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Benjamin M. Kearney

June 22, 2010

Public Utility Commission
550 Capitol Street NE #215
PO Box 2148
Salem, Oregon, 97308

RE: Application of Fish Mill Lodges Water System for an Order Authorizing Abandonment of Water Service

Dear Commission Member:

This firm has been retained by Applicant and this letter serves as an application on its behalf, in accordance with OAR 860-036-0715, for an order authorizing abandonment of service of Fish Mill Lodges Water System. The affected water utility property consists of lots 5, 6, 7, and 8 of block 28 plat, Westlake, Oregon.

Applicant desires to abandon the water utility's service due to financial constraints associated with the operation of a water utility. It is inefficient and overly burdensome on the water system to continue to provide regulated water utility service to such a small number of customers—the water system's customer base has dwindled to the current level of two customers in addition to the Applicant's own property. The legal and regulatory costs, which the water utility is unable to pass on to its customers, have caused the water system to lose money in the last several years. Additionally, customer abuses, complaints and disputes have led the Applicant to be unable to properly administer and regulate the service of water to the residences as required by Oregon law and regulation. For example, a customer of Applicant recently filed a frivolous and unwarranted restraining order against a representative of the water system, effectively rendering the water system unable to carry out its legal responsibilities.

If the Commission grants Applicant's request for abandonment, the effect of the transaction upon the current customers is they will need to find water service elsewhere. The current customers of Applicant have alternative water service options available through either lake-drawn water service from Siltcoos Lake or well-drawn water service. Siltcoos Lake remains open to additional water rights permits. The estimated cost of lake-drawn water service is less than \$2000, which includes permitting fees and infrastructure required to pump water

from the lake, and the estimated cost of well-drawn water service is \$5000-\$10000, depending on the depth to which the well must be drilled.

Abandonment of service by the Applicant benefits its current customers. While customers will have an initial investment in obtaining water rights permits and the infrastructure to draw water from a well or from Siltcoos Lake, the customers will ultimately save money and have more autonomy over their water service. Also, the tensions associated with the current service will be removed. Rather than relying on Applicant, they will have more freedom in controlling the manner and method of their water service. After their initial investment, Applicant's customers will not be subjected to a monthly bill such as they receive now from the water utility.

Due to the foregoing reasons, Applicant respectfully requests that the Commission enter an appropriate order authorizing the abandonment of water service proposed herein.

Sincerely,

Benjamin M. Kearney

BMK:jd
cc: client