



# WASHINGTON WATER SUPPLY, INC

"Water Supply and Distribution"

May 2, 2014

Washington Utilities and Transportation Commission

1300 S. Evergreen Park DR SW

Olympia, WA 98504-7250

Penalty Assessment: UW-140598

Dear Mr. Gregory Kopta,

April 18, 2014 Washington Water Supply, Inc. received the Penalty Assessment: UW-140598 document with a stamped "SERVICE DATE APR 17 2014". There are two documents that we received to include "NOTICE OF PENALTIES INCURRED AND DUE FOR VIOLATIONS OF LAWS AND RULES" and "INVESTIGATION REPORT Washington Water Supply, Inc."

The following is Washington Water Supply, Inc.'s (WWSI) understanding of the topics discussed in the "Investigation Report":

1. Silent Sky and Bainbridge 1 are Class B systems and are regulated by Kitsap County Health Department.
2. There are no regulatory records of the two water systems change in ownership. The previous managers of the two systems removed themselves, leaving no one qualified entity to operate and maintain. WWSI opted to operate and maintain the systems with the customer current monthly fee until a qualified entity stepped forward.
3. The two systems were operated by WWSI, but no "Bill of Sale" or transfer of "Title" was completed because UTC approval was needed to own the new system.
4. August 2, 2013 John Poppe completed the Silent Sky Questionnaire knowing that UTC approval had to be completed prior to ownership and Tariff modification were necessary. At the Questionnaire time, WWSI thought it a good time to include Silent Sky into the Tariff, answering the questionnaire as if WWSI were the owner. Again the questionnaire response was an intent to own.
5. The Whidbey West Water System change in ownership was completed in September, 2012 and was not sold to "for profit" company. It was understood the Assn had an elected Board, non-profit, had their own business rules, and contracted with a licensed Water Distribution Manager. Notice to customers was provided by the Whidbey West Water Assn. via US Mail. Subsequently, a public meeting was held inviting all customers in which DOH Regional office attended the meeting. Washington Water Supply, Inc. financed the mailing(s) because of limited Assn funds. UTC was aware of the intent to transfer ownership and had knowledge of the final act. The Assn stated their intent to formalize paperwork with regulators. Washington Water Supply, Inc. understood that since UTC was informed of intent and final action, that all requirements had been met.

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6. UTC provided sample copies to formalize the Transfer process and we found them difficult to use. There were email questions and telephone conversation about the sample forms because there was no "BILL OF SALE" or clear "TITLE". WWSI was aware of the need to receive UTC approval prior to transfer of ownership and inclusion into our Tariff, therefore WWSI was not the owner.
7. UTC and WWSI communication occurred where WWSI opted not to own the two water systems. There were two options since WWSI did not own the systems, immediately cease operation and maintenance or be responsible and make certain actions were in the best interest of the water users. WWSI wanted to protect the water system customers by making a systematic/seamless transfer of responsibility to the Kitsap Public Utility District. Contact was made with KPUD early in 2014 about their interest assuming the operation and maintenance of the water systems. Since the water systems were functional, no water quality problems, and no customer complaints KPUD did not place the assumption as a high priority.
8. The system customers have been afforded the same Tariff considerations with maintenance of existing monthly rates, water quality, emergency response, etc.

In summary, Washington Water Supply, Inc. does not own the two water systems, but has operated and maintained the systems as a professional courtesy. Once UTC notified WWSI needed to include the two systems into the Tariff, the company started to complete the paperwork, and finalized a decision to not seek ownership and transfer the systems to the local PUD. Since the systems have no immediate crisis, the transfer will not move fast.

UTC was aware of the 2012 Transfer of the Whidbey West Water System, and can be supported by emails, conversations, and testimony. WWSI understood that no correspondence from the regulators resulted in the approval of the Transfer.

Washington Water Supply, Inc. is most anxious to resolve the issues presented in the documents served April 17, 2014. If the UTC and WWSI are not able to resolve the issue(s), we will need extra time for discovery of communications, documents, and actions.

Respectfully,

A handwritten signature in black ink that reads "John Poppe". The signature is written in a cursive style with a large, looped "P" and a long, sweeping underline.

John Poppe

Washington Water Supply, Inc.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
PENALTY ASSESSMENT UW-140598

**PLEASE NOTE:** You must complete and sign this document, and send it to the Commission within 15 days after you receive the penalty assessment. Use additional paper if needed.

I have read and understand RCW 9A.72.020 (printed below), which states that making false statements under oath is a class B felony. I am over the age of 18, am competent to testify to the matters set forth below and I have personal knowledge of those matters. I hereby make, under oath, the following statements.

1. **Payment of penalty.** I admit that the violation occurred and enclose \$11,600 in payment of the penalty.
2. **Request for a hearing.** I believe that the alleged violation did not occur for the reasons I describe below, and I request a hearing based on those reasons for a decision by an administrative law judge: *SEE ATTACHED LETTER DATED MAY 2, 2014*  
*NOTE: Resolution may occur before hearing date is defined.*
3. **Application for mitigation.** I admit the violation, but I believe that the penalty should be reduced for the reasons set out below:

a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision

OR  b) I ask for a Commission decision based solely on the information I provide above.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing, including information I have presented on any attachments, is true and correct.

Dated: MAY 2, 2014 [month/day/year], at SILVERDALE, WA [city, state]

WASHINGTON WATER SUPPLY, INC  
Name of Respondent (company) – please print

John Poppe  
Signature of Applicant

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RCW 9A.72.020:

“Perjury in the first degree. (1) A person is guilty of perjury in the first degree if in any official proceeding he makes a materially false statement which he knows to be false under an oath required or authorized by law. (2) Knowledge of the materiality of the statement is not an element of this crime, and the actor’s mistaken belief that his statement was not material is not a defense to a prosecution under this section. (3) Perjury in the first degree is a class B felony.”