

## **PUD COMMISSIONERS AUTHORIZE "FAIR AND REASONABLE" PAYMENT**

### **Local News**

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ABERDEEN, Wash. - Grays Harbor PUD Commissioners approved immediate payment of \$1,062,700 into the registry of Grays Harbor Superior Court in the Spradlin Rock case. The Board approved the payment stating the amount is "fair and reasonable" and "reflective of the work conducted by Spradlin Rock" in the wake of the December 2007 storm. The payment is in addition to about \$1.5 million paid to Spradlin Rock in early 2008, and brings the total paid for the work to \$2.56 million.

Meanwhile, the PUD is continuing to pursue an appeal of a recent jury decision that directed the PUD to pay Spradlin Rock about \$4.2 million plus interest and attorney fees, maintaining that the contractor's charges were "clearly inflated." Spradlin Rock submitted invoices totaling about \$5.9 million for the work.

"We had hoped we could come to a settlement agreement with Spradlin Rock, but it has become increasingly clear that we won't be able to resolve this dispute without continued legal action," said Rick Lovely, General Manager. "Since it appears unlikely a settlement can be reached, the Board authorized payment in an amount we believe is fair for the work completed and is based on Spradlin Rock's customary rates and industry standards. We believe anything above this amount is excessive and feel it is in the best interest of ratepayers to continue our appeal."

Grays Harbor PUD Board of Commissioners voted in March to go forward with an appeal of the case, saying that the Board has a responsibility to ratepayers to ensure charges are fair, accurate and reflective of the work. The basis for the appeal is a court ruling that significantly restricted the PUD's arguments during the trial. The court ruled that because the utility had paid for some of the work, it created a contract authorizing the charges, despite being double or triple Spradlin's customary charges. The PUD maintained the District disputed the charges in a timely manner on all the invoices and anticipates a successful appeal will provide the opportunity to focus on the rates charged by Spradlin Rock, which is critical to the District's argument that the charges were excessive.

The PUD is appealing the case to the Washington State Court of Appeals. If the appeal is successful, the case will go back to Grays Harbor Superior Court for a new trial. "We believe we have a strong case and remain optimistic that we will be successful in our appeal," said Lovely. The appeals process is estimated to take approximately 15 months.