

Exhibit No. ___ (AW-1T)
Docket UW-101818
Witness: Amy White

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

MARIA K. LINDBERG,

Respondent.

DOCKET UW-101818

DIRECT TESTIMONY OF
AMY WHITE
STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

June 23, 2011

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- Exhibit No. ____ (AW-3) Email Dated April 7, 2010, Regarding Compliance Action Notice for Docket UW-090839
- Exhibit No. ____ (AW-4) Email from Amy White to Maria Lindberg, Dated June 24, 2010, regarding Compliance Action Notice for Docket UW-090839
- Exhibit No. ____ (AW-5) Technical Assistance Email from Amy White to Terryl Cooper and Maria Lindberg Dated July 13, 2010, Without Printout of Docket UW-090839 Settlement Agreement But with Other Attached Files
- Exhibit No. ____ (AW-6) Technical Assistance Email from Amy White to Terryl Cooper Dated July 13, 2010, Without Attachment
- Exhibit No. ____ (AW-7) Emails Regarding General Rate Case Workbook Dated August 25 to August 27, 2010

1 I. INTRODUCTION

2
3 **Q. Please state your name and business address.**

4 A. I am Amy White. My business address is 1300 S. Evergreen Park Drive S.W., P.O.
5 Box 47250, Olympia, WA 98504.
6

7 **Q. By whom are you employed and in what capacity?**

8 A. I am employed by the Washington Utilities and Transportation Commission
9 (Commission) as a Regulatory Analyst 3 working for Regulatory Services.
10

11 **Q. How long have you been employed by the Commission?**

12 A. I have worked for the Commission for four years, since June 2007.
13

14 **Q. Please describe your responsibilities as they pertain to this matter.**

15 A. I analyze utility company rate case filings and other company-proposed tariff
16 revisions. Typically, I review a company's accounting documents as well as other
17 relevant information to determine a company's revenue requirement and to
18 recommend to the Commission rates that are fair, just, reasonable and sufficient.
19

20 **Q. Would you please state your educational and professional background?**

21 A. I graduated in 1982 from the University of Washington in Seattle with a Bachelor of
22 Business Administration with an emphasis in Accounting. I earned a Master of
23 Business Administration (1988) and a Master of Public Administration (1989) from

1 City University of Seattle. I hold a Certified Government Audit Professional
2 credential from the Institute of Internal Auditors. I was an Internal Auditor for the
3 Department of Social and Health Services (DSHS) for five years. I also worked for
4 DSHS as a Medicaid Fraud Auditor for five years, as a Hospital Auditor for three
5 years, and as the manager of the Surveillance and Utilization Review unit, which
6 performed preaudit analysis of suspected fraudulent providers, for three years. In
7 addition, I worked for DSHS as a rate analyst developing hospital rates in the
8 Medicaid program for seven years. I also developed rates for hospitals for one year
9 in the workers' compensation program at the Department of Labor and Industries.
10

11 **Q. Are you acquainted with Maria Lindberg?**

12 A. Yes. I became acquainted with Maria Lindberg when I worked as the lead analyst on
13 a request by Cristalina LLC (Cristalina) for a construction surcharge in Docket UW-
14 090516 to finance a Drinking Water State Revolving Fund (DWSRF) loan for water
15 system repairs.
16

17 **Q. Have you worked on other matters involving Cristalina?**

18 A. I was assigned to Docket UW-090839 in which the Commission issued a Complaint
19 Against Rates against Cristalina on June 25, 2009. Since Order 03 in that docket
20 issued February 26, 2010, I have worked with the company almost monthly on
21 compliance with its surcharge accounting and reporting obligations in Docket UW-
22 090516 and its reporting and other compliance obligations under the settlement
23 between Commission Staff and Cristalina adopted in Order 03 in Docket UW-

1 090839. See Exhibit No. ____ (TY-12) and Exhibit No. ____ (TY-19) for copies of the
2 settlement agreement and Order 03 in Docket UW-090839.

3
4 **II. SCOPE AND SUMMARY OF TESTIMONY**

5
6 **Q. What is the purpose of your testimony?**

7 A. My testimony illustrates the effort and time that I have expended to help Maria
8 Lindberg and Cristalina comply with the company's regulatory obligations,
9 including the required temporary metered rate filing. My testimony shows that Ms.
10 Lindberg was well aware of the deadline to file temporary metered rates. Also my
11 testimony recommends how to proceed with the process of transitioning Cristalina to
12 metered rates, which was memorialized in Docket UW-090839.

13
14 **Q. Please summarize your testimony.**

15 A. I discuss requirements of Commission Order 03 in Docket UW-090839. Then I
16 discuss my contacts with Cristalina and the technical assistance I provided to the
17 company. I testify that Cristalina had sufficient water usage data to file temporary
18 rates by the September 1, 2010, deadline. I also discuss my conclusions regarding
19 Ms. Lindberg's management of Cristalina based on my contacts with the company. I
20 briefly discuss training opportunities available to water companies at the
21 Commission and, finally, I make recommendations to the Commission regarding the
22 rate filings required by Order 03 in Docket UW-090839.

1 **Q. Is any other Commission Staff member filing testimony in this matter?**

2 A. Yes. Travis Yonker is testifying regarding his investigation of Cristalina's business
3 practices and the factual basis for the violations alleged in the Commission's
4 Complaint against Maria Lindberg.

5
6 **III. DISCUSSION**
7

8 **Q. Please briefly describe the background of Order 03 in Docket UW-090839.**

9 A. In the early part of 2009, I briefly reviewed Cristalina's operations in connection
10 with its filing in Docket UW-090516 for a surcharge to repay a \$555,500 DWSRF
11 loan. The initial profit and loss statement filed by the company in Docket UW-
12 090516 indicated Cristalina was overearning. I subsequently contacted the company
13 and requested that Cristalina file a general rate case. After Cristalina committed to
14 file a rate case multiple times but failed to follow through, the Commission issued a
15 Complaint Against Rates against Cristalina. The company and Commission Staff
16 (Staff) reached a settlement, which Maria Lindberg signed, and which the
17 Commission approved in Order 03.

18

19 **Q. Please describe Cristalina's obligations relating to the temporary metered rate**
20 **filing under the settlement that the company reached with Staff in Docket UW-**
21 **090839.**

22 A. The settlement agreement included a requirement that once meters were installed for
23 all customers, and two months of water usage data existed, Cristalina would file for

1 temporary metered rates within 120 days of the completion of construction date. The
2 construction completion date was set as March 25, 2010. See Exhibit No. ___ (TY-
3 20); and see Exhibit No. ___ (AW-2) – Email from Amy White to Maria Lindberg,
4 Dated March 10, 2010, with Compliance Chart Attached. The filing for temporary
5 metered rates was due no later than July 15, 2010. Cristalina also committed in the
6 settlement to file permanent metered rates 18 months from the construction
7 completion date, which resulted in a deadline of September 15, 2011. In addition,
8 Cristalina agreed to file monthly customer water usage data and well-head water
9 usage data until twelve months of metered water usage data existed.

10
11 **Q. Did you have contact with anyone from Cristalina regarding the deadline to file**
12 **temporary metered rates?**

13 A. Yes, I responded to questions and provided substantial and frequent technical
14 assistance to Cristalina on this issue as well as on other issues. On March 10, 2010, I
15 sent an email to Ms. Lindberg with an attachment listing compliance actions from
16 Docket UW-090839 and the respective due dates. See Exhibit No. ___ (AW-2). On
17 April 07, 2010, I received an email from Ms. Lindberg stating that she had printed
18 the compliance action sheet, which I had re-sent to her March 26, 2010. See Exhibit
19 No. ___ (AW-3) – Email Dated April 7, 2010, Regarding Compliance Action Notice
20 for 090839. I subsequently reminded Ms. Lindberg of the filing deadline several
21 times. For example, see Exhibit No. ___ (AW-4) – Email from Amy White to Maria
22 Lindberg, dated June 24, 2010, regarding Compliance Action Notice for UW-
23 090839.

1 On July 7, 2010, I received a voicemail message from the company's new
2 bookkeeper, Terryl Cooper, seeking information about the quarterly surcharge
3 accounting reports which are required under WAC 480-110-455(4). I reached Ms.
4 Cooper via telephone on July 13, 2010, and gave the company significant amounts of
5 technical assistance. I provided education on what a water utility tariff is, at Ms.
6 Cooper's request, and sent a copy of the company's tariff to Ms. Cooper. See
7 Exhibit No. __ (AW-5) – Technical Assistance Email from Amy White to Terryl
8 Cooper and Maria Lindberg Dated July 13, 2010, Without Printout of UW-090839
9 Settlement Agreement But with Other Attached Files, and Exhibit No. __ (AW-6) –
10 Technical Assistance Email from Amy White to Terryl Cooper Dated July 13, 2010,
11 Without Attachment. In addition, I explained how water utility rates are set.

12 I also instructed Ms. Cooper and Ms. Lindberg on how to file for a 45-day
13 extension of the deadline for filing temporary rates, which I recommended the
14 company do. The company filed for a rate case filing extension on July 16, 2010,
15 and, at the Open Meeting on July 29, 2010, the Commission granted the request to
16 delay the filing until September 1, 2010. See Exhibit No. __ (TY-20).

17 Throughout July and August 2010, I provided repeated technical assistance to
18 Ms. Cooper, who was new both to the Company and to utility accounting. This
19 technical assistance included directions to the Commission's Water web page as well
20 as copies of the generic water tariff for use by the company, the General Rate Case
21 Workbook for use in filing a rate case, and forms related to surcharge reporting. In
22 addition, I corresponded with Ms. Lindberg regarding a draft spreadsheet Ms.
23 Lindberg sent to me August 25, 2010, in preparation for filing temporary metered

1 rates. See Exhibit No. ____ (AW-7) – Emails regarding General Rate Case
2 Workbook dated August 25 to August 27, 2010.

3 The Commission did not receive a temporary metered rate filing from
4 Cristalina by September 1, 2010. When I contacted the company on September 17,
5 2010, Ms. Cooper stated on the telephone that she had no idea when the company's
6 rate case would be filed.

7
8 **Q. To your knowledge, did Cristalina have sufficient data to timely file temporary**
9 **metered rates by September 1, 2010?**

10 A. Yes. The company had filed the monthly metered water usage data required by the
11 settlement and Order 03 in Docket UW-090839 on a regular basis, and usually after
12 monthly reminders from me. In the settlement agreement in Docket UW-090839,
13 the company agreed to file for temporary metered rates using two months of metered
14 water usage data from each customer. The company began filing usage data in
15 February 2010, and by September 2010, the company had more than two months of
16 water usage data available to use in filing for temporary metered rates.

17
18 **Q. Based on your interactions with Cristalina, what conclusion have you drawn**
19 **regarding the management of the company?**

20 A. Cristalina requires more attentive management in order to be able to comply with
21 Commission requirements.

22 Ms. Lindberg has experienced a great deal of staff turnover at her office,
23 which is located in the Windermere Realty office in Bellingham. She manages

1 Cristalina from this office and conducts her realty business (The Lindberg Group)
2 from there as well. There have been frequent changes of administrative staff
3 answering the phones or relaying messages to Ms. Lindberg. Ms. Lindberg has been
4 generally difficult to contact by telephone. In March 2011 Maria Lindberg contacted
5 me and I learned that the company was experiencing accounting problems related to
6 the surcharge collections for the DWSRF loan and that a new bookkeeper had been
7 hired.

8 Ms. Lindberg appears to rely heavily on her inexperienced staff to handle
9 water company business operations as an adjunct to operations of her realty business.
10 Water company staff was often unavailable as the bookkeeper usually worked no
11 more than two afternoons per week according to Lindberg Group administrative staff
12 I reached via phone in July 2010. On many occasions, I found myself writing and
13 re-writing detailed instructions for submission of monthly water usage data, wellhead
14 data, or surcharge reporting, in effect repeatedly training Ms. Lindberg's new staff
15 on making compliance filings, which was a task that company management should
16 have performed. Terry Cooper, who was hired in July 2010 but who is no longer
17 performing work for Cristalina, told me repeatedly that she had no water utility
18 experience, which was apparent from her lack of familiarity with water tariffs, with
19 Cristalina's tariff, and with water utility accounting principles. Ms. Cooper did not
20 mention to me that she ever received any training from Ms. Lindberg or anyone else
21 regarding water company operations.

1 **Q. To your knowledge has Ms. Lindberg or anyone else performing work for**
2 **Cristalina attended any training at the Commission?**

3 A. No one from the company has attended Commission training. Ms. Lindberg was
4 invited to attend training in ratemaking in January 2011. When a personal issue kept
5 her from traveling to Olympia, I gave her the opportunity to listen in via conference
6 phone but she was unable to do so. Ms. Lindberg and her current bookkeeper
7 recently accepted an invitation to attend ratemaking training at the Commission on
8 July 7, 2011.

9
10 **Q. Do you have any recommendations for the Commission regarding Cristalina's**
11 **failure to file temporary metered rates?**

12 A. Yes. I recommend that, consistent with Order 03 in Docket UW-090839, the
13 company file a general rate case proposing permanent metered rates no later than
14 September 15, 2011. Filing temporary metered rates is impractical at this point,
15 given that the company has collected sufficient water usage data to set rates, and
16 would be of limited use to Cristalina customers. The general rate case filing must
17 include all information required by WAC 480-07-530. Cost information should use
18 a twelve-month test period no older than calendar year 2010 and should be filed
19 using the General Rate Case Workbook available on the Commission's Water web
20 page. Also, I recommend that Cristalina continue to report customer water usage
21 data and wellhead water usage data monthly until one year from the date that
22 metered rates become effective.

23

1 Q. Does this conclude your testimony?

2 A. Yes.