

Public Utility Commission of Oregon

Pre-hearing for Roats Water System Docket UW 166

Testimony by James R. Pease, Roats water customer

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Attached to the Roats filing is a "Customer Notice". We and other Woodside Ranch customers never received this notice. This notice states that the proposed increase is about 32.51 per cent. It also provides a table showing current and proposed average water rates. This information is very misleading to Woodside Ranch customers.

My wife and I have been customers of Roats Water System for 7 years. The proposed rate increases add up to a 37% increase in base rate for most Woodside Ranch customers and a 78% increase in usage rate. To provide some context for the proposed water rate increases, our household base water rate currently is \$26.80 per month, as are most Woodside Ranch customers. During winter months, our water bill is about \$33; during summer months it is about \$86, mostly due to lawn watering. Under this proposal, our base rate would rise to \$36.68. Our winter water bill (6 months) would be about \$52 and our summer bill (6 months) would be about \$142. And we don't use much water compared to many Woodside Ranch customers.

Current Roats customers in Woodside Ranch are very distrustful and unhappy with Roats. Why? No notice was given to existing customers of planned rate proposals. A notice could have been included in water bills or Roats could have had an informational meeting. Many customers didn't even know anything about it until some us sent out a fact sheet. This lack of communication caused suspicion that Roats was trying to sneak the rate increases through.

On page 5 of the filing, Roats states "the cost of serving the additional Juniper domestic customers must be included. Roats capital improvements and the addition of Juniper's domestic systems need to be included in rate base." Woodside Ranch customers are all asking "why are we asked to pay for Roats expansion plans with no benefits to us?".

On page 4, the filing indicates by interpolation that Roats needs \$56,593 in additional annual revenues from 1485 existing customers as of the 2014-15 test year. That averages out to \$38 per year per customer. That seems wildly out of line to the proposed rate increases of 37% and 78%.

We in Woodside Ranch are also very concerned about the Juniper System as a liability. According to an article in the Bend Bulletin of April 7, 2016, the City of Bend estimated that \$9.5 million in capital improvements would be needed to the Juniper system and that the city was very happy to unload it to Roats Water System. Roats' application does not describe any proposed capital improvements to Juniper. So, how can Roats manage the Juniper System with no planned improvements? If Roats does plan improvements, will we, the existing customers, end up bearing the costs?

The data for revenues and expenditures for the "test year" in the Roats filing is supposed to form the basis for proposed rate increases. The test year data are not at all clear in the filing, at least to this water customer. The expenditures table on page 9 has no column headings and the table description is incorrect. There is no narrative explanation of the table or any reasoning given for how the test year justifies a rate increase of 37% for the base rate and 78% for water usage.

The filing identifies Roats' water sources and describes storage capacity, and lists the water wells and storage tanks in Woodside Ranch as a water source. The Woodside Ranch upper well and storage tank could provide gravity flow to the new customers, but the size of the tank would need to be greatly increased, affecting property values in the area. Most importantly, the well lot has a deed restriction saying that the water system is only for the use of Woodside Ranch.

Finally, the Woodside Ranch water system is over 50 years old, with most infrastructure put in in the 1960s. It may need upgrading, leading to more rate increases. What are Roats' plans for upgrading this system and how will it be paid for? This question is relevant in that the Woodside Ranch water wells and storage are cited in the filing.

To summarize, Roats Water System has served us well in the past. The present course that Roats is on and its proposed water rate increases have changed that view to one of distrust and resentment. Existing Roats customers are a captive pool. We need water, we cannot put in our own wells, we need to water lawns around our houses because we are in a high fire risk zone, and fire protection guidelines state that we need to keep a green zone of protection around our houses. Since we do not have irrigation water rates in Woodside Ranch, the 78% proposed increase in water usage will severely impact our water bills, already very high during six months of the year. Roats Water System has been mostly unresponsive to concerns raised by Woodside Ranch Homeowners Association and individual customers. Does Roats have an obligation to respond to questions and concerns from its customers?

I hope that the Public Utility Commission of Oregon will take all of these concerns under consideration when evaluating Roats Water System's rate revision.