

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

WASHINGTON UTILITIES AND	)	DOCKET UW-040651
TRANSPORTATION COMMISSION,	)	
	)	ORDER 07 <sup>1</sup>
Complainant,	)	
	)	
v.	)	INITIAL ORDER ACCEPTING
	)	SETTLEMENT AGREEMENT
CANTERWOOD WATER	)	
COMPANY, INC.,	)	
Respondent.	)	
	)	
.....	)	

1 **Synopsis:** *This Order proposes to accept a full Settlement Agreement reached by Commission Staff and Canterwood Water Company.*<sup>2</sup>

2 **Nature of Proceeding.** Docket UW-040651 involves the filing of a tariff with the Washington Utilities and Transportation Commission (Commission) regarding the rates and charges of Canterwood Water Company (Canterwood Water) in conformity and compliance with the requirements of prior Commission orders. The Commission suspended the proposed tariff and directed that the proposal be set for hearing.

3 **Appearances.** Richard A. Finnigan, attorney, Olympia, Washington, represents Canterwood Water. Michael A. Fassio, Assistant Attorney General, Olympia, Washington, represents the Commission’s regulatory staff.

4 **Procedural History.** The Commission convened a prehearing conference in this docket at Olympia, Washington on April 27, 2006, before Administrative Law Judge C. Robert Wallis.

<sup>1</sup> The Commission inadvertently referenced the Prehearing Conference Order and Protective Order entered on May 1 as Order 01 and 02. The prehearing conference order should reflect Order 05 and the protective order as Order 06.

<sup>2</sup> The Parties waive an oral presentation and entry of an initial order.

- 5 On June 9, 2006, Commission Staff notified the Commission that the parties have reached a full settlement.
- 6 **Settlement Agreement.** On June 15, 2006, the parties filed a full Settlement Agreement and testimony of Danny Kermode of Commission Staff in Support of the Settlement Agreement. The proposed settlement has no effect on rates that water customers pay. The company received a recent rate increase assessed on high-volume users, with the expectation that it would reduce demand. An accounting order, Order 02 in this docket, required dedication to water supply or conservation related capital improvements any excess revenues over 2002 levels that resulted from the rate change.
- 7 Now the parties agree, after a Staff review of the Company's results of operation under the new tariff, that revenues under the tariff produce rates that are fair, just, and reasonable, and that the effect of the accounting order may be terminated. The result is that all of the company's earnings would be considered revenue to meet its ongoing needs and to provide a return to investors.
- 8 The Settlement also provides in general terms, among others, that:
- The Parties agree that this Settlement Agreement resolves the contested issues between them in this proceeding. The Parties understand that the specific terms of the Agreement do not apply unless the Commission approves them.
  - The Parties agree that this Settlement is in the public interest and would result in rates that are fair, just, reasonable, and sufficient.
- 9 The Settlement Agreement is attached to this order as Appendix A.
- 10 **Decision.** Based on the above terms, the undersigned administrative law judge finds that the rates resulting from the proposed settlement will be fair, just, reasonable and sufficient, and enters the following initial order.

**INITIAL ORDER**

- 11 (1) The Commission approves and accepts the settlement agreement filed by the parties, attached to this order.
- 12 (2) The terms of the final order in this docket shall become effective with the next billing cycle after the entry of a final order or, if neither the Commission nor any party seeks administrative review, the next billing cycle after the date this order becomes final under RCW 80.01.060(3).

Dated at Olympia, Washington, and effective June 29, 2006.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

C. ROBERT WALLIS  
Administrative Law Judge

## NOTICE TO THE PARTIES

This is an Initial Order. The action proposed in this Initial Order is not yet effective. If you disagree with this Initial Order and want the Commission to consider your comments, you must take specific action within the time limits outlined below. If you agree with this Initial Order, and you would like the order to become a Final Order sooner than waiting for the time limits to expire, you may send a letter to the Commission, waiving the time limits outlined below.

WAC 480-07-825(2) provides that any party to this proceeding has twenty (20) days after the entry of this Initial Order to file a *Petition for Administrative Review*. What must be included in any Petition and other requirements for a Petition are stated in WAC 480-07-825(3). WAC 480-07-825(4) states that any party may file an *Answer* to a Petition for review within (10) days after service of the Petition.

WAC 480-07-830 provides that before entry of a Final Order any party may file a Petition to Reopen a contested proceeding to permit receipt of evidence essential to a decision, but unavailable and not reasonably discoverable at the time of hearing, or for other good and sufficient cause. No Answer to a Petition to Reopen will be accepted for filing absent express notice by the Commission calling for such answer.

RCW 80.01.060(3), as amended in the 2006 legislative session, provides that an initial order will become final without further Commission action if no party seeks administrative review of the initial order and if the Commission fails to exercise administrative review on its own motion. You will be notified if this order becomes final.

One copy of any Petition or Answer filed must be served on each party of record with proof of service as required by WAC 480-07-150(8) and (9). An Original and two copies of any Petition or Answer must be filed by mail delivery to:

Attn: Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, Washington 98504-7250

[Service Date June 29, 2006]

## Appendix A