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April 22, 2019

VIA ELECTRONIC FILING

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, Oregon 97301-3398
Fax Number: (503) 378-6163

Re: Dockets UI 410, UI 411, UI 412: Affiliated Interests – HOA Comments

Dear Commissioners:

This firm represents Aspen Lakes Estates Owners, Inc. ("HOA"). The HOA is the entity that initially petitioned the Commission to exercise jurisdiction over Aspen Lakes Utilities ("ALU"), which eventually led to the filing of the affiliated interest contracts now under consideration. The HOA is a customer of ALU and also represents other ALU customers. The HOA reviewed the materials in ALU's filings and Staff's analysis of those findings. The HOA largely agrees with Staff's findings and recommendations, but would like to offer a few observations for the record. The HOA does not intend to ask that the Commission's consideration of these dockets be removed from the consent agenda into regular session and is content to address these issues in a general rate case.

Wild Horse Meadows Easement

ALU provided an unexecuted, unrecorded easement, without location exhibits, committing ALU to pay 10% of gross revenues for locating its wells and irrigation distribution system on land owned by Wild Horse. This area is mostly the golf course. It is the HOA's position that monopoly providers of essential utility services do not pay for easements across a property receiving service. For example, ALU's domestic distribution system is located on HOA property (private road right of way) and serves the HOA without the need for an easement from, or payment to, the HOA for use of that property.

Further, the value of an easement is typically based on the burden to the property subject to the easement. Here, there is no burden to Wild Horse, only benefit, as the golf course requires irrigation.

The HOA has the additional concern that calculating the easement fee based on ALU gross revenues is not reasonable, as the level of revenues has no relation to the amount of burden imposed on the property.

April 22, 2019

Page 2

Finally, Section 10 of the easement states that the easement terminates upon ALU default under that certain "Water and Sewer Services Agreement dated November 17, 2004" between ALU and Aspen Lakes Golf Course LLC. This agreement has not been provided, and the HOA believes the Commission will need this information to approve the reasonableness of the amounts required by this affiliated interest transaction when it considers ALU's rates.

Equipment Contract with "Sisters Aggregate & Const"

The contract rate should be based on a comparison with local rental rate schedules and ALU's actual usage of equipment. A fixed rate agreement should be justified only by actual usage history of the equipment. Without such details, the HOA believes the Commission will not have sufficient information to approve the reasonableness of the amounts required by this affiliated interest transaction when it considers ALU's rates.

Bookkeeping Agreement with Aspen Lakes Golf Course

The agreement provides \$600/month for bookkeeping. The justification ALU offered for not soliciting bids, as with the equipment rental agreement, is that funds have not been exchanged between these commonly owned entities for the last 15 years.

The HOA pays \$300/month for bookkeeping. The HOA consists of 115 lots, common areas (including a recreational center, pool, and tennis court) and 3.1 miles of road. The Commission should review the reasonableness of the payment under the contract during a general rate case.

Sincerely,



Tommy A. Brooks

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