

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the matter of

SUMMIT VIEW WATER WORKS LLC

Request for a General Rate Revision

Docket No. UW-

**PREFILED DIRECT TESTIMONY
OF KIRK RATHBUN**

JULY 31, 2024

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TABLE OF CONTENTS

I. INTRODUCTION..... 1

II. SCOPE OF TESTIMONY 1

III. COMPANY BACKGROUND, OWNERSHIP AND OPERATIONS..... 2

IV. MANAGEMENT FUNCTIONS/RESPONSIBILITIES 4

V. PROPOSED MANAGEMENT SALARY ADJUSTMENT 6

VI. NEW WATER METERING 7

VII. RECENT RATE FILING HISTORY 9

I. INTRODUCTION

1 **Q. Please identify yourself and your business address.**

2
3 A. My name is Kirk Rathbun. My business address is 101904 Wiser Parkway #103
4 Kennewick WA 99338.

5 **Q. What is your title or position with SVWW?**

6 A. I am Co-Manager and President.

7 **Q. What is your educational and professional background, please?**

8
9 A. I attended Washington State University and studied Agricultural Economics from 1986 to
10 1991. I then farmed from 1992 to 2015. During that time, I also purchased Summit
11 View Water Works in 2004 along with my partner Geoff Clark. Together, we continue
12 operating and providing water and irrigation service to the present day. I was elected to
13 the Kennewick Irrigation District (KID) Board of Directors, in 2010 and have served as
14 President of that Board and Chair the Finance Committee. The KID is organized under
15 RCW 87.03 and employs approximately 95 people. Currently, I am Vice President of the
16 KID Board and hold a Water Distribution Manager 1 license. I travel frequently to
17 Washington DC, and other areas, to provide input and insight to legislators regarding
18 irrigation interests in the Western United States and often meet with government officials
19 at The Army Corp of Engineers, The Bureau of Reclamation and The Department of
20 Interior, lobbying for water project support.

21
22 **II. SCOPE OF TESTIMONY**

23 **Q. What is the scope and purpose of your testimony here?**

24 A. In testimony, I will provide background to the company's business operations,
ownership, service territory and customer mix. I will also describe my role and that of

1 the other owner in the daily management, operations and supervision of the company. I
2 also address the recent significant capital expenditure for all new meters for domestic
3 water company customers and the motivation for acquiring same. I support the proposed
4 adjustments to management salaries in light of the greatly expanded job responsibilities,
5 time commitment and customer base of the company since 2004. Finally, I generally
6 describe and put in context the company's rate filing history at the Commission.

7
8 **III. COMPANY BACKGROUND, OWNERSHIP AND OPERATIONS**

9 **Q. In your capacity as President or Co-Manager, what are your duties in general?**

10 A. As Co-Manager/President of SVWW, I am responsible for overseeing the day-to-day
11 operations of both the domestic and irrigation water services which is currently
12 comprised of 630 domestic and 680 irrigation customers.

13 **Q. What does SVWW do and what various services does it perform?**

14 A. SVWW delivers domestic and irrigation water to homes and farms/fields/ranches within
15 the Summit View, Ridge Reata West and Harvest Ridge service areas near Kennewick
16 encompassing about 1,200 acres in Benton County, Washington.

17
18 **Q. When was the company created and briefly provide its history, including when you
19 acquired ownership of the company?**

20 A. Summit View was created in approximately 1995 and present ownership acquired the
21 company in 2004. At the time of the acquisition in 2004, there were twelve connections
22 total in the service area. As noted above, the company currently has 630 domestic and
23 680 irrigation customers.

24 **Q. Besides you, who is also an owner of SVWW?**

1 A. The other owner is Geoff Clark and Mr. Clark is also, along with me, the co-manager of
2 the company. Mr. Clark and I also own additional companies together.

3 **Q. Since your ownership has the customer base grown and if so, how?**

4 A. The few customers of SVWW we acquired in 2004 were using drinking water to irrigate
5 landscaping, which is not an ideal circumstance. The company then paid to construct and
6 install an entirely separate irrigation system and separated the twelve customers'
7 irrigations systems from the domestic systems. Development from that time on has
8 included improvement and construction of separate domestic and irrigation piping and
9 services to each customer parcel.
10

11 **Q. What access or control systems does the company employ in delivering water to**
12 **customers?**

13 A. SVWW uses metered source water for its domestic system delivery. SVWW utilizes
14 mass area metering via four source meters for its irrigation system. We have also
15 installed remote, state-of-the-art internet monitoring for both domestic and irrigation
16 systems which include control functions. Irrigation customers are billed on a per acre
17 basis.
18

19 **Q. Can you describe or otherwise provide an illustration of your monitoring systems'**
20 **functionality?**

21 A. Yes. For example, SVWW uses one re-regulating pond for water storage for its irrigation
22 system. The pond has level sensors which regulate fill and finish levels. Because the
23 pond must be monitored and treated throughout the busy summer season to prevent
24 bacterial aquatic growth, constant treatment levels must be analyzed and adjusted as the
weather changes.

1 **Q. In addition to monitoring bacterial and water volume levels, what type of on-going**
2 **maintenance requirements are pertinent to your water company?**

3 A. These requirements are substantial. Maintenance and repairs are particularly heavy for
4 irrigation systems as the volume of delivered water is about 15 -20 times the volume of
5 delivered water for domestic customers. This requires larger pumps, pipes and various
6 supply options. Because irrigation is seasonal (about seven months a year) maintenance
7 is compressed and performed in the off-season. Domestic water service, though requiring
8 considerably less maintenance is obviously subject to repair and monitoring throughout
9 the year.
10

11 **Q. In addition to seasonality, are there also variables in demand for the irrigation**
12 **water system?**

13 A. Yes. Demand in the irrigation system can vary from a few hundred gallons to several
14 thousand gallons per minute in a couple hours, then diminish just as quickly.
15

16 **Q. Is time of day also a factor in demand?**

17 A. Yes. Peak demand begins about 4 a.m. and then diminishes around 10 a.m. daily.
18

18 **IV. MANAGEMENT FUNCTIONS/RESPONSIBILITIES**

19 **Q. Aside from supervision of the operational and water delivery oversight systems of**
20 **SVWW, do you and Mr. Clark have other managerial duties for the company you**
21 **fulfill?**

22 A. Yes, for instance I am the primary contact for after-hours emergency response issues
23 which may include actual or perceived emergencies with a customer which must be
24 immediately addressed. I also provide training for new customer service staff and review
monthly billing processes and weekly accounts payable and payroll. As manager, I

1 supervise employees and I also sign checks and review and approve customer statements
2 and invoices. I also am asked to speak directly with customers who have issues which
3 may require elevation to management level for resolution.

4 **Q. Do you also have regulatory compliance responsibilities?**

5 A. Yes. Senior administrative staff including Mr. Clark and I oversee and maintain on-
6 going compliance with local, state and federal requirements for drinking water quality
7 and are responsible for implementation of all additional regulatory and legislative
8 requirements affecting our business as they occur, particularly with the Washington
9 Departments of Health and Ecology.
10

11 **Q. In addition to monitoring regulatory requirements, do you also have involvement in**
12 **operational functions as concerns the sustained delivery of water to SVWW**
13 **customers?**

14 A. Yes. I also conduct engineering and design reviews to ensure they conform to
15 appropriate standards.
16

17 **Q. What other miscellaneous managerial duties do you perform?**

18 A. I review and respond to water rights changes and transfers thereof and interact with
19 counsel and consultants where appropriate in addressing, evaluating and implementing
20 the regulatory and legislative developments described above which have consequential
21 impacts on our business.

22 **Q. How do you involve your staff in various developments affecting your business and**
23 **industry?**
24

1 A. We conduct weekly staff meetings where we review environmental, regulatory and
2 legislative issues, conduct training sessions and receive field updates from operational
3 and administrative personnel.

4 **V. PROPOSED MANAGEMENT SALARY ADJUSTMENT**

5 **Q. This rate case includes adjustments to management salaries. Would you please**
6 **explain the bases for these adjustments to manager salary expense?**

7 A. Yes, as I have detailed above at length, management responsibilities have expanded along
8 with our customer base and required services and have become far more time-consuming
9 and are certainly not conducive to a 9 to 5 work cycle, requiring a more “hands on”
10 management approach to overseeing a growing and dynamic water utility.
11

12 **Q Are there any other factors in your view supporting the adjustment to manager**
13 **salary in this filing?**

14 A. Yes, as we now begin our third decade of ownership, we are clearly no longer a small,
15 struggling water company with a handful of customers. As described, we are a growing
16 and versatile water utility with an expanding customer base and increasingly complex
17 operational and management oversight responsibilities. While as owners we were
18 originally happy to accept well below market compensation which we were able to
19 concede for the benefit of fiscal stability and growth, now that we have attained our
20 current market profile and have operated for 20 years, far more time and attention is
21 required to manage company operations. We thus believe that it is time to fairly provide
22 adequate compensation to management more akin to industry norms but also more
23 appropriate to the job function and time commitments required by management to run the
24 evolving company.

VI. NEW WATER METERING

1 **Q. Your rate base proposal includes an addition for the purchase of new water meters.**

2 **Can you please describe the process you undertook to identify and select these**
3 **meters?**

4
5 A. In early 2023, the company was notified by its vendor, that it would no longer carry the
6 brand of meter the company had been using since 2004. The company in response
7 reached out to the current meter manufacturer and discovered they no longer have a local
8 company to act as a vendor and did not intend to retain a local vendor.

9
10 **Q. Had SVWW by that time been exploring alternative options for metering?**

11 A. Yes, SVWW had been in discussions to update the meters to include a radio read option.
12 We were considering radio read meters to take advantage of much faster read times (four
13 hours instead of three days), address ongoing safety concerns around staff exposure to
14 traffic while meter reading, and to comply with the efficiency requirements with the
15 Department of Health. We also were seeking a better level of customer service as radio
16 read meters can actually be read once a day, if needed. The company also had a definite
17 desire to move from a mechanical meter to a mag or ultrasonic meter.

18
19 **Q. What are the advantages of electronic read meters?**

20 A. Electronic read meters are known to be more accurate at low flows, and have no moving
21 parts that wear over time, becoming less susceptible to inaccurate measurements.
22 Accuracy is improved by approximately 10 to 15 percent when using electronic metering
23 versus mechanical.

24 **Q. What did your overall process entail to identify, select, and purchase new meters
(your due diligence review)?**

1 A. SVWW identified and contacted three local vendors that carried common, nationally
2 recognized meters. The company then requested and received presentations from these
3 local vendors. Because the company goal was to move to a radio read option,
4 information technology knowledge and support from a local vendor became a priority
5 when selecting the brand of meter. Presentations were then received from Sensus,
6 Zenner, and Kamstrup. The company also interviewed at least one other existing
7 customer of each meter type for feedback on the particular system.
8

9 **Q. What occurred next in the selection process?**

10 A. After several weeks of internal discussion and field staff meetings testing these different
11 brands, the company settled on Kamstrup as its meter of choice. In contrast, the other
12 brands required work to drill each lid and install antennas. This was an additional cost
13 that was difficult to quantify. Moreover, cost estimates to hire contractors to do this work
14 were unavailable. The other contractor candidates also requested a time and material
15 contract which the company was not comfortable with. The Kamstrup meter does not
16 require the addition of an external antenna. So, while purchase costs were slightly higher
17 than for the other companies' upfront costs, the installation costs were less expensive and
18 quantifiable, and we selected Kamstrup. Kamstrup's local vendor is also a known
19 quantity to SVWW as we have used them for years to source construction components.
20 This local vendor is also committed to local, on-scene and timely support, both for the
21 meters and the new hardware and software the company will require for the radio/remote
22 read portion of this system.
23
24

Q. What advantages do you believe these have over the previous, less expensive water meters used by SVWW for many years?

1 A. These new Kamstrup meters are ultrasonic meters and thus have no moving parts that
2 tend to wear over time, decreasing accuracy as alluded to above. The prior meters were
3 mechanical, positive displacement meters and contained multiple moving parts. Aside
4 from their improved accuracy and timeliness, Kamstrup's meters reduce labor costs by
5 obviating the need for on-site meter reading and avoiding the traffic hazards noted above.
6 Moreover, once their initial purchase and installation costs are incurred, they should
7 represent a significant reliability and efficiency upgrade for the company and customers
8 alike.
9

10 VII. RECENT RATE FILING HISTORY

11 **Q. Can you please provide a brief explanation of what preceded the submission of your**
12 **most recent rate case to the Commission?**

13 A. Due to ever-increasing costs, in early 2022, Summit View began the process of filing a
14 general rate case at the UTC. As had been the practice, we submitted our draft rate case
15 to commission staff requesting a "pre-review" in anticipation of filing a necessary general
16 rate case.
17

18 **Q. What was your intent when you reached out to Commission staff in 2022 about**
19 **filing a rate case?**

20 A. My intent was, again, to work with Commission staff to review our proposed rate case
21 models so that we could submit a rate case with the UTC to recover ever-increasing
22 operating costs coming out of the pandemic.
23

24 **Q. And ultimately the company filed a rate case under Docket UW-230555?**

A. Yes. But we had been unable to obtain a "pre review," so we reached out to attorney
Richard Finnegan, who had represented SVWW before in such matters.

1 **Q. Was that rate case successfully resolved?**

2 A. Unfortunately, it wasn't. With the untimely passing of our regulatory attorney, we
3 contacted Ms. LaRue for assistance in completing the long pending rate case. After a
4 preliminary review and review of the record, she ultimately recommended we withdraw
5 the case, which we did at the February 22, 2024 Open Meeting.

6 **Q. What is the company anticipating in this rate case?**

7 A. We hope for an expeditiously processed rate case. Our company has been experiencing
8 increasing operating cost attrition, increasing environmental regulation, and increasing
9 oversight responsibilities every year. And while the general rate case filed under Docket
10 UW-230555 was ultimately withdrawn, we are continuing to experience increased costs
11 that can never be recovered and from which we need relief going forward.

12 **Q. What efforts has Summit View employed to assist with the expeditious review of this**
13 **rate case, and subsequent adjustment in tariff rates?**

14 A. As noted, we engaged Ann LaRue, CPA and owner of Kalahiki Consulting LLC, to assist
15 us in filing our next rate case. Ms. LaRue retained Mr. Danny Kermode to also assist
16 with the rate case, due to the urgency in obtaining revised rates. With their guidance, we
17 have been able to better understand the ratesetting process at the UTC and are confident
18 that we are submitting a professionally prepared, comprehensive rate case with an
19 equitable phase-in feature for domestic rates.

20 **Q. What else has the company done to assist in submitting this vital rate adjustment**
21 **with the proposed effective date of September 1, 2024?**

22 A. Summit View is providing pre-filed testimony to enable us to fully present our rate case
23 with useful company information and complete descriptions of the company's proposed
24

1 rate request to substantially reduce the audit and staff time involved in informal
2 discovery. Our pre-filed testimony is also accompanied by a rate model and exhibits
3 supporting the overall revenue requirement, rate base, cost of capital, and all proposed
4 adjustments.

5 **Q. The company is requesting a significant increase in its revenue requirement. Can**
6 **you speak to that?**

7 A. Yes. We recognized the need for increased rates, due to a dramatic increase in expenses
8 before our last rate plan expired in 2021 (Docket UW-180801). This is why we reached
9 out to commission staff in early 2022 to begin the rate case submission process, as we
10 understood it.

11
12 **Q. What has the company's intent been with regard to the frequency of its rate cases?**

13 A. After the protracted process we underwent with former Commission staffer Jim Ward
14 during our 2018 rate case, we were committed to filing rate cases every two years, if
15 necessary, to allow our company to recover necessary operating expenses, while avoiding
16 drastic swings in our customers' rates.

17
18 **Q. And is the company still committed to this approach?**

19 A. We are. We do not like passing on significant increases to our customers. We are
20 confident given our new regulatory team that we will be able to file more frequent rate
21 cases, if necessary, to avoid any rate shock.

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

23 A. Yes, thank you.
24