



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301

Mailing Address: PO Box 1088

Salem, OR 97308-1088

Consumer Services

1-800-522-2404

Local: 503-378-6600

Administrative Services

503-373-7394

November 2, 2016

Via Electronic Filing

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX: 1088
SALEM OR 97308-1088

**RE: Docket No. UM 1769 In the Matter of MOUNTAIN HOME
WATER DISTRICT, Application to Abandon Water Service and
Abandon Water Utility**

Enclosed for electronic filing are the following exhibits:

Staff's Reply Testimony (Exhibit 100),
Witness Qualification Statement (Exhibit 101) and
Exhibits 102-105 supporting Staff's Reply Testimony.

/s/ Kay Barnes

Kay Barnes

(503) 378-5763

kay.barnes@state.or.us

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 100

Reply Testimony

**Mountain Home Water District
Application to Terminate Service and Abandon
Water Utility**

November 2, 2016

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Celeste Hari. I am a Water Utility Analyst in the
3 Telecommunications and Water Division of the Utility Program for the Oregon
4 Public Utility Commission (Commission). My business address is 201 High St.
5 SE Suite 100, Salem, OR 97301.

6 **Q. Please describe your work experience at the Oregon Public Utility
7 Commission.**

8 A. Please see Exhibit Staff/101, Hari/1.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to provide evidence to support my
11 recommendation that the Commission approve Mountain Home Water District's
12 (Mountain Home or Company) application for an order authorizing termination
13 of service and abandonment of its water system, with the condition that current
14 customers be permitted to have until August 1, 2017, to transition to alternative
15 water sources and that the Company execute appropriate documentation that
16 customers have access necessary to drill and maintain their own wells, as
17 appropriate.

18 **Q. Who are the parties to this proceeding?**

19 A. The parties to this case are Mountain Home, customers and intervenors Mel
20 and Connie Kroker, and Commission Staff. Elizabeth Kelley, a customer of the
21 Company, was granted intervenor status in this proceeding, but subsequently
22 requested to withdraw from the case. Ms. Kelley remains an Interested Person
23 to the case.

1 **DESCRIPTION OF MOUNTAIN HOME WATER DISTRICT**

2 **AND REGULATORY HISTORY**

3 **Q. Please describe Mountain Home Water District.**

4 A. Mountain Home Water District is located in the rural area of West Linn, Oregon.

5 It is currently owned by Dr. Keith Ironsides. The system was originally
6 constructed in the early 1970s and was known as the Belridge Water System.¹

7 At the time of the filing, the Company provided water service to four
8 households, as well as two households owned by Dr. Ironsides.² It currently
9 provides water to two customers, the Intervenors (Mel and Connie Kroker), and
10 Ms. Kelley, as well as to the two homes owned by Dr. Ironsides.³ According to
11 a letter submitted to the PUC Filing Center on June 1, 2016, Ms. Kelley intends
12 to drill her own well on the property.⁴

13 The water system currently provides natural spring water from a recently
14 drilled well personally owned by Dr. Ironsides (“permanent replacement well”).⁵

15 Water was previously provided by a well drilled by Dale Belford, Dr. Ironsides’
16 predecessor in interest, in 1972 (“original well”).⁶ The original well was drilled
17 to a depth of 600 feet, with 90 feet of casing and a pump located at 397 feet.⁷

18 In the summer of 2015, the system suffered loss of water pressure, which

¹ Staff/103 (Company response to Kroker DR 16).

² Staff/103 (Company response to Kroker DR 10).

³ Staff/102 (Company response to Staff DR 22).

⁴ E-mail from Elizabeth Kelley to PUC Filing Center, dated June 1, 2016 at 10:26 AM.

⁵ Staff/102 (Company response to Staff DRs 2 and 11).

⁶ Staff/102 (Company response to Staff DR 5).

⁷ Mountain Home Application at 2.

1 prompted the Company to retain the services of Steve's Pump Service to
2 identify the cause of the problem.⁸ Steve's Pump Service recommended that
3 the Company lower the pump to a new depth of 405 feet.⁹ In March 2016, the
4 Company began work to lower the pump, which led to the discovery that the
5 well had caved in at a depth of 380 feet.¹⁰ Olsen Well Drilling ultimately
6 recommended that the original well be abandoned.¹¹ In March 2016, the
7 Company temporarily connected its distribution system to a second well
8 ("interim well"), owned personally by Dr. Ironsides.¹² The interim well is located
9 on Dr. Ironsides' property and was intended to provide service to a single home
10 also located on Dr. Ironsides' property. The interim well does not have a
11 separate identification number on file with the Drinking Water Program, nor
12 does the Oregon Water Resources Department (OWRD) have well logs for it.¹³
13 The Company has no information regarding when it was drilled or who
14 constructed it.¹⁴ When the permanent replacement well was completed, the
15 Company disconnected its system from the interim well and connected to the
16 permanent replacement well owned personally by Dr. Ironsides.¹⁵

17 Customers currently pay \$80.00 per month for water service from the
18 Company.¹⁶ The Company has occasionally requested additional funds from

⁸ *Ibid.*

⁹ Application at 2.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² Staff/102 (Company response to Staff DR 2).

¹³ Staff/103 (Company response to Kroker DR 14); Staff/102 (Company response to Staff DR 2).

¹⁴ Staff/103 (Company response to Kroker DR 3).

¹⁵ Staff/102 (Company response to Staff DR 4).

¹⁶ Staff/102 (Company response to Staff DR 1).

1 customers in an effort to help cover the costs of maintaining the system,
2 including well repairs, electrical repairs, water quality testing, etc.¹⁷

3 **Q. Please describe Mountain Home's regulatory history.**

4 A. Mountain Home is a service-only regulated company under the jurisdiction of
5 the Commission.

6 **REQUIREMENTS FOR TERMINATION OF SERVICE**

7 **AND ABANDONMENT OF A WATER UTILITY**

8 **Q. What requirements apply to a utility that is seeking to abandon**
9 **service?**

10 A. ORS 757.480(5) requires a water utility to seek Commission approval prior to
11 the abandonment of utility property or right to serve its customers. OAR 860-
12 036-0708 contains application requirements for the termination of water
13 service, abandonment, or disposal of a water utility. Subsection (2) of that rule
14 requires a utility seeking to cease providing service to file a letter requesting
15 Commission approval. The letter must contain:

- 16 1) the date;
- 17 2) the name, address, and telephone number of the water utility;
- 18 3) a statement indicating the action for which the applicant is seeking
19 approval from the Commission;
- 20 4) the reasons for the abandonment, termination or disposal;
- 21 5) the proposed effective date of the abandonment, termination or disposal;
- 22 6) a description of the customers' alternative water service options and

¹⁷ Staff/102 (Company supplemental response to Staff DR 11).

- 1 estimated, average cost for each option;
- 2 7) the contact information for each affected customer; and
- 3 8) any other pertinent information.

4 Subsection (3) of the rule requires the Company to provide each customer with
5 notice regarding its filing with the Commission. Such notice must be delivered
6 within seven (7) days of the date the water utility files its application with the
7 Commission. The notice must also contain contact information for the
8 Commission's Consumer Services Section, and it must be delivered by
9 personal at the premises or by mail. The customer and Commission notice
10 must be no less than 90 days prior to the desired effective date of the
11 abandonment.

12 **STAFF'S ANALYSIS OF MOUNTAIN HOME'S APPLICATION**

13 **Q. Please summarize the Company's application for termination of service**
14 **and abandonment of water system.**

15 A. On April 1, 2016, Mountain Home filed its application for authority to terminate
16 service to all customers and to abandon its water system effective June 30,
17 2016, ("Application"). The Application was filed pursuant to OAR 860-036-0708.

18 The Company's Application contained the date, its name, address and
19 telephone number, and a statement indicating the action it is requesting the
20 Commission to approve.

21 As discussed more fully below, the Company also listed the reasons it desires
22 abandonment, and described what it believes to be the customers' alternatives
23 for water service, including an average estimated cost of those alternatives. The

1 Company's Application also contained contact information for each of its
2 customers.

3 On March 28, 2016, all but one customer was provided with written notice of
4 the Application. The remaining customer was provided with written notice on
5 March 29, 2016. The Commission received the Company's notice on April 1,
6 2016. The requested effective date in the notice was June 30, 2016, which
7 fulfilled the 90-day requirement of notice. A copy of the Company's written notice
8 to customers was provided as Exhibit A to the Company's Application.

9 **Q. Please briefly summarize Staff's recommendation concerning the**
10 **abandonment.**

11 A. Staff recommends the Commission approve the Company's request to
12 abandon service with an effective date for termination of service on the earlier
13 of August 1, 2017, or when the last customer has made alternative
14 arrangements for water supply. As discussed in more detail in my testimony,
15 allowing customers until August 1, 2017 to transition appropriately balances the
16 concerns of Intervenors Mel and Connie Kroker related to the timing of
17 abandonment, and the concerns of the Company by relieving it of its duty to
18 serve customers in light of the financial condition of the utility, the Company's
19 concerns about compliance with OWRD statutes and regulations, and the
20 owner's personal circumstances.

21 **Q. What did Staff consider in analyzing Mountain Home's Application?**

22 A. Staff first reviewed the Application to determine compliance with the
23 requirements set forth in OAR 860-036-0708(2). As described above, this rule

1 requires companies seeking abandonment to comply with certain requirements.
2 Staff concludes that Mountain Home's Application complies with these
3 requirements. Staff also investigated the reasonableness of the Company's
4 reasons for terminating water service and the availability of alternative water
5 services for the Company's two remaining customers.

6 **Q. What reasons did the Company give for seeking to abandon service?**

7 A. The Company stated in its Application and subsequent data responses that it is
8 seeking to abandon for several reasons, which are generally categorized as
9 regulatory compliance issues, ongoing financial burdens, and the personal
10 circumstances of the owner.

11 ***CLAIM NO. 1: REGULATORY COMPLIANCE***

12 The Company's first category of concern is its compliance with OWRD
13 statutes and regulations relating to the use of water from an exempt well.¹⁸ The
14 Company states that it is located in the Sherwood-Dammasch-Wilsonville
15 watershed, which the OWRD has classified as a Ground Water Limited Area.¹⁹
16 The Company argues that this classification designates water use in the region
17 for exempt purposes only under OAR 690-502-0190, and that under this rule, it
18 is not possible to obtain a water right for the use of groundwater from the basalt
19 aquifers in this region. The Company further explains that exempt wells may
20 be used for group domestic purposes up to 15,000 gallons per day, shared
21 amongst all users, but that the total use of water for any lawn or non-
22 commercial garden ("landscape irrigation") is limited to one-half acre per well.

¹⁸ Staff/102 (Company response to Staff DR 11).

¹⁹ Staff/102 (Company response to Staff DR 11).

1 The Company received a letter from the OWRD dated July 7, 2015, reminding
2 the Company of the OWRD usage restrictions.²⁰ The Company stated in its
3 response to Staff Data Request 11 that it was not aware of the restriction until it
4 received the above noted letter. Customers' properties range in size from
5 approximately one and one-half acres to over four acres in size. The Company
6 provides service on an unmetered basis and does not monitor customers'
7 landscape irrigation. The Company further states that it does not believe it
8 would be possible to monitor and enforce restrictions on its customers'
9 landscape irrigation.

10 ***CLAIM NO. 2: FINANCIAL CONSTRAINTS***

11 The Company asserts that the monthly rates charged to customers are only
12 enough to cover the Company's ongoing regular expenses, such as electricity
13 and water quality testing, and are not enough to cover repairs, particularly large
14 repairs.²¹ The Company and Intervenors Mel and Connie Kroker provided
15 evidence that the Company has occasionally requested reimbursement for
16 costs related to larger repairs and maintenance,²² however, the Company
17 provided documentation that Dr. Ironsides has used his personal funds to pay
18 for several repairs, including repairs to an electrical line serving the well house,
19 pump maintenance and repairs, repairs to the water lines, and repairs to the
20 well house.²³ The Company also provided documentation that it covered

²⁰ Staff/102 (Company response to Staff DR 11, Exhibit 7).

²¹ Staff/102 (Company response to Staff DR 11; supplemental response to DR 11).

²² Staff/102 (Company supplemental response to Staff DR 11); Staff/105 (Krokers' response to Staff DR 4).

²³ Staff/102 (Company response to Staff DR 11).

1 expenses with personal contributions from Dr. Ironsides and his family
2 members, which were not recovered from customers.²⁴ Finally, the Company
3 provided documentation that the monthly amounts collected by customers have
4 not been sufficient to cover its operating expenses.²⁵ The Company also notes
5 that one customer is approximately two years in arrears.²⁶

6 Further complicating this issue is the failure of the original well and the costs
7 of the replacement well and the work done on the original well. These costs
8 were approximately \$65,000, which the Company has not sought to recover
9 from its customers.²⁷ Rather than impose a significant financial hardship on
10 customers related to these costs, the Company desires to abandon service and
11 allow customers to allocate funds that would otherwise be required to cover an
12 alternative source of water.²⁸

13 ***CLAIM NO. 3: PERSONAL CIRCUMSTANCES OF THE OWNER***

14 The Company also asserts that the personal circumstances of its owner, Dr.
15 Ironsides, make continuation of providing water service an extreme hardship.
16 First, Dr. Ironsides no longer resides at 2323 SW Buckman Road. In 2013, Dr.
17 Ironsides relocated to Kennewick, Washington in order to direct the Vista Sleep
18 Center, and splits his time between Kennewick and Hermiston, Oregon.
19 Although Dr. Ironsides' daughter and her family live on the property, they are

²⁴ Staff/102 (Company response to Staff DRs 20 and 21).

²⁵ Staff/102 (Company response to Staff DR 18).

²⁶ Staff/102 (Company response to Staff DR 11).

²⁷ Staff/102 (Company response to Staff DR 9 and 11).

²⁸ Staff/102 (Company response to Staff DR 11 and supplemental response to Staff DR 11).

1 not willing to take on the administrative responsibility or expense of running the
2 utility.

3 Second, the Company notes that Dr. Ironsides is 75 years old and currently
4 works six days per week. For this reason, Dr. Ironsides does not have time to
5 manage the utility in light of work commitments. Finally, the Company asserts
6 that Dr. Ironsides does not possess the skillset to properly run the business.
7 Prior to her passing in 2004, Dr. Ironsides' wife managed the utility's books and
8 operations. Since that time, record-keeping has been sparse and
9 inconsistent.²⁹

10 **Q. What did the Company identify as alternatives for water service?**

11 A. The Company thought it possible for each customer to drill his or her own well
12 on his or her own property or could share a well with other customers or
13 adjacent landowners. The Company estimated the average cost of the wells to
14 be around \$30,000, based on an estimate from Olsen Well Drilling.³⁰

15 Currently, three of the Company's four original customers (aside from the
16 Ironside family), have chosen to drill wells. Two customers chose to drill a
17 shared well, and have been receiving water from that well since September
18 2016.³¹ On June 1, 2016, Ms. Kelley sent notice that she had decided to drill
19 her own well.³² The Company has since learned that Ms. Kelley sold her
20 property and the new owner intends to drill his own well.³³ The Company

²⁹ See Staff/102 (Company response to Staff DR 17).

³⁰ Application at 2-3; Staff/102 (Company response to Staff DR 6).

³¹ Staff/102 (Company response to Staff DR 18).

³² E-mail from Elizabeth Kelley to PUC Filing Center, dated June 1, 2016 at 10:26 AM.

³³ Staff/102 (Company response to Staff DR 23).

1 understands that the new owner will drill the well to coincide with the time that
2 the Company is authorized to terminate service, if ever. Intervenors Mel and
3 Connie Kroker are in the process of confirming the viability and necessary time
4 to construct a well on their property.

5 **Q. Has Staff investigated the viability of alternatives for water service**
6 **asserted by the Company?**

7 A. Yes, Staff has investigated alternatives for water service for the Company's
8 sole remaining customers without confirmed plans to drill their own well,
9 Intervenors Mel and Connie Kroker. On May 23, 2016, Staff traveled to
10 Mountain Home Water District for a site visit to tour the replacement well, view
11 infrastructure, and to understand the physical relationship of the infrastructure
12 to each customer's property.

13 Staff has also submitted a number of data requests to the Company and
14 Intervenors Mel and Connie Kroker to understand the events that led to drilling
15 the permanent replacement well, the Company's decision to request
16 abandonment of service, and the alternatives for customers.

17 **Q. Are alternative service options available to the Company's remaining**
18 **customers?**

19 A. Yes, the Company's remaining customers are able to drill wells on their
20 respective properties. Ms. Kelly previously obtained a bid from a contractor
21 and had committed to drilling a well. As previously stated, Staff understands
22 that the new owner of Ms. Kelley's property is also aware of the Company's
23 Application and intends to drill a well on the property.

1 Mel and Connie Kroker have confirmed that they are *able* to drill a well on
2 their property. The Krokors solicited opinions from two well drillers as to the
3 best location for a drinking water well, and responded to Staff in a data request
4 saying “[t]here is only one possible well head site...that will meet the setback
5 requirements of 100 feet from our existing septic system drain field that has
6 adequate clearance to our property line, and sufficient elevation relative to
7 surrounding grade and the Pump House location.” The Krokors initially
8 cautioned that “if the alternate drain field cannot be relocated back next to the
9 existing drain field...a new well cannot be located on our property.”³⁴ However,
10 on August 25, 2016, the Krokors received approval from Clackamas County to
11 relocate the designated alternate drain field,³⁵ and confirmed that Clackamas
12 County will not require the relocation of the existing drain field in order to
13 construct a drinking water well on their property.³⁶ As such, Staff understands
14 that the Krokors are able to drill a drinking water well on their property.

15 Additionally, it is unclear to Staff whether there continues to be an option for a
16 shared well with Ms. Kelley (or the purchaser of her property), independent of
17 whether the Krokors feel that it is the best option for them moving forward when
18 compared to drilling their own well.³⁷

CUSTOMERS’ CONCERNS

20 **Q. Please describe customers’ concerns regarding the Company’s proposed**
21 **abandonment.**

³⁴ *Ibid.*

³⁵ Staff/104 (Krokors’ Response to Mountain Home DR 10).

³⁶ Staff/104 (Krokors’ Response to Mountain Home DR 11).

³⁷ See Staff/104 (Krokors’ Response to Mountain Home DR 8).

1 A. In their petition to intervene, the Krokors stated that “[t]he issues we have with
2 the Application stem from the impossible 90 day deadline, the imposition of
3 extreme financial hardship to a retired couple living on Social Security, and the
4 stated reason for abandonment of the service.”³⁸ The Krokors also initially
5 indicated that it may not be possible to construct a well on their property due to
6 several factors, including the location of their alternate drain field, the potential
7 need to construct an alternate septic system, the need to obtain several
8 permits, and the need to secure an access easement from Dr. Ironsides.

9 **Q. What timelines for abandonment has the Commission considered**
10 **reasonable in similar abandonment cases?**

11 A. Based on my review of Commission decisions in prior abandonment cases, the
12 Commission takes into account the particular circumstances of the case in
13 order to determine the appropriate timeline for customers to transition from
14 water service provided by the abandoning utility.

15 In docket UP 183, Vista Dale Water Company sought abandonment and the
16 Commission allowed abandonment after giving customers a year and nine
17 months to secure another water source given the particular circumstances in
18 that case.³⁹ In docket UM 303, Marastoni Water Company, the Commission
19 allowed abandonment after giving customers four months to secure another
20 water source.⁴⁰

³⁸ Petition to Intervene from Mel and Connie Kroker at 2.

³⁹ *In re Vista Dale Water Co.*, OPUC Docket UP 183, Order No. 02-044 (Jan. 24, 2002).

⁴⁰ *In re Marastoni Water Co.*, OPUC Docket UM 303, Order No. 91-32 (Jan. 9, 1991).

1 **Q. Were these cases similar in nature to the one before the Commission**
2 **now?**

3 A. Yes. In both of those dockets, the systems were also very old and would need
4 costly repairs, the customer base was very small, the owners were of
5 retirement age, and regulatory compliance had become burdensome. In other
6 abandonment cases, sufficient time for customers to obtain alternate water
7 solutions has been allowed.

8 **Q. What timeline for abandonment is Staff recommending in this case?**

9 A. Staff recommends that the Company be required to provide service until August
10 1, 2017 or until the last customer has obtained alternate service prior to that
11 date, whichever is earlier. This timeline would ensure that the Krokors and Ms.
12 Kelley, or her successor(s), have adequate time to finalize the planning of their
13 own wells or a shared well, and to have time to drill the well/s and construct the
14 infrastructure when the ground is not saturated.

15 **Q. Does Staff view the financial hardship to customers as relevant to the**
16 **Commission's determination in this case?**

17 A. Yes; however, Staff believes that the hardship to customers must be viewed in
18 the context of other considerations, particularly the viability of alternative water
19 sources and the hardship faced by the Company if it is required to continue
20 providing service to a single household.

21 In response to Data Request 1 from the Company to Mel and Connie Kroker
22 seeking evidence supporting their claim that termination of water service
23 imposes an "extreme financial hardship," the Krokors clarified that the

1 statement was meant to “describe a general feeling of loss to our family and
2 referenced a dollar amount of our potential loss based on our discussions with
3 public agencies and contractors.” The Krokors went on to clarify that “[a]
4 question about [their] financial assets has no bearing on the PUC case for
5 abandonment...”⁴¹ and that they believe that the Company should compensate
6 customers for the loss of value to their property resulting from the loss of water
7 service from the Company.⁴² The Krokors did note that their estimate of
8 \$71,960 to drill their own well was close to twice the amount of their annual
9 Social Security income.⁴³

10 **Q. Did the Krokors provide additional information related to their financial**
11 **situation?**

12 A. No, there was no additional information regarding their family wealth provided.

13 **Q. What costs could the Krokors face if the Commission denies the**
14 **Company’s Application?**

15 A. The Krokors would likely be the sole remaining customer of the Company and
16 therefore could be assessed the cost of a replacement well large enough to
17 serve multiple customers. They could also be assessed a share of regulatory
18 compliance costs associated with owning a for-profit water company as well as
19 higher regular service rates.

⁴¹ Staff/104 (Krokors’ response to Company DR 1).

⁴² *Ibid.* (“If approved by the PUC, this taking of our water will be accomplished without adequately compensating the customers for the loss of value to their separate property because, as we have been reminded several times, the PUC has nothing to do with our trying to get a settlement to mitigate our loss or even settlement negotiations between the parties.”).

⁴³ *Ibid.*

1 **Q. What is Staff's conclusion regarding the financial hardship abandonment**
2 **would place on the Company's customers?**

3 A. It is unfortunate any time unexpected and significant costs occur. However, it is
4 not clear that costs are avoidable or able to be shifted away from the Krokors.

5 **STAFF'S RECOMMENDATION AND CONDITIONS**

6 **Q. What is Staff's recommendation?**

7 A. Staff recommends the Commission approve the Company's request to abandon
8 service effective when the last customer has made alternative arrangements for
9 water supply, but no later than August 1, 2017. Allowing customers until August
10 1, 2017 to transition appropriately balances the concerns of Intervenors Mel and
11 Connie Kroker related to the timing of abandonment and those of the Company
12 by relieving it of its duty to serve customers in light of the financial condition of
13 the utility, the Company's concerns about compliance with OWRD statutes and
14 regulations, and the owner's personal circumstances.

15 **Q. What conditions is Staff recommending if the Company's Application is**
16 **approved?**

17 A. Staff recommends the following conditions:

18 1. The Company execute a written instrument demonstrating that the Krokors
19 have permanent access from Buckman Road for construction and
20 maintenance of their well,⁴⁴ and

⁴⁴ In their Petition to Intervene, Mel and Connie Kroker noted that well drillers indicated that permanent access from Buckman Road for construction and maintenance of the well was necessary. According to the Krokors, the Company agreed over a phone call to allow such access on March 30, 2016; however, the Krokors have requested that the Commission require this agreement to be reflected in writing.

1 2. The Company be required to provide water service to all customers until
2 August 1, 2017, unless alternative means of water service have been secured
3 by each customer prior to that date.

4 **Q. Does this conclude your reply testimony?**

5 A. Yes.

CASE: UM 1769
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 101

Witness Qualifications Statement

November 2, 2016

WITNESS QUALIFICATION STATEMENT

NAME: Celeste Hari

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Utility Water Analyst
Telecommunications and Water Regulation Division.

ADDRESS: 201 High Street, SE., Suite 100
Salem OR 97301

EDUCATION: Bachelor of Science, Business Management, Linfield College.
Associate of Science, Business Management, Chemeketa Community College.

EXPERIENCE: Employed with the Oregon Public Utility Commission since 1986. Currently a Senior Utility Analyst for the Telecommunications and Water Regulation Section.

Performed many functions within my career at PUC, including providing testimony in over 60 telecommunications dockets, analyzing tariffs, compiling reports, and processing applications for certificates of authority and ETC designations. Case manager on water rate cases as well as provide testimony in those cases. Provide assistance to other water analysts, analyze water tariffs, compile reports, respond to complicated consumer issues, and provide expertise for special projects.

CASE: UM 1769
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 102

**Exhibits in Support
Of Reply Testimony**

November 2, 2016

**Jennie Bricker
Land & Water Law**

818 SW Third Avenue, PMB 1517
Portland, Oregon 97204

Email: jennie@jbrickerlaw.com
Telephone: 503-928-0976

April 29, 2016

Public Utility Company of Oregon
Filing Center
PO Box 1088
Salem, OR 97308-1088

**Re: UM 1769
Response to Data Request Nos. 01-13**

Following are responses by the Mountain Home Water District (the "District," or the "Company") to Staff Request Nos. 01-13, dated April 15, 2016.

1. What are the current rates the Company is charging customers for water service?

The Company charges \$80.00 per month.

2. Please provide documentation regarding the second well that is being used to supply customers with water on a temporary basis, including identification of the holder of the water rights, purpose of the well, the number of homes it is intended to supply water to, the Drinking Water Program's well identification number, date of drilling, and the name in which it is registered.

The second well serves one home, a rental belonging to the owner, Keith Ironside. Like the original well, the second well falls within the exempt uses established under ORS 537.545 and does not require a water right. The second well was intended to serve one household for residential domestic use. The second well was connected to the District's distribution system with a temporary water line when the original well became unavailable. The second well has not been through plan review and does not have a separate well identification number with the Drinking Water Program. Water from the

second well was tested on March 30, 2016, for Arsenic and Nitrate; the results are attached as Exhibit 1. The Oregon Water Resources Department (“OWRD”) does not have records of a well log for this well. We do not know when it was drilled or the name of the owner who constructed it.

3. Please explain and provide documentation supporting why the Company cannot continue providing service to its customers using the substitute well it is currently using.

The second well does not produce enough water to supply the District’s customers. Please refer to the response to DR 11 for a more detailed explanation of the District’s reasons for not continuing to provide service.

4. Has the Company analyzed whether the second well could be expanded to provide adequate service to the Company’s current customers?

Keith Ironside is in the process of drilling and plumbing a replacement well. Please refer to the response to DR 11 for a more detailed explanation of the District’s reasons for not continuing to provide service.

5. Please provide documentation showing who is registered as the owner of the collapsed well. Please include the Drinking Water Program well identification numbers for all wells, the water rights to the well, purpose of the well, how many homes it is intended to supply water to, the Drinking Water Program’s well identification number, and the date of drilling the well.

The original well is owned by Keith Ironside. However, the registered owner in OWRD well log records is Dale Belford, the property owner (Keith Ironside’s predecessor in interest) who drilled the well in 1973. The Water Well Report is attached as Exhibit 2. In 1979, when Keith Ironside purchased the property, it supplied water to seven homes. The original well falls within the exempt uses established under ORS 537.545 and does not require a water right. The Drinking Water Program’s well identification number is PWS ID #4105507. April 28, 2008 correspondence from the Department of Human Services is attached as Exhibit 3.

6. Please provide documentation supporting the statement that each customer may drill a well on their individual property.

Well driller Vance Wagner (License #1738), of Ted Pulliam Well Drilling Inc., performed the work on the original well and the replacement well. He believes it is feasible for the customers of the District to construct their own wells. Mr. Wagner's written statement is attached as Exhibit 4.

7. Please provide a map of the properties involved in the abandonment.

Two maps are attached as Exhibit 5.

8. Please provide the documentation from Olsen Well Drilling stating that the well cannot be repaired.

Vance Wagner's statement is attached as Exhibit 4.

9. Please provide documentation supporting the price estimate for drilling a new well for the Company.

Vance Wagner's actual charge for drilling a replacement well for Keith Ironside was \$38,040.00. Mr. Wagner's contract is attached as Exhibit 6, page 1.

10. Does the Company currently, or plan to, provide water service to other homes in the area?

No. The new well will serve only the main residence at 2323 SW Buckman Road.

11. Has the Company evaluated whether it could dig another well and include the cost of the well in rates? If so, please provide an explanation and documentation, if any, supporting the Company's decision not to dig a replacement well. If not, why not?

The owner is in the process of drilling a replacement well. The total cost of that endeavor will be approximately \$65,000, or \$13,000 per customer (including the owner). Invoices for this work are attached as Exhibit 6. The District has never formally demanded reimbursement for costs of repairs and maintenance, beyond the monthly charge for water service. Rather than do so now, Keith Ironside wishes to terminate service and allow the District's customers to apply those costs toward making other water supply

arrangements. He has three primary reasons for doing so: (1) regulatory compliance issues, (2) the financial burden, and (3) his personal life circumstances.

Regulatory Compliance. Since 2003, OWRD has managed the Sherwood-Dammasch-Wilsonville region as a Ground Water Limited Area, classified for exempt uses only. See OAR 690-502-0190. Thus, it is not possible to obtain a water right for the use of groundwater from the basalt aquifers in this region, which includes the District's well. An exempt well may be used for group domestic purposes to a maximum flow of 15,000 gallons per day; however, each well is limited to irrigation of one-half acre of lawn or non-commercial garden. See ORS 537.545; OAR 690-340-0010. That means that among all District customers, no more than one-half acre *in total* may be irrigated with District water.

In 2015, OWRD sent informational letters to landowners in this area, reminding well owners of the one-half acre restriction. The OWRD letter is attached as Exhibit 7. Until he received this letter, Keith Ironside was not aware of the irrigation limitation. If OWRD targets this area for enforcement, all District customers would be required to identify and designate their share of the one-half acre of irrigated landscaping. The District does not monitor customers' landscape irrigation but suspects that the one-half acre limitation would be impossible to apply and enforce.

Additional exempt wells that are drilled on parcels in separate ownership are each entitled to a separate one-half acre of landscape irrigation. See OAR 690-340-0010(1)(d). The District believes individual wells, or shared wells with no more than two users, will be able to comply with the one-half acre limitation. The District does not believe that its existing water service arrangement would be in compliance with OWRD regulations.

Financial Burden. The owner charges District customers \$80 per month for water service. One customer is approximately two years in arrears. Even with all customers contributing the monthly charge, \$3840 per year is only enough to cover the District's ongoing regular expenses, such as the cost of the electricity required to operate the pump

and the cost of water quality testing. Keith Ironside has subsidized all other District expenses from his personal funds, including repairs to the electrical line serving the well house, pump maintenance and repairs, repairs to the water lines, and repairs to the well house. Correspondence dated May 23, 2007, from the Public Utility Commission, and Keith Ironside's reply, are attached as Exhibit 8. Examples of invoices detailing costs borne by Keith Ironside are attached as Exhibit 9. In addition, the water distribution system comprises buried cast iron pipes that are more than 40 years old. Several leaks have occurred in the system in the last decade, indicating that the pipes may be nearing the end of their service life. For example, a letter dated May 8, 2008, from the owner to the District's customers, describes a leak repair and other system costs; that letter is attached as Exhibit 10. Another example of a leak repair is included at page 3 of Exhibit 9. Although the owner has never formally attempted to recover non-routine expenses in rates, he has informally requested cost-sharing from his customers (see Exhibit 10). However, no customer has ever contributed to the owner's expenses, beyond the monthly service charge, and two of the four customers have been frequently delinquent in paying even that amount. The owner does not wish to continue subsidizing the cost of providing water service for an aging distribution system, for these reasons and those explained below.

Personal Circumstances. Keith Ironside purchased the 18-acre property at 2323 SW Buckman Road in 1979, along with his wife, Gladys Beddoe. At that time, the well served seven homes, including three houses on his property. Over the years, Keith Ironside and Gladys Beddoe remodeled and built an addition onto the main house, preserved one rental house, and demolished the other. Keith Ironside worked at Oregon Pulmonary Associates, a medical practice he started in 1976 when he first moved to Oregon. Gladys Beddoe also worked full time as a physician, but was fully in charge of managing the property and all the details of the District's operations.

Keith Ironside lost his wife to cancer in 2004. From 2005 to 2013, he was semi-retired. However, in 2013 he relocated to Kennewick, Washington to direct the Vista

Sleep Center, dividing his time between Kennewick and Hermiston, Oregon, where he is director of the Oregon Sleep Center. At 75, Keith Ironside works six days per week. He does not maintain a residence at 2323 SW Buckman Road.

Keith Ironside's daughter, Valerie Meyer, moved to the main house at 2323 SW Buckman Road in 2013, along with her husband, Jeremy Meyer. In 2015, the Meyers and Keith Ironside divided the property into two parcels and Keith Ironside's address changed to 2351 SW Buckman Road. Because of Keith Ironside's work commitments and location, the Meyers began informally—and of necessity—to serve as managers of the District; however, the Meyers have two small children and each of them also has a career, so administration of a water utility is not within their capacity on a long-term basis.

Gladys Beddoe and Keith Ironside owned and managed the District's water distribution for 37 years, but circumstances have changed. Keith Ironside is not in a position to continue in his role as owner, and his daughter's family is unwilling to take on the administrative responsibility or the expense. The OWRD notification in 2015 (Exhibit 7) made it clear to Keith Ironside and the Meyers that regulatory compliance would be difficult or impossible for their single-well system. On advice from counsel, they had already decided to investigate alternatives. With the recent failure of the original well and the expensive capital improvements that followed, Keith Ironside and the Meyers decided to bear the expenses themselves rather than seek contributions from the District's customers, so that each customer could secure another water supply. The District met with the customers in late March to inform them of the decision, and two of the customers have already made arrangements to drill a separate well. The decision to terminate service is the only solution to the issue of regulatory compliance, and it also has the advantage of allowing Keith Ironside and his family to relieve themselves of the financial and administrative burdens associated with District ownership.

12. Is Mountain Home Water District a district organized pursuant to ORS Chapter 264?

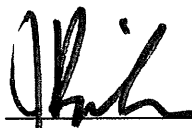
No.

13. Please provide a complete list of alternative options for customers considered by the Company, including estimates of costs if available.

The District's customers have already begun to investigate and implement alternative water supply arrangements. Robert Wiest and Don Rushmer, owners of tax lots 1602 and 1606, have formed an LLC to co-own a new, shared well. To avoid setback issues with a nearby drain field, they purchased tax lot 1604 from Keith Ironside and have made plans to begin well construction before the planned date for termination of District service.

Elizabeth Kelley, who owns a 3.61-acre parcel (tax lot 1900), has reportedly spoken to a driller about constructing an individual well on her property. Another option for Ms. Kelley would be to share water from the well on adjoining tax lot 2104, OWRD I.D. #41395. That well, 480 feet deep with an estimated flow rate of 30 gallons per minute, would likely be adequate for two or even three households. The Well Report for Well #41395 is attached as Exhibit 11.

Mel Kroker, owner of tax lot 2000, could also share water from Well #41395. At 1.61 acres, Mr. Kroker's parcel should be large enough to locate a separate well.



Jennie L. Bricker, OSB No. 975240
Attorney for Mountain Home Water District

Direct Telephone: 503-928-0976

E-Mail: jennie@jbrickerlaw.com

Alternative E-Mail: brickworkwriting@gmail.com

818 SW Third Avenue, PMB 1517
Portland, OR 97204

Exhibit 4

April 25, 2015 statement of Vance Wagner (1 page)

TED PULLIAM WELL DRILLING INC.

OLSEN WELL DRILLING INC.

PO BOX 505

GRESHAM OR 97030

503-665-3353

APRIL 25, 2016

RE: WELL LOCATED 2323 SW BUCKMAN ROAD

1) ORIGINAL WELL LOICATED AT 23223 SW BUCKMAN ROAD WEST LINN OR WAS DRILLED IN 1973 TO 600 FEET. FROM 91 FEET TO 600 FEET, WELL WAS DRILLED BUT NOT CASED WHICH ALLOWED THE FORMATION TO CAVE IN AT VARIOUS FOOTAGES IN THE WELL, FROM 355 FEET TO APPROXIMATELY 368 FEET, ALSO FROM 480 FEET TO APPROXIMATELY 495 FEET. WELL WAS CLEANED OUT FROM 0-600 FEET FROM 91 FEET TO 600 FEET WELL WAS DRILLED EXTREMELY CROOKED, NOT ALLOWING A STEEL LINER TO BE INSTALLED. IN ATTEMPTING TO DO SO LINER GOT STUCK AND WOULD NOT GO BEYOND 360 FEET. CASING STARTED TO DRAG FROM 91 FEET TO 360 FEET EVEN AFTER DRIVING WITH CASING HAMMER. AS LAST EFFORT PIPE WOULD NOT MOVE AND REPAIR WAS ABANDONED.

2) DO NOT KNOW (CONTACT STEVE'S PUMP SERVICE)

3) DO NOT KNOW (CONTACT STEVE'S PUMP SERVICE)

4) DO NOT KNOW (CONTACT STEVE'S PUMP SERVICE)

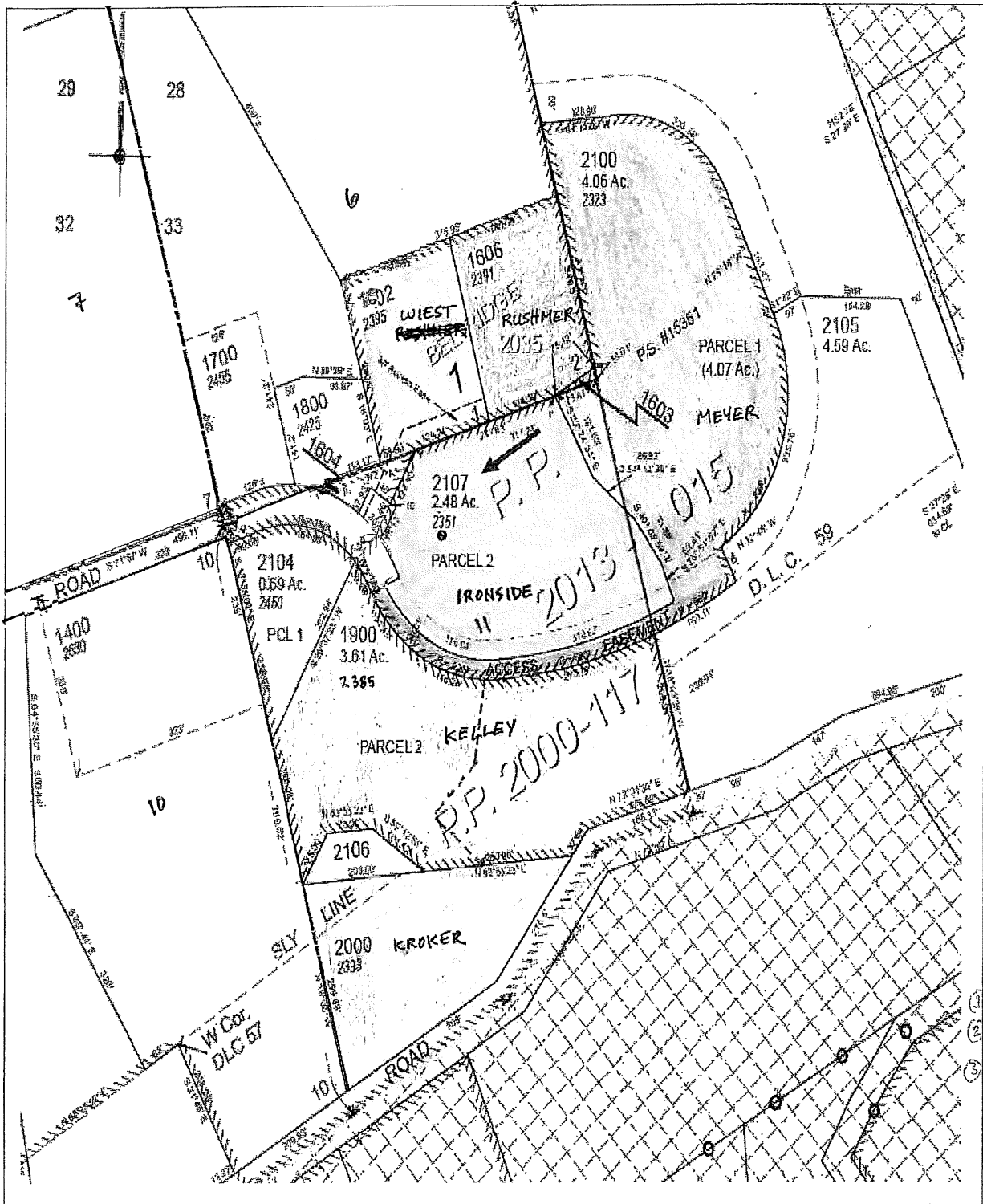
5) IT WOULD, IN MY OPINION, BE FEASABLE FOR THE NEIGHBORING PROPERTIES TO DRILL INDIVIDUAL WELLS.

VANCE WAGNER LIC # 1738

TED PULLIAM WELL DRILLING INC.

Exhibit 5

Maps of customers' property (2 pages)



- ① March 21, 19
- ② October 9, 19
- ③ March 14, 19

2375 ~~Wiest~~ Wiest
 2385 Kelley
 Rushmer

THIS MAP IS MADE SOLELY FOR THE PURPOSE OF ASSISTING IN LOCATING SAID PREMISES, AND THE COMPANY ASSUMES NO LIABILITY FOR VARIATIONS. IF ANY, IN DIMENSIONS, AREAS, AND LOCATIONS AS CERTAINED BY ACTUAL SURVEY.



SEE MAP 2 IE 29

CANCELLED NOS.

- TL 900
- 1601
- 1801
- 1701
- 2102
- 300
- 301
- 304
- 1600
- 2103

2500

1900

210

NOTE: DEED #46-707 MISTAKENLY CALLS
 1/4" IN THE N.E. CORNER OF TRACT 3. IT
 IS ACTUALLY 17.87' SLY OF SAID N.E.
 CORNER OF TRACT 3.

SEE MAP 2 IE 28C

2140

SEE MAP 2 IE 33

2200

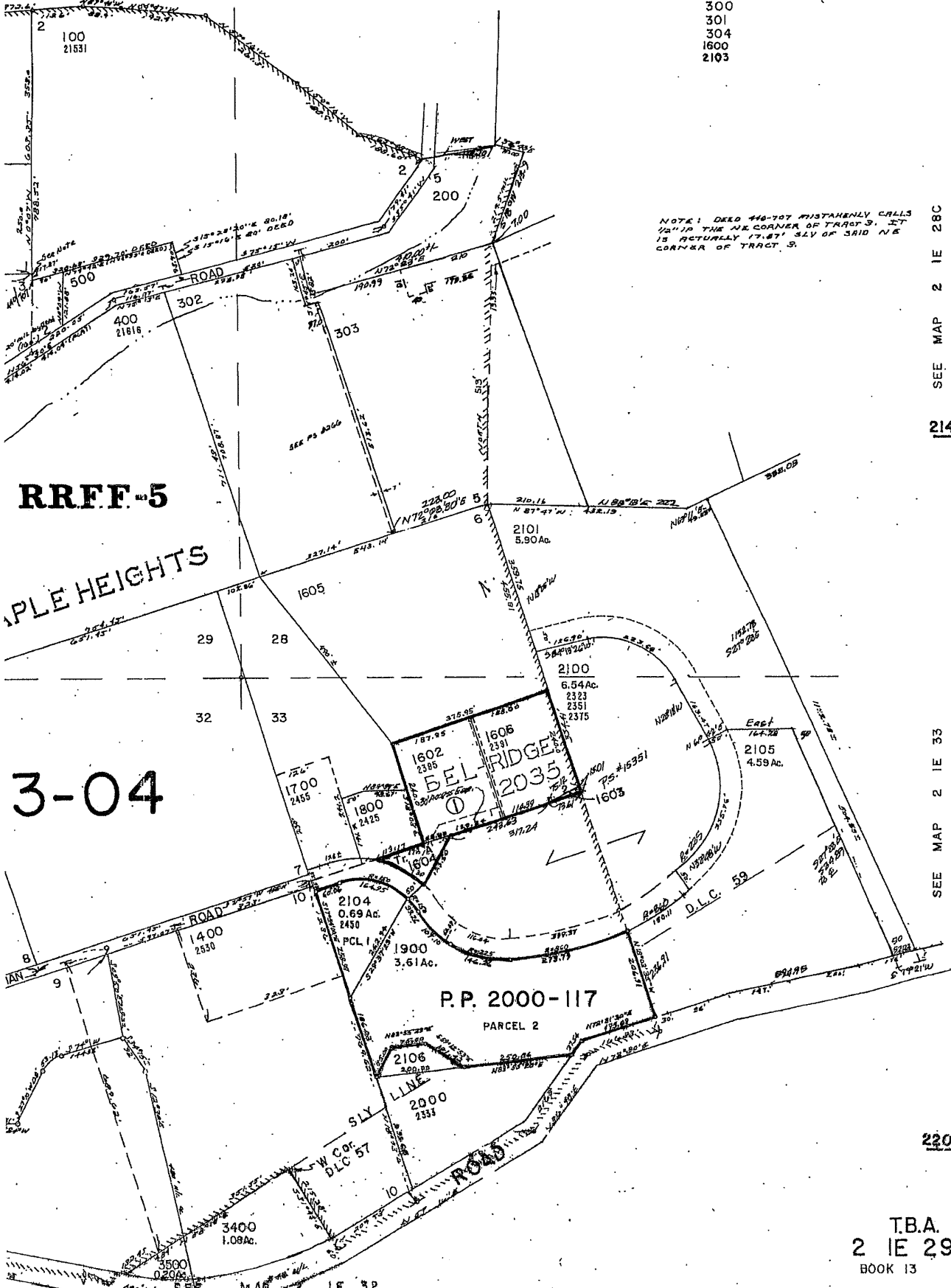


Exhibit 6

Invoices for repairs in March/April 2016 (2 pages)

Proposal

Page No. of Pages

TED PULLIAM WELL DRILLING

P.O. Box 505
Gresham, OR 97030

Phone (503) 665-3353 • Fax (503) 665-5285 • Cell (503) 789-5764

Adl Deposit
CK # 2261 03/18/16
\$8000.

PROPOSAL SUBMITTED TO <i>Keith Cronside</i>		PHONE <i>503-475-8463</i>	DATE <i>3/11/16</i>
STREET <i>2323 NW Buckman RD</i>		JOB NAME <i>New well</i>	
CITY, STATE AND ZIP CODE <i>Tualatin, Or</i>		JOB LOCATION <i>same</i>	
ARCHITECT	DATE OF PLANS	JOB PHONE	

We hereby submit specifications and estimates for:

New Well

<i>600 ft 10" drilled hole @ \$44.00 per ft</i>	<i>\$ 26,400⁰⁰</i>
<i>600 ft 6" .250 wall casing @ \$16.00 per ft</i>	<i>\$ 9,600⁰⁰</i>
<i>Est 100 sacks cement for surface seal @ \$16.00 each</i>	
<i>price includes labor to install seal - 100 or +100</i>	
<i>sacks price will be adjusted</i>	<i>\$ 1600⁰⁰</i>
<i>1-6" sandvick tubex drive shoe</i>	<i>\$ 215⁰⁰</i>
<i>1- state start card fee</i>	<i>\$ 225⁰⁰</i>
<i>Estimated total</i>	<i>\$ 38,040⁰⁰</i>

Existing well

<i>10 hrs labor @ \$350⁰⁰ per hr</i>	<i>\$ 3,500⁰⁰</i>
<i>240 ft 6" .250 wall casing @ \$16.00 per ft</i>	<i>\$ 3,840⁰⁰</i>
<i>Total</i>	<i>\$ 7,340⁰⁰</i>

We propose hereby to furnish material and labor — complete in accordance with above specifications, for the sum of:
\$ 12,000⁰⁰ down when drilling begins remainder dollars (\$ _____).
Payments to be made as follows:
to be payed in full on completion finance charge of 1.5% per month

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized Signature

Vance Wagner

Note: This proposal may be withdrawn by us if not accepted within *30* days.

Acceptance of Proposal — The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payments will be made as outlined above.

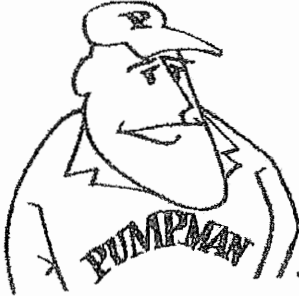
Signature

[Signature]

Date of Acceptance

03-17-16

Signature



STEVES PUMP SERVICE INC.

PO BOX 547
BORING, OR 97009
503-658-3051 FAX 503-658-6854
CCB#38208
email:
stevespumpservice@comcast.net

ESTIMATE

Quote Number: BUCKMAN RO/
Quote Date: Apr 14, 2016
Page: 1

Quoted To:	
MR. KEITH IRONSIDE MTN. HOME WATER DISTRICT 2323 SW BUCKMAN ROAD WEST LINN, OR 97068	Phone 1: 475-8463 Phone 2: FAX:

Payment Terms	Good Thru
1/2 DOWN BEFORE PARTS CAN BE ORDERED AND THE BALANCE IS DUE AFTER INSTALLATION.	5/14/16

Quantity	Description
	Site: 2323 SW Buckman Road
	Estimate to furnish and install the below listed materials.
	Scope of work: Cut in pitless and weld. Set pump and related materials in new well. Run pipe, wire and conduit into pump house. Make connections. Chlorinate well, start up and test. Draw water samples and deliver to lab. Load up and haul off old 2 1/2" drop pipe and wire.
8.00	LABOR FOR 3 MEN
4.00	LABOR FOR 2 MEN
2.00	LABOR FOR 1 MAN
1.00	PUMP ELECTRICAL PERMIT - CLACKAMAS COUNTY
1.00	WATER SAMPLE LAB FEE-(results will be sent when we receive them from the lab & payment for them has been received from customer)
1.00	GRUNDFOS MODEL 45SP100-25 WITH 6" MOTOR BRACKET - LIST \$5398.00
1.00	HITACHI 10 HP 230 VOLT 6" SUBMERSIBLE MOTOR - LIST \$2473.00
1.00	4 GA K4 SPLICE KIT
1.00	8 GA K8C SPLICE KIT
525.00	2" GALVANIZED PIPE T&C
535.00	4-4 FLAT SUBMERSIBLE CABLE
3.00	2" FLOWMATIC VFD CHECK VALVE
540.00	3/4 S40 PVC PIPE
1.00	MAASS 6" X 2" WELD PITLESS
1.00	WTCC-6/1 1/4 WELL CAP W/1" CONDUIT TOP
1.00	MISCELLANEOUS PLUMBING AND ELECTRICAL
1.00	LABOR TO EXCAVATE AND INSTALL PITLESS ADAPTER

We accept VISA, MC, & Discover. A 2% convenience fee will be charged.

TOTAL ESTIMATE: 12,507.93

NOTE: All estimates are subject to change. Actual amounts will be reflected on final invoice.
Any freight charges would be additional

Exhibit 7

July 7, 2015 letter from OWRD (1 page)



Oregon

Kate Brown, Governor

Water Resources Department

North Mall Office Building

725 Summer St NE, Suite A

Salem, OR 97301

Phone (503) 986-0900

Fax (503) 986-0904

www.wrd.state.or.us

July 7, 2015

Dear Landowner:

The Oregon Water Resources Department has received calls concerning the use of groundwater in your area, specifically the irrigation of more than ½ acre. This is an informational letter intended to remind you of what uses of groundwater are exempt from needing a water right. With some exceptions, water users must obtain a permit or water right from the Oregon Water Resources Department to use a well. Some uses, referred to as "exempt uses," are exempt from the water right permitting process.

The following are some common uses exempted from the water right permitting process:

- Single or group domestic purposes up to 15,000 gallons per day;
- Stock watering;
- Watering any lawn or non-commercial garden not exceeding ½ acres in area;
- Down-hole heat exchangers;
- Any single industrial or commercial development up to 5,000 gallons per day. (Irrigation is not considered as single industrial or commercial use.)

Use of groundwater in excess of these amounts or uses will require that a water right permit be obtained. However, you are located within the boundaries of the Sherwood-Dammasch-Wilsonville Groundwater Limited Area. Therefore, the use of groundwater from the basalt aquifers is classified for exempt uses only and you will not be able to obtain a new water right permit.

Exempted uses are on a per-property or per-development basis. Adding additional wells does not increase an exempt limitation. For example, adding a second well does not increase the irrigation exemption to more than ½ acre. The ½ acre of lawn and garden is established annually and therefore cannot be rotated to a different location from day to day.

Due to the limited resource in your area the Department is considering requiring all well owners to install flow meters as well as designate where their ½ acre of lawn and garden will be located annually.

If you have any questions I can be reached at 503-986-0889 or plahnjm@wrdd.state.or.us.

Sincerely,

Joel Plahn
District 16 Watermaster

Exhibit 8

May 23, 2007 letter from PUC, with reply (2 pages)



Oregon

Theodore R. Kulongoski, Governor

Public Utility Commission

550 Capitol Street NE, Suite 215

Mailing Address: PO Box 2148

Salem, OR 97308-2148

Consumer Services

1-800-522-2404

Local: 503-378-6600

Administrative Services

503-373-7394

May 23, 2007

KEITH L IRONSIDE
MOUNTAIN HOME WATER DISTRICT
2323 SW BUCKMAN ROAD
WEST LINN OR 97068

RE: EXCEEDING THRESHOLD LEVEL

According to the 2006 Annual Fee Statement filed by Mountain Home Water District (Company), the Company provides service to 4 customers who paid a total of \$3,840 for water in 2006. Using the information provided, Staff calculated that customers pay an average monthly charge of \$80. That amount exceeds the \$24 threshold for residential customers established by the Commission in Oregon Administrative Rule (OAR) 860-036-0030.

OAR 860-036-0405 states that water utilities (except rate regulated and otherwise exempt water utilities) currently charging above the thresholds in OAR 860-036-0030 must provide written notice to all customers informing them of their right to petition the PUC for rate regulation.

To verify the average monthly charge, please provide the following information relating to Mountain Home Water District rates: 1) base rate (or flat rate); 2) commodity rate; 3) miscellaneous charges such as connection fees, shut off fees, and late fee payments; 4) number of customers; 5) base revenues for 2006; 6) commodity revenues for 2006; and 7) miscellaneous revenues for 2006 such as connection fees, shut off fees, and late fee payments.

Also please provide the date of your last rate change, and the amount that rates changed.

Please call Renee Sloan at (503) 373-7871 if you have questions.

Michael Dougherty
Program Manager
Corporate Analysis and
Water Regulation
Phone: (503) 378-3623
Fax: (503) 373-7752
michael.dougherty@state.or.us

cc: Marc Hellman, PUC
Renee Sloan, PUC
Jason Jones, DOJ

Michael Dougherty
PUC
PO Box 2148
Salem, OR 97308-2148

Re: Exceeding threshold level

Dear Mr. Dougherty,

I have informed the customers of their right to petition in writing, the rate charged and I have discussed the rate in person. All the customers agree to this rate. The flat rate is \$80/month which at this time does not pay for the cost of running this business. I am saving money to upgrade the well tank system which is on the verge of failure. In order to have enough money to meet estimate written by Steve's Pump Service, I have been paying the electric bill for most of the last year. The well pump was replaced, which was another cost not met by the \$80. In January, a tree ripped the electrical service off the pump house, which cost \$1,000 to repair, plus a day of my work, which is not reimbursed. In 27 years of running this well, I have not taken one dime of the well's income, in fact, the rate was increased because the people sharing the well agreed on the rate change. There are no miscellaneous charges as described in your letter. I do not charge for late payments, have had one customer in arrears for as much as a year.

This past month, one of the pipes old cast iron connections broke under the asphalt, this was another unscheduled cost. We must fix the aging interior of the pump house or else, we will be out of business one of these days. There is no way that this well can be maintained on a charge of \$24 per month per customer.

I have not idea what a commodity rate might be. With regard to your question about the last rate change, it has been the same for several years. The well was managed by my wife, Gladys, but she is not available to tell me when this rate was changed, she did not leave a note about it.

Sincerely,

Keith Ironside Jr.

Mountain Home Water District.

Exhibit 10

May 8, 2008 letter from owner (2 pages)

Jeffrey Kelley
2385 SW Buckman Road
West Linn, OR 97068
Mel Kroker
2333 SW Turner Road
West Linn, OR 97068
Don Rushmer
2391 SW Buckman Road
West Linn, Or 97068
Robert Wiest
2395 SW Buckman Road
West Linn, OR 97068

Re: Mountain Home Water System: May 08, 2008

Greetings,

That is how we were addressed by the Department of Human Services, Public Health Division in a letter this past month. Today, I was able to talk to Steve Dahl, who explained that the state has funded money for enforcement of rules and regulations pertaining to water systems. Ours is small, but is still covered. We will be required to furnish, at our expense, a quarterly coliform test and yearly, a nitrate test.

Last year, the well system had to be rebuilt in the well house. The tank was 35 years old and the pipe system was rusting. The year started in January when a tree branch took the electrical box and the wires off the building. We spent the day in the rain fixing this, which cost \$1000. Then in the summer, the inside of the well was rebuilt, the hardware cost \$5,132.97. Since the end of the building had to be cut out to get the tank out, a repair of the wall was another \$1000. In addition, the roof was shingled for \$700. This did not include the cost of electricity which was largely paid for by the monthly water fees. At the end of the year, I had paid almost \$8000 to keep the water going.

However, that was not the only expense. Don Rushmer had a sieve for a pipe going into his water meter, which he replaced for \$2000. Thank you very much for that repair which you handled, Don. In addition, there were two other leaks, one to my house, the other to the rental house.

As a result of finding these leaks, I dug up all of your water meter boxes to see if there were leaks there. I did not find any leaks. However, that does not mean that they are not there. The new well has a system that is sensitive to leaks in a generic manner, it does not say where they are, just that the water flow is too much. I think that there are still leaks, which will increase the cost of electricity.

In addition, the Clackamas County auditor wants information, the PUC has a huge amount of paper work to complete. 30 years ago, all we did was pump the water, there is no regulation or oversight.

I propose that we have a meeting to discuss the water and how to keep it going. For all practical purposes, the water system is bankrupt at this moment. Please call me at 503-475-8463 to discuss how we can make this well work for all of us.

Sincerely,

Keith Ironside Jr.
klijr@aol.com

**Jennie Bricker
Land & Water Law**

818 SW Third Avenue, PMB 1517
Portland, Oregon 97204

Email: jennie@jbrickerlaw.com
Telephone: 503-928-0976

October 18, 2016

Public Utility Company of Oregon
Filing Center
PO Box 1088
Salem, OR 97308-1088

**Re: UM 1769
Supplemental Response to Data Request No. 11**

Following is a supplemental response by the Mountain Home Water District (the "District," or the "Company") to Staff Request No. 11, dated April 15, 2016.

11. Has the Company evaluated whether it could dig another well and include the cost of the well in rates? If so, please provide an explanation and documentation, if any, supporting the Company's decision not to dig a replacement well. If not, why not?

In its original response, the Company made the following three statements: "The District has never formally demanded reimbursement for costs of repairs and maintenance, beyond the monthly charge for water service." "[T]he owner has never formally attempted to recover non-routine expenses in rates." "[N]o customer has ever contributed to the owner's expenses, beyond the monthly service charge." The three statements were based on Keith Ironside's recollection, but were not accurate. We have since located a file of invoices to customers and have determined that the District *has* requested reimbursement or cost-sharing from customers, in addition to the monthly fee for water service, on the following three occasions:

1985: In January 1985, the water service charge was \$15 per month. The District, which was then managed by Gladys Beddoe, began charging an additional \$5 per month, per customer, for "Maintenance & Repairs." The extra charge applied to the October–

November–December 1984 billing period and continued until July 1985, when the service charge was raised to \$20 per month and the “Maintenance & Repairs” charge was dropped. The separate \$5 charge was billed to customers for a total of nine months. The attached **Exhibit 22** includes nine invoices showing the charge.

1994: In June 1994, during Gladys Beddoe’s management, the customers were asked to contribute \$466 toward well and pump maintenance. This amount was shown as an “assessment” noted on the invoices but not invoiced directly. The District appears to have received three such payments, plus its own share for two houses, for a total of \$2330. According to the June 2, 1994 letter attached as Exhibit 1 to Mel and Connie Kroker’s responses to Staff DR Nos. 2–4, the total repair estimate was \$3262.13. The attached **Exhibit 23** includes three invoices showing payment.

2009: The January 15, 2009 invoices added \$253.59 to each bill to cover the anticipated cost of well repairs. Effective January 2009, the District increased its service fee to \$100 per month, for 12 months, to raise funds for additional repairs. A notice appeared on the April 15, 2009 invoices, but there appears to have been no other additional charge billed to customers. The attached **Exhibit 24** includes eight invoices showing the January 15, 2009 charge and the April 15, 2006 notice.

In addition, a notice appeared on the April 1, 2006 invoices informing customers that the electrical meter was rebuilt at a total cost of \$1181.47, but there appears to have been no separate charge to customers for that expense. The attached **Exhibit 25** includes four invoices containing the notice.



Jennie L. Bricker, OSB No. 975240
Attorney for Mountain Home Water District

Direct Telephone: 503-928-0976

E-Mail: jennie@jbrickerlaw.com

818 SW Third Avenue, PMB 1517
Portland, OR 97204

**Jennie Bricker
Land & Water Law**

818 SW Third Avenue, PMB 1517
Portland, Oregon 97204

Email: jennie@jbrickerlaw.com
Telephone: 503-928-0976

October 7, 2016

Public Utility Company of Oregon
Filing Center
PO Box 1088
Salem, OR 97308-1088

**Re: UM 1769
Response to Data Request Nos. 15–21**

Following are responses by the Mountain Home Water District (the “District,” or the “Company”) to Staff Request Nos. 15–21, dated September 27, 2016.

15. Please explain why Mountain Home Water District is not current with its business registration with the Secretary of State.

Company Response: When the Company’s registration renewal deadline came up in April 2016, the Company had filed its application for abandonment, so the need to continue the assumed business name was uncertain.

16. Please provide the name of the owner of the currently operating well.

Company Response: Keith Ironside.

- 17. Did the Company pay to have the work done on the failed well and the currently operating well drilled and placed in service? If not, did Dr. Ironsides pay from his personal funds for this work? Please provide documentation to support your response. Examples of documentation include redacted copies of canceled checks, bank statements, and receipts.**

Company Response: The Mountain Home Water District maintains a separate bank account, but funds have been commingled with Keith Ironside's personal funds, and the accounting for the District has been fairly haphazard since Gladys Beddoe's death in 2004. As stated in the District's response to Staff DR No. 11, Gladys Beddoe managed all the District's administration for 37 years. Her widower, Keith Ironside, has neither the time nor the interest to manage the District. The detailed administrative and accounting tasks associated with running a water utility are frankly not within his skill set. Since 2013, when he began work as medical director of sleep centers in Kennewick, Washington and Hermiston, Oregon, he has had almost no time for District-related tasks. This has further contributed to the deficits in recordkeeping.

A print-out of the District's bank account activity is attached as **Exhibit 12** (numbering consecutively from Staff's April 15, 2016 data requests). In March, April, and May of 2016, Keith Ironside withdrew total funds of \$3500 (Exhibit 12, lines 1 and 29), but contributed \$69,661 of his own funds (lines 4, 5, 6, 8, and 9) in addition to the contribution of \$960 in payments from customers (line 7). Expenses related to the well's collapse and new well construction totaled \$69,717.14 during this period. Of the total, \$54,717.14 was paid with checks written from the District's account, and \$15,000 was paid with a check from a personal account.

The following are attached as exhibits:

Exhibit 13: Ted Pulliam Well Drilling Statement

Exhibit 14: Ted Pulliam Well Drilling Invoice No. 829

Exhibit 15: Ted Pulliam Well Drilling Invoice No. 828

Exhibit 16: Steve's Pump Service Invoice No. 160388

Exhibit 17: Steve's Pump Service Invoice No. 16049929

Exhibit 18: Copy of Check No. 2265 to Terry Serdy

The following shows the breakdown of expenses:

Ted Pulliam/Olsen's Well Drilling					
<i>Description</i>	<i>Amount (\$)</i>	<i>Date Paid</i>	<i>Check No.</i>	<i>Ex. 12 Ref.</i>	<i>Other Exhibit Ref.</i>
Down payment for drilling	4000.00	3-9-16	2258	line 18	Exhibit 13
Down payment for drilling	8000.00	3-22-16	2261	line 17	Exhibit 13
Well drilling	17896.00	4-13-16	2263	line 20	Exhibits 6, 13, 14
Well drilling, work on collapsed well	15000.00	4-13-16	026	n/a	Exhibits 6, 13, 14, 15
Steve's Pump Service					
<i>Description</i>	<i>Amount (\$)</i>	<i>Date Paid</i>	<i>Check No.</i>	<i>Ex. 12 Ref.</i>	<i>Other Exhibit Ref.</i>
Pump removal	600.00	4-6-16	2262	line 16	Exhibit 16
Pump, water lines	15076.14	5-21-16	2266	line 13	Exhibits 6, 17
Terry Serdy					
<i>Description</i>	<i>Amount (\$)</i>	<i>Date Paid</i>	<i>Check No.</i>	<i>Ex. 12 Ref.</i>	<i>Other Exhibit Ref.</i>
Repairs, reconstruction of pump house	9145.00	5-10-16	2265	line 15	Exhibit 18

- 18. Has the Company directly or indirectly billed the customers for the work done on the failed well and the currently operating well? If customers were billed or somehow asked to pay for the work, please provide documentation to support your response.**

Company Response: The customers have not been billed, directly or indirectly, for the work on either well. Four customers have been billed for the service charge of \$80 per month, for the first six months of 2016, a total of \$1920. Of the amount billed, the Company has collected only \$1440. Elizabeth Kelley is selling her house and has not made any payments for water service in 2016. Don Rushmer and Robert and Barbara Wiest have drilled a separate well and stopped receiving water service in early September. The District's regular expenses exceed the amount actually collected in 2016. For example, monthly payments to Portland General Electric Company from January through September total \$1472.59 (see Exhibit 12, lines 21-28, 30).

19. What is the well identification number for the currently operating well?

Company Response: The well identification number is L-118525. The Water Supply Well Report is attached as **Exhibit 19**.

20. Please provide documentation, including amounts if possible, of money Dr. Ironsides has personally paid for the sole purpose of operating the Company for the last three years. Examples of documentation may include redacted copies of canceled checks, bank statements, or receipts.

Company Response: Please refer to the response to DR No. 17 for an explanation of why the Company's recordkeeping and accounting make it difficult to answer this question. Most expenses have been paid through the District's bank account, but from funds deposited into the account by Keith Ironside. As detailed in the DR No. 17 response, Keith Ironside paid \$15,000 to the well driller from a personal account. In addition, we attach **Exhibit 20**, an invoice paid personally by Jeremy Meyer, Keith Ironside's son-in-law, for leak detection in the water system.

- 21. For funds contributed personally by Dr. Ironsides, has the Company reimbursed Dr. Ironsides? If so, please provide documentation of the transactions. Examples of documentation may include redacted copies of canceled checks, bank statements, and receipts.**

Company Response: Please refer to the response to DR No. 17 for an explanation of the inadequacies in the Company's recordkeeping and accounting. When funds have been available, Keith Ironside has sometimes withdrawn money from the District's bank account, but without formally accounting for specific items of reimbursement. As an example of the informal style of accounting practiced by Keith Ironside, we attach **Exhibit 21**, a handwritten record from 2006 with notes about amounts owing from the District. We do not know whether these amounts were ever reimbursed, and we have not located similar records for other years. Please refer to the response to DR No. 18 for an explanation of the District's expenses compared to the amount collected from customers. The District typically does not have surplus funds available for reimbursement.



Jennie L. Bricker, OSB No. 975240
Attorney for Mountain Home Water District

Direct Telephone: 503-928-0976

E-Mail: jennie@jbrickerlaw.com

818 SW Third Avenue, PMB 1517
Portland, OR 97204

Exhibit 12

**Mountain Home Water District
Account Activity (2 pages)**

Exhibit 13

Ted Pulliam Well Drilling Statement (1 page)

**Jennie Bricker
Land & Water Law**

818 SW Third Avenue, PMB 1517
Portland, Oregon 97204

Email: jennie@jbrickerlaw.com
Telephone: 503-928-0976

October 24, 2016

Public Utility Company of Oregon
Filing Center
PO Box 1088
Salem, OR 97308-1088

**Re: UM 1769
Response to Data Request Nos. 22-24**

Following are responses by the Mountain Home Water District (the “District,” or the “Company”) to Staff Request Nos. 22-24, dated October 11, 2016.

22. Please provide an update regarding the number of customers the Company currently serves.

Company Response: The Company currently provides water service to two customers, and to four households in total. Please refer to the Company’s response to DR No. 10, filed by Intervenor Mel and Connie Kroker.

23. Does the Company anticipate any current customers voluntarily terminating service? If so, please indicate who the customers are and the circumstances surrounding the customers' termination, including the timeline.

Company Response: Yes. As explained in the Company's response to Kroker DR No. 10, customers Rushmer and Weist have already constructed their own well and have terminated service. We also believe that current customer Elizabeth Kelley has sold her property at 2385 SW Buckman Road to a buyer named Nate Seymour, that Mr. Seymour purchased the property with the understanding that he would drill a well to replace the water supply provided by the District, and that he plans to drill the new well to coincide with the time the District is authorized to terminate service as determined in this proceeding.

24. Please provide documentation showing the Company's ownership of the distribution system.

Company Response: Please refer to the Company's response to DR No. 2, filed by Intervenors Mel and Connie Kroker.

/s/ Jennie L. Bricker
Jennie L. Bricker, OSB No. 975240
Attorney for Mountain Home Water District

Direct Telephone: 503-928-0976
E-Mail: jennie@jbrickerlaw.com
818 SW Third Avenue, PMB 1517
Portland, OR 97204

cc: UM 1769 Service List (electronic only)

CASE: UM 1769
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 103

**Exhibits in Support
Of Reply Testimony**

November 2, 2016

3. In reference to paragraph (d) of the District's Application for Termination, dated April 1, 2016, and submitted to the PUC, please provide:

- a. Documents relating to the construction of the well (hereinafter, the "Well") described in the first sentence as the "well serving the District's customers [which allegedly] failed and cannot be repaired;"

Company Response: The Company objects to this request as overbroad and duplicative.

Without waiving the objection, the Company responds that, in response to Staff Data Request Nos. 01-13, it provided **Exhibit 2**, the 1973 Water Well Report for the original well.

- b. Documents relating to the District's allegation that the "original drillers installed 90 feet of casing, leaving the Well open from 90 to 600 feet;"

Company Response: The Company objects to this request as duplicative. Without waiving the objection, the Company responds that the documents referenced in and attached to the response to DR No. 5, below, are responsive to this request.

- c. Documents relating to the District's allegation that "in the summer of 2015, the [District's water] "system experienced a loss of water pressure;"

Company Response: The Company has located no documents responsive to this request.

- d. Documents relating to the testing of the water pressure of the Districts' water system since 1973 including, but not limited to, where the pressure was tested and by whom;

Company Response: The Company objects to this request as duplicative, overbroad, and unduly burdensome. Without waiving the objection, the Company responds that it has no direct knowledge of the operation of the water system before 1979, when Keith Ironside purchased his property. In response to Staff Data Request Nos. 15-21, the Company provided **Exhibit 20**, Advanced Leak Detection Invoice No. 1539. In addition, the Company attaches a receipt dated October 15, 2007, as **Exhibit 28**.

- e. **Documents the District possessed as of April 1, 2016 confirming the existence of a “new well” (as alleged in the application) in the vicinity of the existing Well that supplied water to the District’s water system;**

Company Response: The Company has located no documents responsive to this request.

- f. **Documents relating to the District’s allegation that the referenced “new well” had an adverse effect or impact on the District’s water system, resulting in a “loss of water pressure;”**

Company Response: The Company has located no documents responsive to this request.

- g. **Documents the District possessed as of April 1, 2016 confirming the existence of “other wells” (as alleged in the application) in the vicinity of the Well;**

Company Response: The Company has located no documents responsive to this request.

- h. **Documents relating to the District’s allegation that the referenced “other wells” had an adverse effect or impact on the water system, resulting in a “loss of water pressure;”**

Company Response: The Company has located no documents responsive to this request.

Exhibit 28

Receipt Dated October 15, 2007 (1 page)

14. Documents confirming the total number, location, and well logs of all wells used by the District or its predecessors since 1963 to provide water to District customers.

Company Response: The Company objects to this request as vague, overbroad, duplicative, unduly burdensome, and not relevant to any issue in this proceeding. Without waiving the objection, the Company responds that it has no direct knowledge of the operation of the water system before 1979, when Keith Ironside purchased his property. In its response to Staff Data Request Nos. 1-13, the Company produced the water well report for Well No. 03814 as **Exhibit 2**; the Company believes this well was the only source of supply for the water system until its failure in March 2016. The Company explained the use of the second, temporary well, which provided water to customers while the replacement well was under construction, in its response to Staff Data Request No. 2. In its response to Staff Data Request Nos. 15-21, the Company produced the water well report for Well I.D. No. L-118525, the replacement well, as **Exhibit 19**. In addition, materials confirming registration of the replacement well with the Department of Water Resources are attached as **Exhibit 31**.

10. Documents confirming the number of houses served by the Well.

Company Response: The property tax returns attached as **Exhibit 27** include statements of the “number of current users” of the water system. The number of current users has been reported as either 6 (2009, 2010, and 2012) or 4 (2011, 2013, 2014). To clarify, the Company’s view is that the system has six *users* and four *customers*. The customers have for many years included the houses at 2391 SW Buckman Road, 2375 SW Buckman Road, 2385 SW Buckman Road, and 2333 SW Turner Road. The two additional users on the system are the houses located at 2323 SW Buckman Road and 2351 SW Buckman Road, a division of the property acquired by Keith Ironside and Gladys Beddoe in 1979. As of September 2016, the customers located at 2391 SW Buckman Road and 2375 SW Buckman Road have drilled their own, shared well and are no longer receiving water service from the Company.

16. Documents describing and locating the entire water system plant.

Company Response: Keith Ironside purchased his property in 1979, after the water system was in place. Intervenor Mel Kroker, an architect, purchased his property in 1976 and was, Keith Ironside believed, in possession of the only known as-built plans for the water system. However, despite Keith Ironside's repeated requests for the plans, Mr. Kroker only produced them during the meeting convened on May 23, 2016 in this proceeding. Therefore, please refer to the plans marked "Bel-Ridge Water System As Built Plan," dated June 1974 (1 sheet), and the "Belford Subdivision Water System Design," dated June 1973 (3 sheets), contained in the package produced by Mel Kroker on May 23, 2016.

CASE: UM 1769
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 104

**Exhibits in Support
Of Reply Testimony**

November 2, 2016

August 8, 2016

Jennie Bricker Land & Water Law
Mountain Home Water District
818 SW Third Avenue, PMB 1517
Portland, OR 97204

RE: UM 1769
Response to Data Request Nos. DR 01-09

What follows are responses by Mel and Connie Kroker, Intervenors in this docket to Data Request Nos. 01-09 submitted by applicant, Mountain Home Water District on July 22, 2016.

- 1. With regard to the statement in your Petition to Intervene, dated May 11, 2016, that termination of water service imposes an “extreme financial hardship,” please provide documentation of your annual income and your real estate and liquid cash assets, including an estimate of the value of your home at 2333 SW Turner Road and the equity available for a secured loan.**

Before we answer the question of whether or not we are required to provide the requested financial documentation, it is mandatory we put the question back in the context of the Petition to Intervene from which you have phrased the question. Question five from the Petition to Intervene asks for a statement which says, “The issues the Petitioner intends to raise at the proceeding are”. We responded with eight paragraphs stating our greatest concern: **limited time, extreme cost, and reason for abandonment.**

- Paragraph one asks, how can you take away a Public Water System we have used for *40 years* and allow only *90 days* to replace it?
- Paragraph two clearly states the three primary issues from which your question has come: *“The issues we have with the Application stem from the impossible 90 day deadline, the imposition of extreme financial hardship to a retired couple living on Social Security, and the stated reason for abandonment of the service.”*
- Paragraph three takes issue with the District’s stated *reason for abandonment of the service.*
- Paragraph four describes the approximate *time and cost* for us to reposition our designated alternate septic system.
- Paragraph five describes the *time and approximate cost* required to get power to either a shared well or one on our property by PGE.
- Paragraph six compares the Olsen Well Drilling bid we received to the *number you said that the well should cost* in the application from the same well driller and added some of the *other cost* that the well must include.
- Paragraph seven describes *what all the well drillers said* about where they needed to get access from to drill a well on our site.
- Paragraph eight summarizes the *time and approximate cost* listed in the previous six paragraphs:

"We estimate the time required to construct a well on our property is 120 days from the date of the PUC approval of the Application and will cost over \$71,000. This is a major financial hardship on our family."

The term "financial hardship" was added again to describe a general feeling of loss to our family and referenced a dollar amount of our potential loss based on our discussions with public agencies and contractors to that date. If you total up the estimated costs listed in all paragraphs of question 5 it would total \$71,960. At the time we filed the Petition to Intervene, the estimate of loss was close to twice the amount of our annual Social Security income which we used for comparison, not to suggest that we expected to apply for financial assistance like a utility rate payer unable to pay their electrical bill using an application for "Financial Hardship". That application would have posed questions like you have posed above, like our annual income, our real estate and liquid cash assets, the value of our home and the equity available for a secured loan.

This question takes the term "extreme financial hardship" completely out of context from the statement made in our Petition to Intervene. A question about our financial assets has no bearing on the PUC case for abandonment of the Public Water Utility owned and operated by the Mountain Home Water District. The District is the one causing the "extreme financial hardship" referenced in the Intervenor petition. The District is asking the PUC to allow it to stop managing a public water system which allows Keith Ironside to take away the physical *water system and the water from the ground water source* established for the benefit of all properties in 1973. If approved by the PUC, this taking of our water will be accomplished without adequately compensating the customers for the loss of value to their separate properties because, as we have been reminded several times, the PUC has nothing to do with our trying to get a settlement to mitigate our loss or even settlement negotiations between the parties. However, in getting this approval from the PUC, Keith Ironside will preserve the benefit of the entire water system for those properties he now or previously owned without a proportionate cost or loss to the almost 19 acres he has acquired over the years. This is 76% of the entire land area this water system was originally constructed for. Keith Ironside will continue to benefit from ownership of the water system he acquired in 1978 and 1979 but will be released from the responsibility of managing the public water system he acquired in those years. Our loss is *from the loss of value from our property* which we acquired by real estate contracts and Warranty Deeds in 1974. This is just the opposite of the proportionate *value increase* to Keith Ironside's land which he acquired by similar real estate contracts and Warranty Deeds in 1978 and 1979.

And finally, since this question is based on our Petition to Intervene by keying on the term, "financial hardship", it should be noted here that the District turned down our initial settlement proposal on July 22, 2016, the same day this Data Request was presented. The District's rejection imposes an additional financial hardship and even greater potential loss to our property by asking the PUC to move quickly to establish a hearing during our recent conference call on July 25th, after only a month delay on August 22nd to allow us to know whether or not we can locate a well on our own land. This action allows the District to further separate itself from the responsibility to compensate the customers for their loss. It is impossible to know what the true cost and magnitude of the loss to our property will be due to the time it will take for the public agencies to approve our alternate septic system relocation, approve the permits for all construction plans and the actual construction of the water producing facility on our land.

If the soil perk test is not approved and we can't locate a well on our property the loss of value to our property will be substantial.

The PUC does not possess jurisdiction to determine our title interests in the water system or in a dispute about the magnitude of the real and personal loss we will sustain if the abandonment application is approved. We know Case UM 1769 is about whether or not the District can stop being responsible for the management of a public water system. To go forward with this case, neither the District nor the PUC need to know the amount of our annual income, our real estate holdings, our liquid cash assets, the value of our home, and the equity available for a secured loan. Our financial assets have nothing to do with the magnitude of the loss imposed by the District on our health, and loss of value to our property by taking our water away. Per the requirements of 860-001-0540 (1) we respectfully object to your requesting disclosure of our financial assets by taking our comment "extreme financial hardship" out of the context it was intended to convey in our Petition to Intervene.

2. Please explain your position that you have an enforceable right to continue receiving water service from the District, and provide any contract, real estate, or other documents that support your position.

It is important we understand the specific words you have used to phrase the question. To my knowledge we have never said *we have an enforceable right to continue receiving water service from the District*. What we have said is we have an enforceable *right to the water delivered by the water system* first constructed as a public water system in 1973. We purchased our property in 1974 to allow construction of our home in 1976. We could not have received a building permit to construct our home without a connection to this specific public water system.

We signed a real estate contract to purchase the property for our home on December 01, 1974 which was recorded December 24, 1974 as number 74-35545 in Clackamas County which included a specific paragraph conveying the right to the water system owned by the seller, G. Dale Belford known as the Bel-Ridge Water System. According to Well Log #03814, the well that established the Bel-Ridge Water System was installed August 17, 1973. The purpose of the well was to supply the water to a proposed 25 lot Subdivision being developed by Mr. Belford along with a smaller 2 lot Subdivision to the North named The Bel-Ridge Subdivision. The original 2 lots of the Bel-Ridge Subdivision are now owned by Robert Wiest at 2375 SW Buckman Road and Don Rushmer at 2395 SW Buckman Road.

Each lot in the proposed subdivision was going to be approximately one acre. Our lot was larger at 1.945 acres and is accessed from the bottom of the hill from SW Turner Road. As part of the sale, Mr. Belford granted a restrictive easement through his land for the water line serving our property from a 6" water main in the 50 foot wide private access drive filed March 14, 1974; Clackamas County records number 74-6127. The restrictive easement also includes a water line easement across Mr. Belford's property he acquired in bargain and sale deed 73-39756. Part of that property is now owned by Elizabeth Kelley at 2385 SW Buckman Road.

While many elements of the Mountain Home Water District's system has changed over time due to use, age, and maintenance including pumps, pipes, pressure tanks, pump houses and electrical service, the

well, the water main, the restrictive easement, the water line to our residence and the basic source of the water in the system continues to perform today and is our legal right to use based on our original contract with G. Dale Belford.

3. Please explain and provide documentation, including documentation from the state or county, regarding why it is not feasible to drill a well on your property without making changes to your septic system and/or drain field.

We own Tax Lots 2000 and 2106. The short answer is, there is no point on our two lots that a well can be installed due to required clearances to all the improvements like the house and the existing septic system on Tax Lot 2000, and on Tax Lot 2106 where the designated alternate septic system is located. Additionally, the location of a well is constrained because of the steep terrain, limited truck access, and the location of major trees covering over half of the property. If we can't remove the designated alternate drain field requirement we will not be able to construct a well on our property.

On May 5, 2016, I met with Edgar Diaz, Soil Scientist in the Septic & Onsite Wastewater Systems Program at Clackamas County as part of my research to determine if we could remove the designated alternate drain field from Tax Lot 2106 to allow construction of a well on that site. While reviewing the original 1976 septic permits with Mr. Diaz, I was reminded that the original drain field installed on our lot in 1976 was rejected by the plumbing inspector. He requested an assessment from a Subsurface Sewage Disposal Specialist. The specialist wrote a letter December 9, 1976 which stipulated that the last drain field down the hill would have to be abandoned. He said an additional drain field did not need to be installed. However, if the drain field that remained should fail, an effluent lift pump must be installed to pump the sewage up the hill to a designated alternate drain field installed along the north property line or perhaps on the northerly adjacent tax lot if suitable arrangements could be made. The north line of our lot slopes a fair amount and forms a sharp angle with the west line of the lot. An alternate drain field was not possible along the north line of Tax Lot 2000.

A year later in 1977 we signed a land purchase contract for three acres from G. Dale Belford north of our original lot which today is Tax Lot 1900 now owned by Elizabeth Kelley. We planted fir trees along the north line along with several fruit trees and planted a garden for several years. In 1983, we were unable to continue purchasing the land so we signed a three party letter of agreement where we Quit Claimed the land back to Mr. Belford, Mr. Belford sold the land to Billy Renz, Billy Renz Quit Claimed one-fourth of an acre back to us. The result is Tax Lot 2106.

During the first week in May, 2002 we had our septic tank pumped by the Enviroclear Company from Oregon City for routine maintenance. As part of that service they recommended we needed to replace our rusted metal septic tank with a new 1000 gallon concrete tank. The new tank was connected to the existing drain field which was still working after 26 years. As part of the May 9, 2002 permit for this work, we had Enviroclear install a new PVC sewer line up the hill to the center of Tax Lot 2106. It is now officially our designated alternate drain field location.

On May 5, 2016 Mr. Diaz said the only way we could move the designated alternate drain field back to Tax Lot 2000 was to install an Alternate Treatment Technology (ATT) system because that would allow

us to reduce the length of the required drain field to less than half normally required. Mr. Diaz recommended an Orenco AdvanTex Treatment System that is approved in Clackamas County. He said the permits for the ATT system may require 60 to 90 days or longer. Our research into the AdvanTex system suggested it may cost around \$10,000. (We now know the estimate could be as much as three times that amount) We then added 60 to 90 days time and that number to the fourth paragraph of question five of our Petition to Intervene.

On May 10th Mr. Diaz said we would have to hire a specialist who would be responsible for installing the ATT system. The specialist would design the system based on the outcome of a soil perk test located adjacent to the existing drain field. The application for a soil perk test required submitting a site plan which we have attached here as Exhibit 3.1, which also shows where the proposed well is located.

4. Please provide the names of all contractors you have contacted regarding the work necessary to make alterations to your septic system and/or drain field, together with any estimates or proposals you have received for performing the work.

After my meeting with Mr. Diaz on May 10, 2016, I located an installer-dealer for the Orenco AdvanTex ATT system, Jerry Rainwater, President of J.D. Rainwater Inc. He came to our house several times and described the system and accessories required to complete the system and helped develop the concept resulting in the soil perk test site plan turned in for the perk test permit on June 9, 2016. See Exhibit 3.1. The permit cost was \$835. Jerry came out to our site and dug the test pits on June 17, 2016 for \$500. On July 23, 2016 a day after receiving this Data Request, I sent Jerry the email below asking him to confirm his previous verbal estimate.

Hi, Jerry, Thanks for taking my call today. As we discussed, I'm getting pressure from the Mountain Home Water District's attorney to provide bids for the Orenco ATT system we have been discussing for my property. I only have a few days to assemble the various bids and estimates. Please send back an email or attach one of your standard estimate proposals on letterhead to an email with a brief description of the price range and equipment we discussed last month. Please add any disclaimer you wish to say this is not a bid because the actual price can only be determined after we know what the County says about the test pits. Thanks, Jerry. Mel Kroker

Mel,

As we discussed, the cost of installing an AdvanTex AX 20 RT ATT septic system with 150 feet of drain field would be \$18,000 to \$30,000 depending on soil conditions, electrical costs, and your current tank condition. Permit costs will vary depending on evaluation by county.

J.D. Rainwater Inc.
CCB 154141
DEQ 38365
Jerry Rainwater President
503-349-1892

- 5. Please explain and provide documentation (including, without limitation, maps, diagrams, and statements from well drillers) regarding why it is not possible to access your future well site from Turner Road, without crossing or requiring rights-of-way from property owned by others.**

First, we offer a verbal description of our property in lieu of a map because a single map could not describe the conditions we presented to the well drillers on the day they visited our site. Our property includes two Tax Lots accessed from SW Turner Road. Tax Lot 2000 is 1.75 acres that contains our house, the septic system, the drain field and over 3/4th of an acre of 30% sloped land covered with trees. Elevation grade change from the lowest to highest property corners is 110 vertical feet with the house located approximately at elevation 420. Over 1/3 of an acre of Tax Lot 2000 contains an easement for one half of the 60 feet wide Right-of-Way for SW Turner Road along 525 feet of frontage on the south side of the property. The second Lot is Tax Lot 2106 which has no street frontage and abuts Tax Lot 1900 to the North. The approximate distance of the potential well head to the Kelley's existing drain field on Tax Lot 1900 is about 130 feet. Tax Lot 2106 contains 1/4th of an acre in a more gradual slope with a few fruit trees. There is only one possible well head site on Tax Lot 2106 that will meet the setback requirements of 100 feet from our existing septic system drain field that has adequate clearance to our property line, and sufficient elevation relative to surrounding grade and the Pump House location. An issue does exist for the 100 foot clearance requirement to the alternate drain field that was constructed 14 years ago when we had our septic system rebuilt and a 1" plastic pipe installed near the center of Tax Lot 2106. That distance is less than 50 feet.

Until June 01, 2016, we were investigating both a well on our property and a shared well with Elizabeth Kelley because we needed to have some flexibility if either option turned out not to be feasible. On June 01, 2016 we learned Elizabeth Kelley was no longer an Intervenor and said she was going to drill her own well. We immediately began focusing on a well on our own property. After each contractor's visit, I wrote a memo summarizing the discussion. Two of the memos occurred before June first and two were after. In all cases, if the alternate drain field cannot be relocated back next to the existing drain field on Tax Lot 2000, a new well cannot be located on our property.

Thursday March 31, 2016 Vance Wagner from Olsen Well Drilling came by to do an onsite prebid review. He came from a site on SW Borland Road at the end of SW Turner Road where they had moved their drill rig after moving off the Ironside site the day before. We walked up the hill from the top of the driveway next to the house. He said his trucks would never make it up the hill on the grass covered path due to the weight and large superstructure of the drilling rig positioned over the truck cab. If the grass path was covered in gravel and graded like a road they may make it up the hill but they would have to turn around at the top of the hill to back the drill rig over the intended well location. There was not enough area next to the well site to do that because of the apple trees and large boulders positioned along the edge of the garden. Because he was familiar with Ironside's access drive and gate off of Buckman Road he preferred to access our well site from the Ironside driveway and proceed across Kelley property to the well site. He said there would be an extra charge of \$500 for traction mats if the drilling site is not accessible due to rain or other limitations. He said we would have to mow the field grass on Kelley property and would not be responsible for damage to the Ironside driveway or the Kelley property.

Wednesday April 13, 2016 Site walk with Steve Stadel, President of Westerberg Drilling Inc. During our site reconnaissance, we reviewed Tax Lot maps, site grading maps, and several small site plans of our house and site. We discussed whether or not the gravel drive way is adequate for the 63 ton well drilling rig and whether or not the grass covered path up the hill across our existing septic system drain field would be impacted from the truck traffic up the hill. It was decided the driveway may be OK but the grass path is not configured to allow the additional equipment and trucks to come and go during the drilling operation. Steve preferred access to the well site across Kelly property after first coming through the Ironside private gate. Any estimate must include a contingency to remediate disturbance to the Ironside driveway and potential damage to the Kelley property open space. This will include an initial mowing and brush removal on the open land plus distribution and compaction of a rock and gravel apron at the edge of the paved driveway and its removal after the well construction is done. All truck tire ruts across Kelley land must be regraded to pre construction conditions.

Saturday July 16, 2016 Steve Stadel of Westerberg Drilling, Inc. came for a second time to focus on getting access from our driveway to our proposed well site. The maple tree and dogwood tree on both sides of the path near the driveway must be trimmed back substantially or the maple tree may have to be removed. All grass must be removed in an area 12 feet wide 550 feet long to enable installation of a rock sub base for the road. The road will turn onto the level garden area mid way up the hill, travel east to for about 200 feet, turn north through a sweeping curve forming a "U" in front of the well site, and widen at the well site to accommodate both well drilling rigs backing into the well site. The road will turn westerly for another 150 feet forming a loop which will return down the hill to the top of the driveway. This will require the removal of one of our apple trees and will force us to move the garden to the island in the middle of the loop road. We will move several tons of large rock at the upper NW corner of T.L. 2000 which we temporarily placed there 16 years ago. A 5' deep X10'X15' pit must be excavated near the property line between our lot and T.L. 1900 for the water, dirt, and rock from the drilling operation. We must create an overflow channel from the pit to our property corner near the back patio of the house to make sure we do not flood the patio and the crawl space under the kitchen floor. A similar size pit must be dug to install a 1500 gallon cistern between the well head and the pump house.

Tuesday July 26, 2016 Terry Rinkes, President of Terry Rinkes Tractor Work came by to walk the site and review the site maps and aerial photo I had developed from Steve Stadel's visit July 16, 2016. He will construct the access road to the well site on Tax Lot 2106 and the loop road back down to the top of the driveway. He will excavate and fill the pit that Westerberg Drilling needs to empty the water, dirt and rock into while drilling the well. He will also excavate for the concrete cistern, and the pump house, along with trenches for both water and electrical service for the well. His bid is attached as [Exhibit 5.1](#)

- 6. Please explain and provide documentation (including, without limitation, statements from Portland General Electric Company) regarding why it is not possible to route electrical service from Turner Road to serve your future well, without crossing or requiring rights-of-way from property owned by others.**

There is no need to provide a statement from PGE because there has never been a power line in front of our house on 2333 SW Turner Road either on a power pole or under the ground. Due to a

shift in focus toward a well on our own property and the extreme time delay and cost presented by trying to work with PGE for a separate electrical service for the well, we are currently contemplating making major modifications to our existing electrical panels to power our well. Power required for either a shared well or separate well is a 60 Amp sub panel in the pump house. The following memo describes our existing service and some of the ideas being considered for reduction of electrical cost to operate the well over the long term:

On Wednesday May 04, 2016 I wrote this memo to document the research I was doing for either a single and/or a shared well for later discussion with PGE. It was originally prepared for a discussion I was having with Jordan Weisman of Sunbridge Solar to investigate the possibilities of installing a solar system either for our well or on Elizabeth Kelley's land for a shared well. The solar system would have qualified for a limited but still attractive financial return under the rate tariff schedule of the net metering program. I was also interested in trying to get PGE to allow us to use the Off Peak Hours rate schedule for the well pump system which is a fraction of the cost of daytime hourly rates. This would have been possible by installing a reservoir tank in the ground so that a full days water was stored after letting the pump only operate at night. The result would be that a smaller well pump could handle both houses and or could provide water for over a week during a power failure if the storage reservoir is located uphill of the house in the case of the well on our property.

We don't know what the baseline cost would be for getting power to the 2 different well sites. I called an Electrician that is so busy he can't come to talk about it until May 10th. Here is a description of our situation and what I think the issues are for either a shared well or a well on our property. In 1974 our power came underground to a pad mounted transformer 750 feet from the bottom of a power pole that has a transformer and an overhead power line at the end of SW Buckman Road. 330 feet of that service is in an easement in a 50 foot wide access drive. At that point the service turns off the drive near the proposed shared well site and crosses the shared well neighbor's land in an easement given to PGE in 1978 for another 220 feet to our property line, then another 100 feet to the transformer pad on our property.

For the well located on our property, our approach was to start at the existing on-site transformer and install a second service to the pump house back up the hill approximately 100 feet away. We are required to provide the 3 feet deep trench per PGE requirements along with the conduit, wire, backfill, and meter base. PGE will require 60 days to come up with the design. If we want an emergency generator we must also provide an appropriate transfer switch and all the "goodies" to make that work. I don't have a guess as to what that would cost. I am considering placing a large reservoir tank near the pump house to store the water for 2 to 3 days to use in addition to the pressure tank and provide timer controls on the pump circuit to limit the time of use to the off peak hours of PGE rate schedules. But, I have found out PGE only allows commercial customers to use this rate schedule according to their Web Site so that idea is a bust.

For the shared well proposal on the neighbor's property (near the turning point of the existing power off the 50 foot wide access drive) I don't know if PGE could intersect the power line that comes on down the hill to our transformer and add a second transformer or add a new service and meter base to the shared well pump house or not. If so, then no major new trenching and power service is required and the baseline cost would not be outrageous. If not, then a new 330 foot long trench with all new service

equipment from the power pole at the end of SW Buckman Road would be a major baseline cost added to the shared well.

7. Please provide the names of all well drillers you have contacted regarding construction of a new well serving your property, together with any estimates or proposals you have received for performing the work.

We asked two well drilling contractors to provide bids. In both cases we asked them to provide a complete bid for drilling the well, providing the utility offset going from the well head to the pump house, and all the pumps, tanks, and equipment necessary to complete a water service. Each bidder listed any service or equipment that was needed for a complete system that was not included in their bid.

Wednesday March 30, 2016 just two days after the District called for the meeting to describe the Application for Abandonment to the customers. I called Olsen Well Drilling & Pumps at 2:55 PM from a phone number on the side of the well drilling truck taken just before I went into the onsite meeting. I spoke with Adele Olsen, owner of the company. I asked to have someone from their company come to our house to see what the cost of a well would be on our property. She said she would have Vance Wagner call us later tonight. I asked what the status of the well drilling was at the Ironside site and she said they had moved the truck and equipment off the site today. I asked what their backlog for drilling was. She said there are 3 or 4 jobs on the docket at this time. I asked what the size of the Ironside well was. She said it was 6" but they had to use a larger size to drill through the basalt rock midway down which was why it took so long to drill the well. Vance Wagner called back around 7:00 PM to set up a meeting on our site tomorrow at 10:00 AM. See DR 5 for a summary of Vance Wagner's site visit.

April 06, 2016 see Exhibit 7.1, for Drilling well and 18 gpm Pump (Does not include Offset to house)

Steve Stadel of Westerberg Drilling Inc. came to our site several times and has been outstanding in support of our search for information about the complicated process and costs associated with installing a well. See DR 5 for two of the several times he came to our home.

April 18, 2016 see Exhibit 7.2, for Drilling Well

April 18, 2016 see Exhibit 7.3, for 20 gpm 5 hp Pump and Offset

April 28, 2016 see Exhibit 7.4, for 15 gpm 3 hp Pump and Offset

June 07, 2016 see Exhibit 7.5, for 15 gpm 3 hp Well Pump to Supply Reservoir

June 07, 2016 see Exhibit 7.6, for 1500 gal Reservoir and 25 gpm Pump to Pressure Tank

June 07, 2016 see Exhibit 7.7, for 20 gpm 5 hp Variable Speed (stand alone) Pump System

8. Is it feasible for you to share a well system with former intervenor and District customer Elizabeth Kelley? If it is not feasible, please explain why.

Squeezed between the words "feasible" and "not feasible" on the truth gauge are answers to thousands of questions that are still pending and some that have not yet been asked. We have lived here for 40 years. Until the March 28, 2016 meeting in the Ironside barn, I can safely say we have never interacted with Elizabeth or members of the Kelley family since we met in the open field between our properties

soon after they moved in 15 years ago. Essentially, our search to determine the feasibility of sharing a well with Elizabeth started by exchanging phone numbers with her on March 28, 2016. We met on her deck two days later and began a journey that has progressed differently for each of us during the last four months.

Until the May 23, 2016 meeting at the Wilsonville Library we were in lock step trying to work on a shared well concept. It was decided at the meeting that the District would negotiate a settlement with each one of us separately. This move started to squeeze the "feasibility" needle toward the "not feasible" side, because, how can two neighbors get a fair settlement for each of their respective properties or a shared well if they are not at the negotiating table together? The next morning at 9:27 Elizabeth sent an email stating "I think it is apparent that moving forward with our own wells is the next step." Wow, the needle just slammed into the non feasibility side of the gauge and then slowly bounced back toward the middle. The staff report came out on May 25, 2016 and stated that we would be able to "reach agreement" but we knew it was incorrect and stated as such in our response on June 1, 2016. But the needle was not through moving. It pegged all the way to "not feasible" On June 1, 2016 when Elizabeth sent the email stating "I have decided to dig my own well and no longer wanted to be an intervener on case UM 1769. Please remove me from the list." (And, yes, the word have is underlined in the email).

Moving forward to the recent conference call on July 25, 2016, Elizabeth was asked what her situation was for installing a well. She said she couldn't get financing on her own, so she has turned everything over to Jeff to get the well in place. They were planning to drill their own well but are now waiting to see what Mel's decision is. Jennie asked, is the well location for your own or a shared well the same? Elizabeth said, yes. We talked to the same well driller as Mel. Jennie asked, how much time for the driller to start? We didn't hear Elizabeth's answer. I asked Elizabeth if she had discussed a settlement with Jennie. Elizabeth said, yes I have talked to Jennie. Later in the call Elizabeth said she wanted to meet with Jennie. She said, "I don't have time or money. I don't want to go the hearing route. Can't we wait for Mel?"

Later in my memo about the conference call I said, "Based on the discussion during this call, we still do not know if Elizabeth has settled with Keith Ironside or not or if her decision to withdraw as an Intervenor is somehow related to that ongoing settlement discussion. During this call we mentioned that our proposal for settlement was turned down by Keith Ironside on July 22nd. Jennie said her client is not responsible for us having a well for zero cost and that her client wants to go forward with a hearing."

So, unless something drastic occurs in the process that we are all going through, Elizabeth is on one end of the scale and we are on the other. The District's maneuver to negotiate settlements separately has effectively kept the needle pegged to the "not feasible" side. Until we get approval to move our alternate septic system drain field and are allowed to install a well on our land we are not interested in continuing to spend any energy toward a shared well.

- 9. If there are other reasons (not covered in your responses to Request Nos. 1 through 8, above) that it would be difficult, cost-prohibitive, or infeasible to secure an independent or shared water supply for your property, please provide a summary of those reasons.**

The primary reason *not covered in our responses* to Request Nos. 1 through 8, is the lack of a statement of the facts demonstrating the *immense difficulty, the prohibitive cost*, and in our case the *potential infeasibility* of constructing a well on our property or sharing a well with Elizabeth Kelley. It is likely the reason for question nine is to satisfy the statement made by the District in the Application To Terminate Water Service And Abandon Water Utility, paragraph (f) in compliance with 860-036-0708 Approval Requirements for the Termination of Water Service, Abandonment, or Disposal of a Water Utility (2) (d) (e) and (f). Paragraph (f) requires: ***"A description of the customers' alternative water service options and estimated, average customer cost for each option;"***

Paraphrasing the District response in paragraph (f), it said each customers property is large enough for a separate well, the estimated cost will be approximately \$30,000, there are many alternative options including drilling one or more shared wells, or arranging water delivery from an existing well on adjacent property. However, in conflict with what the approval requirements in 860-036-0708 (2) (f) require, the District said, *"The cost of each alternative is not possible to estimate."*

What we have learned over the last four months since the Application was filed on April 1, 2016 is this:

- Only Elizabeth Kelley's property is large enough to install a well.
- None of the adjacent neighbors to the four affected customers are able to share their wells.
- We now can estimate that the average customer cost for a well is \$70,000, not \$30,000

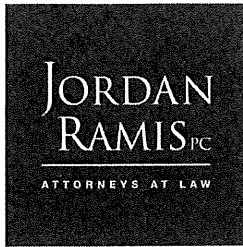
Our summary statement to question nine from the questions and answers from the first eight questions is, yes, there are *immense difficulties, a prohibitive cost, and potential infeasibility* of constructing a well on our property.

Mel and Connie Kroker
UM 1769 - Intervener

Mel Kroker Connie Kroker
(Signatures provided on Hard Copies for mailing)

(H) (503) 638-7755
(M) (503) 860-4078
mkarch@frontier.com

2333 SW Turner Road
West Linn, OR 97068



Lake Oswego
Two Centerpointe Dr., 6th Floor
Lake Oswego, OR 97035
503-598-7070
www.jordanramis.com

Vancouver
1499 SE Tech Center Pl., #380
Vancouver, WA 98683
360-567-3900

Bend
360 SW Bond St., Suite 510
Bend, OR 97702
541-550-7900

VIA E-MAIL & FIRST CLASS MAIL

October 11, 2016

Jennie Bricker
Land & Water Law
818 SW Third Ave PMB 1517
Portland OR 97204

Re: PUC Docket No. UM 1769
Response to Data Request Nos. DR 10-19
Our File No. 53364-74986

What follows are responses by Mel and Connie Kroker, ("Intervenors") in this docket to Data Request Nos. 10-19 submitted by applicant, Mountain Home Water District, on September 27, 2016.

- 10. Please explain in detail the results of drainfield-related inspections, assessments, and testing conducted by Clackamas County on your property since March 28, 2016, and produce any written report or other records prepared in connection with such inspections, assessments, and testing.**

Intervenors received the approving soil evaluation (application SE026416) from Edgar Diaz Soil Scientist from Clackamas County on August 25, 2016. The approval allows Intervenors to move the designated alternate drain field from Tax Lot 2106 to Tax Lot 2000. A copy of the approval is attached here as Exhibit 1. This approval is site specific and, therefore, only allows using the alternate site on Tax Lot 2000 for a reduced size drain field connected to a State of Oregon DEQ approved ATT septic system.

- 11. Will Clackamas County require you to relocate your existing drainfield in order to construct a drinking water well on your property? If so, please produce documentation from Clackamas County confirming and explaining this requirement, and include an explanation of why it is necessary to relocate the drainfield now, if the existing drainfield is still operational.**

No.

- 12. Will Clackamas County require you to install an "Alternate Treatment Technology" system in order to construct a drinking water well on your property? If so, please produce documentation from Clackamas County confirming and explaining this requirement, and include an explanation of why it is necessary to install an ATT system now, if the existing drainfield is still operational.**

See answers to DR 10 and DR 11 and Exhibit 1. The ATT system does not have to be installed unless the existing drainfield fails (a) prior to the completion of a new well, (b) during the completion



Jennie Bricker
October 11, 2016
Page 2

of a new well, or (c) after the completion of the new well should such activities be determined to be the cause of the failure. In order to complete a new well, Intervenor must construct an access road to the new well site on Tax Lot 2106. Such a road is required to allow construction of the well without crossing Keith Ironside's or Elizabeth Kelley's property. See Exhibit 2 for a bid to construct the road and prepare the well site on Tax Lot 2106. During construction of the access road, and subsequent well drilling, Intervenor's contractors will be required to lay down steel plates over the existing drainfield in an effort to avoid damage to the same from the traffic of heavy equipment. If the existing drain field is damaged during the installation of the well, Intervenor will be required to install ATT system and alternate drain field. If that happens, the full expense of installing the ATT system will be added to the cost of installing the well on Intervenor's property.

- 13. In considering whether and in what location to site a drinking water well on your property, have you examined the feasibility of requesting approval from the Oregon Water Resources Department, under OAR 690-200-0021, to depart from normal setback standards? If so, please explain the results of your examination. If not, please explain why you have not done so.**

Please refer to the answers Intervenor provided to DR-05 on August 8, 2016 in which Intervenor described their property in detail and the opinion of two well drillers as to where they could locate a well. Given the existing site constraints, there is no reason Intervenor should "examine the feasibility of requesting approval from the OWRD, under OAR 690-200-0021, to depart from normal setback standards" as there are no "alternative technologies or methods not addressed" in OAR 690-200-0021 that still would allow for the construction of a well contrary to those standards imposed under OAR 690-210-0030.

- 14. In considering whether and in what location to site a drinking water well on your property, have you examined the feasibility of locating a well within the area marked "A" on the attached copy of your diagram, "Exhibit 3.1"? If so, please explain the results of your examination. If not, please explain why you have not done so.**

Yes, Intervenor has examined this location. It is closer than 100 feet to both items (1) and (5) as identified on the diagram and corresponding notes on Exhibit 3.1.

- 15. In considering whether and in what location to site a drinking water well on your property, have you examined the feasibility of locating a well within the area marked "B" on the attached copy of your diagram, "Exhibit 3.1"? If so, please explain the results of your examination. If not, please explain why you have not done so.**

No, because such area is simply not accessible to a drilling rig and related equipment.



Jennie Bricker
 October 11, 2016
 Page 3

- 16. In considering whether and in what location to site a drinking water well on your property, have you examined the feasibility of locating a well within the area marked "C" on the attached copy of your diagram, "Exhibit 3.1"? If so, please explain the results of your examination. If not, please explain why you have not done so.**

Yes, Intervenor's examined this location with both well drillers during their site visits. It is not feasible to drill a well behind the 18 foot high stone retaining wall. The well drillers also confirmed to Intervenor's at that time that they could not locate the well in Intervenor's driveway.

- 17. In considering whether and in what location to site a drinking water well on your property, have you examined the feasibility of locating a well adjacent to Turner Road, after excavating a portion of the embankment to create a level drilling pad? If so, please explain the results of your examination. If not, please explain why you have not done so.**

It is physically impossible to provide a level drilling pad next to Turner Road that a 63,000 pound drilling truck and another water and pipe truck could fit side by side or end to end to drill a well.

- 18. Please provide the exact dimensions and location of the designated alternate drainfield in Tax Lot 2106. Please attach a map or diagram, if available.**

Please refer to the lot line dimensions shown on the Soil Evaluation Plot Plan for Tax Lot 2106 (Exhibit 3.1). The entire Tax Lot was designated as the alternate drain field. The original drain field is shown as Item (5) on the plot plan. It consists of three drain lines (at lengths of 105 feet each) running parallel and spaced 10 feet apart. With the understanding that the alternate drainfield must assume the same dimensions as the original, the original would barely fit on Tax Lot 2106 and would also require the removal of several trees. In addition, the north and west property lines of Tax Lot 2106 contain a row of 110 feet high fir trees of more than 40 years in age, each possessing a large root base.

- 19. In your response to Data Request No.5, you refer to a "1500 gallon cistern." In your response to Data Request No.6, you refer to a "reservoir tank." Please explain whether the "cistern" and the "tank" refer to the same structure. Please explain why you intend to incorporate a cistern and/or tank into your water supply system.**

The cistern and the tank are the same structure. Intervenor's must incorporate water storage in any water supply system for the following reasons:

1. In recognition of the water system guidelines on page 9 of "Managing Water Use" in, Construction, Operation, Maintenance and Abandonment of Private wells in Oregon, published in 2015 jointly by The Oregon Water Resources Department and the Oregon Drinking Water Services Program of the Oregon Health Authority.
2. Intervenor's were informed by both well drillers that they could lengthen the life of the well pump and reduce pump installation, power, and maintenance costs if Intervenor's reduced the size of the pump and added storage. The well drillers further indicated that when the system calls for water,

JORDAN RAMIS PC
ATTORNEYS AT LAW

Jennie Bricker
October 11, 2016
Page 4

a smaller pump stays on longer to fulfill the need, thereby reducing the start and stop cycle which tends to wear out the windings on the pump. A smaller pump also takes less electricity to run. A storage tank of course lengthens the life of the pump as it does not require that pump run continuously.

3. A well and storage facility located 40 to 50 feet above the level of the house will allow the stored water to "gravity feed" to the house if necessary. In addition, the storage provides an emergency water supply (given there would be no other water supply available) that could last for two to three weeks in the advent of pump maintenance or a power failure.

Sincerely,

JORDAN RAMIS PC



Peter D. Mohr

Admitted in Oregon, Washington, and Colorado

Peter.Mohr@jordanramis.com

OR Direct Dial (503) 598-5529

Enclosures

cc: UM 1769 Service List (by electronic mail)

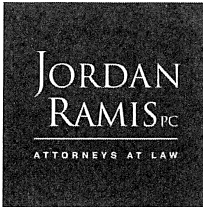
CASE: UM 1769
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 105

**Exhibits in Support
Of Reply Testimony**

November 2, 2016



Lake Oswego
Two Centerpointe Dr., 6th Floor
Lake Oswego, OR 97035
503-598-7070
www.jordanramis.com

Vancouver
1499 SE Tech Center Pl., #380
Vancouver, WA 98683
360-567-3900

Bend
360 SW Bond St., Suite 510
Bend, OR 97702
541-550-7900

VIA E-MAIL & FIRST CLASS MAIL

October 12, 2016

Public Utility Commission of Oregon
Filing Center
PO Box 1088
Salem OR 97308-1088

Re: **PUC Docket No. UM 1769**
Response to Data Request Nos. DR 2-5

What follows are responses by Mel and Connie Kroker (hereinafter "Intervenors") in this docket to Staff Data Request Nos. 2-4, dated September 27, 2016, and Staff Data Request No. 5, dated October 4, 2016.

- 2. Please provide a status update regarding the viability of a well located on your property.**

Intervenors provided status updates regarding the viability of a well located on the property in response to Mountain Home Water Districts DR Nos 10 and 12.

JORDAN RAMIS PC
ATTORNEYS AT LAW

Public Utility Commission of Oregon
October 12, 2016
Page 2

3. **Please provide a description, and include any relevant documentation, of all of the options considered regarding obtaining private water service for your property. Documentation should include the most current contractor bids showing all parts of the water system/s (drilling, electric, pumps, etc.), as well as other options that may have been considered. Please state the reasons those options were not selected.**

Intervenors considered the options of a shared well with Elizabeth Kelley and construction of a private well on Intervenors' land.

Option 1: Completion of a Shared Well

Elizabeth Kelley elected to construct a private well on her own property and informed Intervenors of her decision. As a result, Intervenors have concentrated on construction of their own private water system. A detailed description of the feasibility of sharing a well with Ms. Kelley was supplied pursuant to Mountain Home Water District's DR 08.

Option 2: Completion of a New Well

Intervenors' previously supplied the name and bid information for the Orenco AdvanTex ATT System Installer in response to Mountain Home Water District's DR No. 04. Intervenors previously supplied information relating to contractors and their respective bids, in response to Mountain Home Water District's DR Nos. 05-07, and 09, and all previously acquired bids were attached thereto as Exhibits 5.1 and 7.1 through 7.7. These previously supplied bids were only valid for 30 days.

An overview of the cost estimate is as follows:

A summary of the well completion estimates is as follows: Application for soil evaluation at Clackamas County and digging/refilling test pits	Paid	1,350
Site prep clearing, removal of two apple trees, and general labor during construction	Est	1,500
Well site access road, pits for drilling, cistern, and trenching for water to house (Exhibit 5.1)	Bid	6,550
Three week rental for 8X10 steel plates for crossing existing 40 year old drain field with drill rigs	Est	3,700
Drill 500 feet deep well with 6" steel casing (Exhibit 7.2)	Bid	27,950
Well Pmp system 3HP 15 GPM, 1-1/4" SS drop pipe (Exhibit 7.5)	Bid	11,850
1500 gallon concrete cistern, 25 GPM cistern pump to 81 gallon pressure tank (Exhibit 7.6)	Bid	11,900
Pump house	Est	3,000
Directional bore water pipe and electrical conduit from pump house to residence	Est	2,500
Plumbing connection to existing water line at residence foundation	Est	700
Electrical 60 Amp sub panel in pump house from modified main panel in house 170 feet wire length	Est	3,000
Permits and fees	Est	1,000
Estimated cost of water system	Total	75,000

JORDAN RAMIS PC
ATTORNEYS AT LAW

Public Utility Commission of Oregon
October 12, 2016
Page 3

4. **Please provide documentation showing any payments above the normal service rate to the Company for repairs and maintenance. Examples of documentation may include redacted copies of canceled checks, bank statements, receipts, and bills or requests for payment from the Company.**

Intervenors located two payments made above the normal service rate. In June 1994, an overpayment was made in the amount of \$466.00. Correspondence from Keith Ironside detailing such overpayment is attached hereto as Exhibit 1. In April 2009, an overpayment was made in the amount of \$493.59. An invoice detailing this amount is attached hereto as Exhibit 2.

JORDAN RAMIS PC
ATTORNEYS AT LAW

Public Utility Commission of Oregon
October 12, 2016
Page 4

5. **Please provide copies of the Krokors' responses to all Data Requests and inquiries submitted by all other parties in this proceeding. This is an ongoing request.**

Intervenor's response to Mountain Home Water Districts DR Nos. 01-09 were supplied to Staff on August 8, 2016, and Intervenor's response to Mountain Home Water Districts DR Nos. 10-19 were supplied to Staff on October 11, 2016.

Sincerely,

JORDAN RAMIS PC



Peter D. Mohr
Admitted in Oregon, Washington, and Colorado
Peter.Mohr@jordanramis.com
OR Direct Dial (503) 598-5529

Enclosures

cc: UM 1769 Service List (by electronic mail)

June 2, 1994

To Mountain Home Water District Home Owners;

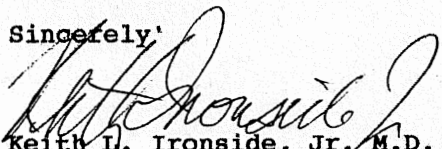
The pump in the well is approximately 20 years old, as far as we can tell. We have been having periodic maintenance on the well. The pump service has informed us that the well is starting to become inefficient, which suggests to him that the pump is old, wearing, and in danger of failing at some time in the near future.

As a result, we would like to have an elective well maintenance, including pump change, this summer. The total estimate for this would be \$3262.13. This estimate does not include pipe, wire or check valves down the well. I would estimate that some of the pipe may be aged and rusted and cannot be screwed back together again. In addition, the check valves have failed in the not too distant past and have been replaced in the upper portion of the well.

We are requesting an equal burden from each household in the water district. This would be \$466 per home. This is based on the distribution of cost over the seven houses that are in the well district. Two of the well district owners have two houses and we will request that they both reimburse two shares.

When we have received the money for well maintenance and replacement of the pump, we will authorize Steve's Pump Service to replace the well pump.

Sincerely,


Keith L. Ironside, Jr. M.D.

466
x 240
706
PAID 1/31/95 #472

sent 6-3-94

Exhibit 1
Page 1 of 1

June 2, 1994

MOUNTAIN HOME WATER DISTRICT

c/o Keith Ironside
2323 SW Buckman Road
West Linn, OR 97068

Invoice

DATE	INVOICE #
4/15/2009	1205

BILL TO
MEL KROKER 2333 SW Turner Road West Linn, OR 97068

DESCRIPTION	AMOUNT
Water Service for the Month of JANUARY 2009	100.00
Water Service for the Month of FEBRUARY 2009	100.00
Water Service for the Month of MARCH 2009	100.00
To Mountain Home Water Customers:	
<p>Thanks to Robert Wiest & Don Rushmer for helping with the work of fixing the power line in December and sharing the costs. That is appreciated. Next, we need to pull the pipes and put in some new check valves plus a sounding tube REQUIRED by the state. That will cost \$2070.85. Then in late summer, we need to put the power line under ground so that we do not have another loss of power/water as we have had for two years. I have consulted with the power company, they have given me the name of the 'inexpensive' contractor. What the cost will be is yet to be determined. Mel Kroker is helping me with location of the pipes, thanks Mel. In addition, the state now requires a quarterly testing of the water, which must be received by the tester in half a day so that it can be run in the 24 hrs from the time the water was pulled from the well. If we do not test, there are penalties. That water has to be pulled, packaged, and carried to Fed Ex in late afternoon to catch the 5pm pickup so the water can be received by the next am at the test site. This costs \$70 each time with mailing and testing. Plus, once a year a nitrate test will be done for another cost, as yet to be determined. As you know, the well is deeply behind in what it earns and what it costs to run the system. In order to catch up with the costs, the monthly bill is being increased to \$100. If I can catch up with the costs, I will reduce the bill in the future. At this moment, there is enough in the fund to pay for the pipe pulling, if I receive this quarter's billings before the end of the month. The state now requires that the well be locked. So, I have given keys to Don Rushmer, there are keys in my garage, and also at the house of my daughter, Valerie in West Linn.</p> <p>Thank you for your support. Keith Ironside. 503-475-8463</p>	
Total	<p><i>check for \$743.59</i></p> <p><i>Paid May 7, 2009</i></p> <p><i>#2389 along with previous quarter and repair share</i></p> <p><i>of 493.59</i> \$300.00</p>

April 15, 2009