and accurate.

8 JUDGE WALLIS: Is there any other  
9 documentation that the parties wish to include in the  
10 record?

11 MS. TENNYSON: I don't believe we do at this  
12 point. I think the settlement agreement in itself is  
13 fairly complete. Staff did prepare a memorandum to  
14 distribute to persons who may appear to present  
15 testimony or comments on the settlement, but we did not  
16 have an opportunity to allow Mr. Finnigan to review it,  
17 and I think it would not be appropriate to place it in  
18 the record at this point because of that.

19 JUDGE WALLIS: If there is nothing further  
20 from the parties, let's recess for a few moments to  
21 offer members of the public who are here the  
22 opportunity to ask questions, and because we posted the  
23 time for public comment at seven o'clock -- that's  
24 about 15 minutes from now -- we will plan on not going  
25 back on the record until seven o'clock, so let's be in



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1 recess.

2 (Recess.)

3 JUDGE WALLIS: Let's be back on the record.

4 It's now a few moments past seven o'clock, which was  
5 the time designated in the hearing for receiving public  
6 comments, and we have two individuals who have signed  
7 our sign-up sheet. Let me ask, neither of you has  
8 indicated definitely whether you wish to address the  
9 Commission today. Let me ask if you wish to do so at  
10 this time. Let the record show that both individuals  
11 are declining to testify at this time. Is there  
12 anything further to come before the Commission? Let  
13 the record show that there is no response.

14 As I indicated earlier, the record in this  
15 proceeding will be made available to the Commission,  
16 and the Commission will make its decision based upon  
17 the settlement agreement and the representations of the  
18 parties this evening, and an order will be entered  
19 shortly. Thank you all for braving the weather and  
20 coming down to participate this evening. This hearing  
21 is adjourned.

22 (Hearing concluded at 7:07 p.m.)

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