

Since purchasing our community well a few years ago, the Seavey Loop Water Company has attempted to nearly triple our water rates. I was relieved to learn that there is a Public Utility Commission to protect customers from fiscally irresponsible choices by their utility providers.

Unfortunately, as I have learned more about the formula used to determine customers' rates, I have discovered that this formula actually incentivizes overspending by the Water Company. The Water Company's profit is based entirely on the amount of their capital expenditures. The higher their expenditures, the higher their profit. The customers are expected to bear all the costs, so there is no incentive for the Water Company to try to reduce spending. With this system in mind, it seems especially important to scrutinize their spending to make sure that they are being responsible with their customers' money. Since there is no downside to them, and in fact it benefits their business to overspend, I am appealing to the Public Utility Commission to act to protect the customers by only allowing the Company to raise rates for expenses that are truly necessary for the functioning of the well.

I object to the settlement because it seems to be lowering the requirements of the Water Company to prove the validity and necessity of their expenses. They didn't have to explain their costs publicly so that the customers, who will be forced to pay, can understand what they're paying for. Perhaps the PUC staff feel that they have adequately examined the Water Company's expenses, but since the settlement negotiations took place behind closed doors, the customers aren't allowed to know all the reasoning behind the staff's decisions or all the issues that were brought up in the negotiations. Even though I was present for these discussions, I'm not allowed to disclose details to my neighbors, even though they will be expected to bear the consequences of the decisions made there.

I also object to the formula, apparently developed by the PUC, that requires the customers to pay the income taxes of the Water Company. It is normally expected that the entity receiving income should pay their own income taxes. This means that the profit percentage allotted to the Company is actually an after-tax percentage, and their pre-tax profit percentage is significantly higher. This seems misleading to me.