



Oregon

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OREGON PUBLIC UTILITY COMMISSION ATTENTION: FILING CENTER

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SALEM OR 97308-1088



RE: Docket No. UW 196 – In the Matter of SEAVEY LOOP WATER COMPANY, Request for a General Rate Revision

Attached for filing are the following exhibits:

Joint Testimony in support of Stipulation Exh 100-105 public version

Joint Testimony in support of Stipulation Exh 100-105 confidential and
Stipulation

Complete with Service List and Certificate of Service

/ s/ Kay Barnes

Oregon Public Utility Commission

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UW 196
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CERTIFICATE OF SERVICE

UW 196

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180 to the following parties or attorneys of parties.

Dated this 9th day of November, 2023 at Salem, Oregon

Kay Barnes

Kay Barnes
Public Utility Commission
201 High Street SE Suite 100
Salem, Oregon 97301-3612
Telephone: (971) 375-5079

CASE: UW 196
WITNESS: YAMADA-PUTTMAN

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 100

**Joint Testimony
in Support of
Stipulation**

November 9, 2023

1 **Q. Please state your name and qualifications.**

2 A. My name is Stephanie Yamada. I am a Senior Utility Analyst in the Rates and
3 Telecommunications Section of the Rates, Safety and Utility Performance
4 Program of the PUC. My witness qualification statement is included in Exhibit
5 Stipulating Parties/101.

6 My name is Thomas J. Puttman, PE, AICP, LEED AP. I have served as
7 Manager of Seavey Loop Water Company, LLC (Seavey Loop or Company)
8 since its acquisition in 2018. I am a licensed professional engineer and
9 certified planner, specializing in utility investment, development, and
10 management. I currently manage a portfolio of utilities across the western US.

11 **Q. What is the purpose of your joint testimony?**

12 A. The purpose of this testimony is to introduce and support the Stipulation
13 entered into by Seavey Loop and Staff of the Oregon Public Utilities
14 Commission (Staff) in Docket No. UW 196, Seavey Loop's request for a
15 general rate revision. The Stipulation resolves all issues in this docket.

16 **Q. Who are the parties in Docket No. UW 196?**

17 A. The Parties in UW 196 are Seavey Loop and Staff (each a Stipulating Party
18 and together the Stipulating Parties) and Intervenors Carrie Rose, Yeager
19 (Robert) St. John, and Diana Chin (collectively, the Intervenors). The
20 Stipulating Parties and Intervenors are all of the Parties to this proceeding.

21 **Q. Please discuss the process by which a settlement was reached.**

22 A. After reviewing the Application and the Company's responses to Data
23 Requests (DRs), Staff provided an initial settlement offer to the UW 196 Parties

1 on August 1, 2023. The Parties held settlement conferences on
 2 August 8, 2023 and September 6, 2023, and exchanged proposals via email.
 3 The Company and Staff reached a settlement in principle via email on
 4 October 13, 2023.

5 **Q. Is there any known opposition to the Stipulation?**

6 A. Yes. During the September 6, 2023, settlement conference, Carrie Rose and
 7 Diana Chin expressed their intent to oppose a stipulation entered into between
 8 Staff and the Company. Yeager St. John was not present at that meeting and
 9 has not expressed opposition to the Stipulation.

10 **Q. Did you prepare any exhibits for this docket?**

11 A. Yes. We prepared Exhibit Stipulating Parties/101 (Witness Qualification
 12 Statements), consisting of one page, Exhibit Stipulating Parties/102 (Summary
 13 Tables), consisting of four pages, Exhibit Stipulating Parties/103 (Discovery
 14 Responses), consisting of 10 pages, Exhibit Stipulating Parties/104
 15 (Confidential Discovery Responses), consisting of 34 pages, and Exhibit
 16 Stipulating Parties/105 (Customer Comments), consisting of seven pages.

17 **Q. How is your testimony organized?**

18 A. Our testimony is organized as follows:

19 Exhibit 100 – Joint Testimony

20 Issue 1 – Summary Recommendation 5

21 Issue 2 – Company Description and Regulatory History 6

22 Issue 3 – Affiliate Labor 7

23 Table 1: Company Proposed Affiliate Labor Rates 9

24 Table 2: Company vs Stipulated Hourly Labor Rates 10

25 Issue 4 – Summary of Seavey Loop’s General Rate Filing 12

26 Table 3: Company Proposed Rate Changes 12

1 Issue 5 – Revenue Requirement and Rate Effective Date..... 13
 2 Issue 6 – Operating Expenses 14
 3 Table 4: Account 634 Affiliate Labor 15
 4 Table 5: Testing Costs 16
 5 Table 6: Account 636 Affiliate Labor 17
 6 Table 7: Account 637 Affiliate Labor 18
 7 Issue 7 – Other Revenue Deductions 20
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 10 Table 9: Company Proposed Utility Plant in Service 21
 11 Table 10: Stipulated Utility Plant in Service 22
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 13 Table 11: Weighted Capital Costs 24
 14 Issue 10 – Rate Spread 25
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 17 Table 13: Bill Impacts 26
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 21 Exhibit 101 – Witness Qualification Statement 1
 22 Exhibit 102 – Summary Tables 1-4
 23 Exhibit 103 – Data Request Responses & Attachments 1-10
 24 Exhibit 104 – Confidential Data Request Responses & Attachments 1-34
 25 Exhibit 105 – Public Comments 1-7

26 **Q. Please summarize the background and context of Docket No. UW 196.**

27 A. On April 26, 2023, Seavey Loop filed a request for a General Rate Revision,
 28 with proposed rates to become effective on January 1, 2024. In its application,
 29 the Company sought to increase its annual revenues from \$18,750 to \$43,137,
 30 representing an increase of 76.89 percent. Seavey Loop selected a test year of
 31 January 1, 2022 to December 31, 2022.

32 Administrative Law Judge (ALJ) Katharine Mapes held a Prehearing
 33 Conference on May 15, 2023, and a Public Comment Hearing on June 8, 2023.

1 On June 8, 2023, with Order No. 23-205, Chief ALJ Nolan Moser suspended
2 Seavey Loop's tariff sheets for a period not to exceed nine months from
3 January 1, 2024. Carrie Rose and Yeager St. John filed petitions to intervene
4 on June 7, 2023, granted by ALJ Mapes on June 14, 2023. Diana Chin
5 submitted a petition to intervene on June 22, 2023, granted by ALJ Mapes on
6 June 28, 2023.

7 Staff reviewed the Company's filing and responses to data requests from
8 both Staff and intervenor Carrie Rose. The Parties held two settlement
9 conferences on August 8, 2023 and September 6, 2023, to understand and
10 address the issues in this case, and also exchanged settlement terms and
11 proposals via email. As a result of those efforts, on September 12, 2023,
12 Seavey Loop confirmed via email that the Company and Staff had reached a
13 settlement resolving all issues in this docket other than affiliate labor expenses.
14 On September 29, 2023, ALJ Mapes adopted an updated schedule for the
15 filling of a partial stipulation and resolution of contested issues. On October 13,
16 2023, Seavey Loop notified Staff via email that it would no longer contest the
17 affiliate labor issue, resulting in a full settlement on all issues in this case.
18 Intervenors in this docket have expressed to the Stipulating Parties that they
19 oppose the terms of the Stipulation.

ISSUE 1 – SUMMARY RECOMMENDATION

Q. Please summarize The Stipulating Parties' recommendation in this case.

A. The Stipulating Parties recommend that the Commission adopt in its entirety the Stipulation agreed to in Docket No. UW 196. The Stipulating Parties agreed to a revenue requirement of \$40,291, which represents an increase of 65.21 percent, or \$15,904, compared to test year revenues of \$24,387. The Stipulating Parties agreed to a 7.75 percent rate of return on a rate base of \$135,030, as summarized on the Revenue Requirement summary found in Exhibit Stipulating Parties/102, Yamada-Puttman/1-2.

1 **ISSUE 2 – COMPANY DESCRIPTION AND REGULATORY HISTORY**

2 **Q. Please describe Seavey Loop.**

3 A. Seavey Loop is a rate- and service-regulated water utility serving 37 residential
4 domestic customers in the vicinity of Eugene, Oregon. The system was
5 originally constructed and began providing service in or around 1962. The
6 utility is owned by Infrastructure Capital Holdings, LLC (ICH), which is in turn
7 owned 82.5 percent by Concentric Equity Partners (CEC) and 17.5 percent by
8 Puttman Capital.¹ Puttman Capital is owned by Thomas J. Puttman.

9 **Q. Has Seavey Loop experienced any recent changes in ownership?**

10 A. Yes. The sale of Seavey Loop was previously approved by the Commission
11 with Order No. 19-069, issued March 1, 2019, in Docket No. UP 387.

12 **Q. Has Seavey Loop experienced any recent changes in regulation?**

13 A. Yes. With Order No. 23-049, issued February 22, 2023, in Docket No. WJ 46,
14 the Commission asserted rate regulation over Seavey Loop. The present case
15 is the Company's first rate case under PUC rate regulation.

¹ Exhibit Stipulating Parties/103, Seavey Loop's response to Staff's DR 1.

ISSUE 3 – AFFILIATE LABOR

Q. Please describe the relationships between Seavey Loop and its affiliates.

A. Seavey Loop is owned by Infrastructure Capital Holdings, LLC (ICH), which is in turn owned by Concentric Equity Partners (CEP) and Puttman Capital.² Puttman Capital is owned by Thomas J. Puttman, who also owns Puttman Infrastructure, Inc. (Puttman Infrastructure).³ While all of these entities share affiliated interest relationships with Seavey Loop as defined in ORS 757.015, the Company transacts only with Puttman Capital and Puttman Infrastructure (each an Affiliate, collectively Affiliates) for the provision of certain management, Operations and Maintenance (O&M), and customer-related services.⁴

Q. Has the Commission previously approved affiliated interest agreements between Seavey Loop and the Affiliates?

A. Yes. Such agreements were previously approved with Order No. 20-061, issued March 3, 2020, in Docket No. UI 432.

Q. What is the lower of cost or market requirement found in OAR 860-036-2230(2)(e)?

A. OAR 860-036-2230(2)(e) states that when services or supplies are sold to a water utility by an affiliate, sales must be recorded in the water utility's accounts at the affiliate's cost or the market rate, whichever is lower.

² Exhibit Stipulating Parties/103, Seavey Loop's response to Staff's DR 1.

³ Exhibit Stipulating Parties/103, Seavey Loop's response to Staff's DR 1.

⁴ Docket No. UI 432 Staff Report

1 **Q. What were Staff's findings regarding the Company's compliance with**
2 **OAR 860-036-2230 in Docket No. UI 432?**

3 A. The Staff Report submitted in that docket states, "[b]ased on Staff's analysis of
4 hourly costs, it appears that individual components of the costs associated with
5 the Agreements may not meet the lower of costs versus market as required in
6 OAR 860-036-2230."⁵ Staff further states that "Staff has concerns regarding
7 the costs associated with the agreements and compliance with 860-036-2230,
8 but believes that the reasonableness of the relevant costs, their appropriate
9 ratemaking treatment, and the propriety of any waiver of the lower of cost-
10 versus-market rule (if any) will best be determined in Seavey Loop's next rate
11 case proceeding."⁶ Docket No. UW 196 is the Company's first rate case
12 proceeding under PUC rate regulation.

13 **Q. Please describe the goods and/or services provided to Seavey Loop by**
14 **Puttman Infrastructure.**

15 A. Pursuant to the Services Agreement between Seavey Loop and Puttman
16 Infrastructure, Puttman Infrastructure provides certain management,
17 development, Operations & Maintenance (O&M), and customer-related
18 services to Seavey Loop.⁷

19 **Q. Has there been any change in the provision of goods and/or services**
20 **since the conclusion of Docket No. UI 432?**

⁵ Docket No. UI 432 Staff Report.

⁶ Docket No. UI 432 Staff Report.

⁷ Exhibit Stipulating Parties/104, Confidential Service Agreement, provided in Seavey Loop's response to Staff's DR 2.

1 A. The Company states that there has been no change in the provision of goods
2 and/or services since the conclusion of Docket No. UI 432.⁸

3 **Q. What affiliate costs did Seavey Loop propose to include in rates in the**
4 **present proceeding?**

5 A. Seavey Loop proposed to include the cost of affiliate labor provided by
6 Puttman Infrastructure as summarized in Table 1 below.⁹

Function	Hours	Hourly Rate	Total
General Manager	25.00	\$195.00	\$4,875.00
Development Manager	2.00	\$131.00	\$262.00
Project Manager	0.75	\$91.00	\$68.25
Accounting	5.00	\$74.00	\$370.00
Accounting	26.00	\$80.00	\$2,080.00
Accounting	5.00	\$81.00	\$405.00
Customer Service	42.00	\$56.00	\$2,352.00
Capitalized	N/A	N/A	(\$550.00)
Total			\$9,862.25

7 **Q. What labor rates did the Stipulating Parties agree to use in computing**
8 **the cost of labor provided by Puttman Infrastructure?**

9 A. The Stipulating Parties' agreed-upon Puttman Infrastructure labor rates are
10 summarized in Table 2 as follows.

⁸ Exhibit Stipulating Parties/103, Seavey Loop's response to Staff's DR 3.

⁹ Exhibit Stipulating Parties/103, Seavey Loop's response to Staff's DR 5.b.iii.

Function	Company Proposal	Stipulated	Diff (\$)	Diff (%)
General Manager	\$195.00	\$72.70	(\$122.30)	-63%
Development Manager	\$131.00	\$65.58	(\$65.42)	-50%
Project Manager	\$91.00	\$57.62	(\$33.38)	-37%
Accounting	\$74.00	\$51.45	(\$22.55)	-30%
Accounting	\$80.00	\$51.45	(\$28.55)	-36%
Accounting	\$81.00	\$51.45	(\$29.55)	-36%
Customer Service	\$56.00	\$31.68	(\$24.32)	-43%

1 This labor is distributed across Accounts 634, 636, and 637 and is
2 discussed by account later in this testimony.

3 **Q. How were the Stipulating Parties' agreed-upon affiliate labor rates**
4 **calculated?**

5 A. The stipulated affiliate labor rates reflect a blending of market rates for
6 comparable labor as provided by the American Water Works Association
7 (AWWA) and the Oregon Employment Department (OED). The Stipulating
8 Parties began with 2019 AWWA rates for each position and escalated those
9 figures to 2022 amounts based on changes in the CPI. The result was then
10 averaged with 2022 OED rates for each position and further escalated by
11 4.5 percent to reflect 2023 market rates. Finally, that amount was escalated by
12 an additional 41.84 percent to account for non-salary employment costs, such
13 as employee benefits.

14 **Q. Do the Stipulating Parties agree that the methodology described in the**
15 **previous question is generally appropriate for calculating affiliate labor**
16 **costs for inclusion in rates?**

1 A. No. Although the Stipulating Parties agree to use this methodology and the
2 resulting labor rates for the purposes of this case, Seavey Loop does not
3 generally agree that this methodology, or the labor resulting rates, are
4 appropriate.

5 **Q. Do the stipulated Puttman Infrastructure labor rates comply with the**
6 **“lower of cost or market” requirement found in OAR 860-036-2230?**

7 A. Yes. Because the stipulated rates are based on market rates and lower than
8 the affiliate cost, they comply with the “lower of cost or market” requirement.

ISSUE 4 – SUMMARY OF SEAVEY LOOP’S GENERAL RATE FILING

Q. Please describe Seavey Loop’s general rate case application.

A. Seavey Loop filed its Application for a General Rate Revision (Application) in the present docket on April 26, 2023. The Company selected a test year of January 1, 2022 to December 31, 2022. In its Application, Seavey Loop proposed total annual revenues of \$43,137, representing an increase of 76.89 percent over test year revenues of \$24,387. The Company’s request reflected a Rate of Return (ROR) of 7.75 percent on a rate base of \$181,633.

Q. What rate changes did Seavey Loop propose in its Application?

A. Seavey Loop’s proposed rate changes are summarized in Table 3 as follows.

Table 3: Company Proposed Rate Changes

	Current	Proposed
Monthly Base Rate	\$56.99	\$97.16

Q. What are the primary drivers for Seavey Loop’s requested revenue increase?

A. The primary drivers are recent capital investments made by Seavey Loop “to replace assets that had reached end of life and to continue to provide quality water to customers.”¹⁰ These capital investments include the relining of the concrete storage tank, the addition of a new booster pump station, reroofing and painting the treatment plant, and installing gated chain link fencing for security.

¹⁰ Docket No. UW 196, Seavey Loop Application for a General Rate Revision, Question 11.

1 **ISSUE 5 – REVENUE REQUIREMENT AND RATE EFFECTIVE DATE**

2 **Q. Please summarize the revenue requirement agreed to by the**
3 **Stipulating Parties.**

4 A. The Stipulating Parties agreed to a total revenue requirement of \$40,291,
5 which represents an increase of \$15,904, or 65.21 percent, over test year
6 revenues. The agreed-upon amounts included in each account are
7 summarized in the Adjustment Summary, included as Exhibit Stipulating
8 Parties/102, Yamada-Puttman/3-4, and explained in more detail below.

9 **Q. Did the Stipulating Parties agree on a rate effective date?**

10 A. The Stipulating Parties agree that rates in this case will become effective as
11 determined by the Commission.

ISSUE 6 – OPERATING EXPENSES

Q. Do the Stipulating Parties agree to make certain adjustments to operating expenses in the Partial Stipulation?

A. Yes. As a result of their settlement discussions and in the context of the overall settlement, the Stipulating Parties agree that the stipulated rates in this case reflect operating expense amounts as negotiated for the following Accounts: 611 (Telephone/Communications), 615 (Purchased Power), 618 (Chemical/Treatment Expense), 619.1 (Postage), 620 (O&M Materials/Supplies), 634 (Contract Services – Management Fees), 635 (Contract Services – Testing), 636 (Contract Services – Labor), 637 (Contract Services – Billing/Collection), 638 (Contract Services – Meter Reading), 639 (Contract Services – Other), 657 (General Liability Insurance), 667 (PUC Gross Revenue Fee), 674 (Consumer Confidence Report), and 675 (Miscellaneous Expense).

Q. Please explain the amount included in Account 611 (Telephone/Communications).

A. The Stipulating Parties agreed to include \$2,016 in this account, representing monthly payments of \$168 to Comcast Business for Business Internet with one static IP address, one Business Voice line, and voice equipment. An internet connection is necessary for certain utility equipment utilized by the Company.

Q. Please explain the amount included in Account 615 (Purchased Power).

1 A. The Stipulating Parties agreed to include the test year amount of \$1,935 for the
2 cost of electricity provided by the Emerald People's Utility District. This amount
3 is reasonable for a utility of the Company's size.

4 **Q. Please explain the amount included in Account 618**
5 **(Chemical/Treatment).**

6 A. The Stipulating Parties agreed to include \$237 in this account to reflect the cost
7 of chemicals provided by Oregon Water Services (OWS). Such chemicals are
8 necessary for water treatment.

9 **Q. Please explain the amount included in Account 619.1 (Postage).**

10 A. The Stipulating Parties agreed to include the test year amount of \$180. This
11 amount is reasonable for a utility of the Company's size.

12 **Q. Please explain the amount included in Account 620 (O&M**
13 **Materials/Supplies).**

14 A. The Stipulating Parties agreed to include the test year amount of \$33.

15 **Q. Please explain the amount included in Account 634 (Contract**
16 **Services – Management).**

17 A. This account consists of management labor provided by Puttman
18 Infrastructure. The Stipulating Parties agreed to include labor as summarized
19 in Table 4, following, at the stipulated affiliate labor rates discussed previously.

Position	Hours	Rate	Total
General Manager	13	\$72.70	\$945
Accounting	13	\$51.45	\$669
Capitalization	N/A	15.5%	(\$250)
Total			\$1,364

1 The Stipulating Parties reduced the total by \$250 to reflect the percentage of
2 related affiliate labor that was capitalized in the test year.

3 **Q. Please explain the amount included in Account 635 (Contract
4 Services – Testing).**

5 A. The Stipulating Parties agreed to include \$2,604 to reflect the Company's
6 projected testing schedule and associated costs,¹¹ as summarized in Table 5
7 below.

Table 5: Testing Costs				
Test	Frequency	Avg per Year	Cost	Cost per Year
Lead & Copper	Every 3 years	0.33	\$55	\$18
DBP	Every 3 years	0.33	\$320	\$107
Arsenic	Every 9 years	0.11	\$53	\$6
IOC	Every 9 years	0.11	\$2,178	\$242
VOC	Every 3 years	0.33	\$2,178	\$726
SOC	Every 3 years	0.33	\$2,178	\$726
RAD	Every 6 years	0.17	\$325	\$54
Nitrate	Every Year	1.00	\$53	\$53
Bacteria (dist)	Monthly	12.00	\$56	\$672
Total				\$2,604

8 **Q. Please explain the amount included in Account 636 (Contract
9 Services – Labor).**

10 A. The Stipulating Parties agreed to include \$1,650 attributable to affiliate labor
11 provided by Puttman Infrastructure, as summarized in Table 6 as follows.

¹¹ Exhibit Stipulating Parties/103, Seavey Loop's response to Staff's DR 8.

Table 6: Account 636 Affiliate Labor			
Position	Hours	Rate	Total
Accounting	12	\$51.45	\$617
Development Manager	2	\$65.58	\$131
General Manager	12	\$72.70	\$872
Project Manager	0.5	\$57.62	\$29
Total			\$1,650

1 The Stipulating Parties also agreed to include an additional \$5,475 in this
2 account, which is attributable to services provided by Oregon Water Services
3 (OWS). Specifically, OWS performs the day-to-day operation and
4 maintenance for the system, as described in the Operations Agreement
5 between the Company and OWS.¹² The Company contracts with OWS for
6 these services because Seavey Loop does not directly employ any employees.
7 Contracting with OWS is likely more cost effective than maintaining and staffing
8 an office in the utility's vicinity on a full-time basis. The resulting total in this
9 account is \$7,125.

10 **Q. Please explain the amount included in Account 637 (Contract**
11 **Services – Billing/Collection).**

12 A. This account consists of accounting and customer service labor provided by
13 Puttman Infrastructure. The Stipulating Parties agreed to include labor as
14 summarized in Table 7 below, at the stipulated affiliate labor rates that were
15 previously discussed.

¹² See *Id.*, Oregon Water Services Operations Agreement, provided in response to Staff's DR 6.

Position	Hours	Rate	Total
Accounting	11.00	\$51.45	\$566
Customer Service	42.00	\$31.68	\$1,330
Project Manager	0.25	\$57.62	\$14
Total			\$1,911

1 **Q. Please explain the amount included in Account 638 (Contract**
2 **Services – Meter Reading).**

3 A. While the Company initially proposed to include \$5,613 in this account, the
4 Stipulating Parties agreed to reduce this amount to \$0. The Company's initial
5 proposal included amounts attributable to system operation services provided
6 by OWS, which the Stipulating Parties agreed to include in Account 636
7 instead.

8 **Q. Please explain the amount included in Account 639 (Contract**
9 **Services – Other).**

10 A. This account includes the cost of landscape maintenance services on the
11 utility's property. While the Company initially proposed \$0 in this account, it
12 later revised this amount to \$1,965, stating that "all landscaping maintenance
13 invoices have been moved from Accounts 304 and 638 to Account 639."¹³ The
14 Stipulating Parties agree that water utilities commonly require the areas
15 surrounding water supply and storage facilities to be maintained and free of
16 overgrown vegetation. Consequently, the Stipulating Parties agree to include
17 50 percent of the Company's proposed amount, or \$983.

¹³ See *Id.*, Seavey Loop's Attachment B provided in response to Staff's DR 4.

1 **Q. Please explain the amount included in Account 657 (General Liability**
2 **Insurance).**

3 A. The Stipulating Parties agreed to include \$2,371 in this account, representing
4 test year amounts paid to Cincinnati Insurance for general liability insurance.

5 The Stipulating Parties agree that liability insurance is a normal and customary
6 part of doing business.

7 **Q. Please explain the amount included in Account 667 (PUC Gross**
8 **Revenue Fee).**

9 A. The Stipulating Parties agreed to include \$173 in this account, which reflects
10 the current PUC Fee rate of 0.43 percent of gross revenues.

11 **Q. Please explain the amount included in Account 674 (Consumer**
12 **Confidence Report).**

13 A. The Stipulating Parties agreed to a total of \$256 in this account. This amount
14 is reasonable for a utility of this size.

15 **Q. Please explain the amount included in Account 675 (Miscellaneous**
16 **Expense).**

17 A. The Stipulating Parties agreed to include \$175 in this account, representing a
18 required payment to the Oregon Health Authority.

ISSUE 7 – OTHER REVENUE DEDUCTIONS

Q. Please explain the amount included in Account 403 (Depreciation Expense).

A. The Stipulating Parties agreed to include \$5,800 in this account, representing 2023 depreciation expense. This includes a full 12 months of depreciation on new assets placed into service during the test year, incorporating adjustments to the original cost of certain assets as discussed elsewhere in this testimony.

Q. Please explain the amount included in Account 408.11 (Property Tax).

A. The Stipulating Parties agreed to include the test year amount of \$386.

Q. Please explain the amount included in Account 409.10 (Federal Income Tax).

A. The Stipulating Parties included \$1,705 in this account, representing a federal tax rate of 21 percent applied to federal taxable income of \$8,119. This is the standard methodology for calculating federal income tax expense in water rate cases.

Q. Please explain the amount included in Account 409.11 (Oregon Income Tax).

A. The Stipulating Parties included \$574 in this account, representing a state tax rate of 6.6 percent applied to state taxable income of \$8,693. This is the standard methodology for calculating state income tax expense in water rate cases.

ISSUE 8 – RATE BASE

Q. Please summarize the utility rate base agreed to by the Stipulating Parties.

A. The Stipulating Parties' agreed-upon rate base is summarized in Table 8 below.

Table 8: Rate Base Summary

Account		Utility Proposed	Adjustments	Stipulated
101	Utility Plant in Service	\$186,921	\$(38,568)	\$148,353
108	- Accumulated Depreciation	\$7,074	\$8,029	\$15,103
WC	+ Working Cash	\$1,786	\$(6)	\$1,780
Total Rate Base		\$181,633	\$(46,603)	\$135,030

Q. Please explain the amount included in Account 101 (Utility Plant in Service).

A. As shown in the Plant schedule submitted with the Application, Seavey Loop's proposed Utility Plant in Service of \$186,921 is summarized by account in Table 9 as follows.

Table 9: Company Proposed Utility Plant in Service		
301	Organization	\$20,386
303	Land and Land Rights	\$8,449
304	Structures and Improvements	\$17,029
305	Collecting and Impounding Reservoirs	\$59,185
309	Supply Main	\$18,995
310	Power Generation Equipment	\$276
311	Pumping Equipment	\$19,813
320	Water Treatment Equipment	\$29,339
333	Services	\$2,640
334	Meters and Meter Installations	\$936
347	Electronic/Computer Equipment	\$9,874
TOTAL		\$186,921

1 The Stipulating Parties agreed to remove a “System Acquisition Due Diligence”
 2 item totaling \$10,187 and a “Master Planning” item totaling \$1,153 from
 3 Account 301 because these costs are not costs incurred to provide service to
 4 customers, but were related more to the acquisition costs in the last property
 5 sale. The Stipulating Parties also agreed to remove a \$7,172 land asset from
 6 Account 303, \$480 in landscaping improvements from Account 304, a \$4,976
 7 Centrifugal Pump from Account 311, and \$936 from Account 334. Finally, the
 8 Stipulating Parties agreed to reduce the portion of each asset that is
 9 attributable to capitalized affiliate labor by 28 percent. Following these
 10 adjustments, the Stipulating Parties agree to a Utility Plant in Service total of
 11 \$148,353, as summarized in Table 10 as follows.

Table 10: Stipulated Utility Plant in Service		
301	Organization	\$6,502
303	Land and Land Rights	\$918
304	Structures and Improvements	\$15,152
305	Collecting and Impounding Reservoirs	\$58,185
309	Supply Main	\$17,839
310	Power Generation Equipment	\$198
311	Pumping Equipment	\$14,837
320	Water Treatment Equipment	\$23,537
333	Services	\$1,897
334	Meters and Meter Installations	\$0
347	Electronic/Computer Equipment	\$9,289
TOTAL		\$148,353

12 **Q. Please explain the amount included in Account 108 (Accumulated**
 13 **Depreciation).**

14 A. The Stipulating Parties agreed to include Accumulated Depreciation through
 15 December 31, 2023. In conjunction with the adjustments to Utility Plant in
 16 Service discussed previously, the total in this account is \$15,103.

1 **Q. Please explain the amount included in Working Cash.**

A. The Stipulating Parties agreed to include Working Cash of \$1,780, representing one twelfth of total operating expenses, which is a standard Staff practice for determining working cash.

1

ISSUE 9 – CAPITAL STRUCTURE

2

Q. What cost of capital did the Stipulating Parties agree to?

3

A. The Stipulating Parties agreed to an overall ROR of 7.75 percent, which is
 4 computed using a Return on Equity (ROE) of 9.5 percent. The calculation of
 5 Seavey Loop's weighted capital costs is summarized in Table 11.

Table 11: Weighted Capital Costs

Item	Amount	Capital Structure	Cost	Weighted Cost
Debt	\$67,515	50.00%	6.00%	3.00%
Equity	\$67,515	50.00%	9.50%	4.75%
Total Debt + Equity	\$135,030	100.00%		7.75%

6

**Q. Please describe the debt and equity amounts included in the Cost of
 7 Capital calculation.**

8

A. While Seavey Loop has no debt, the Stipulating Parties agreed to a
 9 hypothetical capital structure consisting of 50 percent debt and 50 percent
 10 equity.

1

ISSUE 10 – RATE SPREAD

2

Q. What rate spread did the Stipulating Parties agree to?

3

A. The Stipulating Parties agreed to the rate spread summarized in Table 12

4

below.

Table 12: Rate Spread

Service	Revenue
Residential	\$39,082
Miscellaneous Services	\$1,209
TOTAL REVENUE	\$40,291

5

Q. Please explain how revenues were allocated to Miscellaneous

6

Services.

7

A. The Stipulating Parties agreed to allocate three percent of the total revenue

8

requirement to Miscellaneous Services. The remainder of the revenue

9

requirement is collected through residential domestic rates.

ISSUE 11 – RATE DESIGN

Q. Please describe the rate components for Seavey Loop’s Schedule No. 1 Residential Domestic service.

A. Seavey Loop’s system is not metered. Consequently, rates consist of only a monthly base rate, with no variable rate component. The monthly rate is calculated by dividing the total residential domestic revenue allocation by the number of customers and further dividing by 12 months.

Q. What customer counts did the Stipulating Parties use to calculate base rates?

A. The Stipulating Parties used the current total customer count of 37.

Q. What effect do the Stipulating Parties’ agreed-upon rates have on average customer bills?

A. As summarized in Table 13 below, residential bills would increase by 54.45 percent. Since customers’ usage is not metered, this will be the impact for all customers.

Current	Stipulated	Change
\$56.99	\$88.02	54.45%

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ISSUE 12 – CUSTOMER COMMENTS

Q. Did Seavey Loop notify customers of its requested rate increase?

A. Yes. Pursuant to OAR 860-036-2030, customers must be notified within 15 days of the filing of a request for a general rate revision. Seavey Loop also filed a copy of the customer notice along with its Application.

Q. Did any customers contact the Commission regarding Seavey Loop's proposed rate increase?

A. Yes. Two customers contacted the Commission with comments relating to this docket. The Company was also contacted by three customers regarding the present rate case, and the Company provided those comments to the PUC for inclusion in this case. Two of those comments only requested information from the Company. The comments themselves are attached as Exhibit 105.

Q. Please summarize the concerns expressed by customers in this docket.

A. Customers expressed general dissatisfaction with the degree of the Company's presently proposed and previously imposed rate increases. One customer expressed additional concerns, including the inclusion of a rate of return in customer rates, as well as the necessity of certain capital improvements installed by the Company. Specifically, this customer questioned whether the Company's landscaping improvements, new fencing, the reroofing and painting of the treatment plant and storage tank, new booster pump station, and relining of the storage tank were necessary expenditures. This customer also questioned the inclusion of certain of expenses, including a \$5,613 meter

1 reading item, given that the system is not metered. The Stipulating Parties
2 note that this customer was granted Intervenor status and has participated
3 actively in this case.

4 **Q. Please address the concerns raised by customers in this case.**

5 A. The agreed-upon inclusions in this case are based on documented actual
6 costs. The \$5,613 item in Account 639 (Contract Services – Meter Reading)
7 was mistakenly attributed to that account initially; that amount is attributable to
8 system operation services provided by OWS, and the Stipulating Parties
9 moved it to Account 636 (Contract Services – Labor). Regarding the
10 Company's recent capital improvements, the Stipulating Parties agreed to
11 remove landscape improvements from Account 304, as discussed previously.
12 The Company asserts that the remaining improvements were necessary and
13 align with industry standards. The installation of fencing around the
14 Company's facilities was necessary for security purposes; OAR 860-061-
15 0050(6)(a)(P) requires that a "fence or other method of vandal deterrence shall
16 be provided around distribution reservoirs." At the time the system was
17 acquired by the Company, the assets were generally at or beyond their useful
18 lives; the improvements to the treatment plant and storage tank were
19 determined to be more cost-effective than removing and rebuilding those
20 facilities entirely. The relining of the storage tank was necessary because it
21 was leaking significantly. Finally, the Stipulating Parties note that the inclusion
22 of a rate of return in customer rates is a standard aspect of the revenue

1 requirement calculation, and necessarily provides the Company an opportunity
2 to recover its capital costs.

1

ISSUE 13 – OTHER ISSUES

2

Q. Did the Stipulating Parties agree to any additional provisions?

3

A. Yes. As discussed previously, Seavey Loop's system is currently unmetered.

4

While State conservation efforts generally favor metered rates to discourage

5

wastage, the Stipulating Parties agree that the immediate installation of meters

6

would exacerbate the degree of rate shock experienced by customers.

7

Instead, the Stipulating Parties agreed that Seavey Loop will look into the

8

feasibility of installing meters and file a status report on that subject in this

9

docket no later than January 1, 2025.

10

Q. Does this conclude your testimony?

11

A. Yes.

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 101

Witness Qualification Statement

November 9, 2023

WITNESS QUALIFICATION STATEMENT

NAME: Stephanie Yamada

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Utility Analyst
Rates and Telecommunications Section
Rates, Safety and Utility Performance Program

ADDRESS: 201 High St SE, Suite 100, Salem, OR, 97301

EDUCATION: Master of Business Administration
Western Governors University

Bachelor of Science in Accounting
University of Oregon

EXPERIENCE: I have been employed with the Public Utility Commission of Oregon since 2013. I am currently a Senior Utility Analyst in the Rates and Telecommunications Section of the Rates, Safety and Utility Performance Program. My responsibilities include leading research and providing technical support on a wide range of technical and policy issues for water and telecommunications companies. I have analyzed and addressed numerous telecommunications issues including special contracts, promotional concessions, tariff changes, price listings, numbering issues, service abandonment, property sales, and price plans, and provided testimony in UM 1895. With regard to water, I have analyzed and addressed numerous issues including tariff changes, property sales, affiliated interest transactions, financing requests, revenue requirement calculations, cost of service, rate spread, and rate design. I have also served as case manager on several water rate cases, and have provided testimony in UW 163, UW 166, UW 173, UP 384, UW 176, UW 181, UW 189, UW 191, UW 192, and UW 195.

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 102

Summary Tables

November 9, 2023

Company Proposed Increase
76.89%

Stipulated Increase
65.21%

Revenue Requirement

REVENUES

		Test Year	Company Adjustments	Company Proposed Totals	Adjustments to Company Totals	Stipulated Totals
460	Unmetered	24,387	18,750	\$ 43,137	(4,055)	\$ 39,082
471	Miscellaneous Services			\$ -	1,209	\$ 1,209
Total Revenue		\$ 24,387	\$ 18,750	\$ 43,137	\$ (2,847)	\$ 40,291

Acct . **OPERATING EXPENSES**

601	Salaries and Wages - Employees			\$ -	\$ -	\$ -
603	Salaries and Wages - Officers			\$ -	\$ -	\$ -
604	Employee Pension & Benefits			\$ -	\$ -	\$ -
610	Purchased Water			\$ -	\$ -	\$ -
611	Telephone/Communications	\$ 1,513		\$ 1,513	\$ 503	\$ 2,016
615	Purchased Power	\$ 1,935		\$ 1,935	\$ -	\$ 1,935
616	Fuel for Power Production			\$ -	\$ -	\$ -
617	Other Utilities			\$ -	\$ -	\$ -
618	Chemical / Treatment Expense	\$ 66		\$ 66	\$ 171	\$ 237
619	Office Supplies			\$ -	\$ -	\$ -
619.1	Postage	\$ 180		\$ 180	\$ -	\$ 180
620	O&M Materials/Supplies	\$ 33		\$ 33	\$ -	\$ 33
621	Repairs to Water Plant			\$ -	\$ -	\$ -
631	Contract Svcs - Engineering			\$ -	\$ -	\$ -
632	Contract Svcs - Accounting			\$ -	\$ -	\$ -
633	Contract Svcs - Legal			\$ -	\$ -	\$ -
634	Contract Svcs - Management Fees	\$ 2,995		\$ 2,995	\$ (1,631)	\$ 1,364
635	Contract Svcs - Testing	\$ 1,377		\$ 1,377	\$ 1,227	\$ 2,604
636	Contract Svcs - Labor	\$ 2,467		\$ 2,467	\$ 4,658	\$ 7,125
637	Contract Svcs - Billing/Collection	\$ 2,165		\$ 2,165	\$ (254)	\$ 1,911
638	Contract Svcs - Meter Reading	\$ 5,613		\$ 5,613	\$ (5,613)	\$ -
639	Contract Svcs - Other			\$ -	\$ 983	\$ 983
641	Rental of Building/Real Property			\$ -	\$ -	\$ -
642	Rental of Equipment			\$ -	\$ -	\$ -
643	Small Tools			\$ -	\$ -	\$ -
648	Computer/Electronic Expenses			\$ -	\$ -	\$ -
650	Transportation			\$ -	\$ -	\$ -
656	Vehicle Insurance			\$ -	\$ -	\$ -
657	General Liability Insurance	\$ 2,729		\$ 2,729	\$ (358)	\$ 2,371
658	Workers' Comp Insurance			\$ -	\$ -	\$ -
659	Insurance - Other			\$ -	\$ -	\$ -
666	Amortz. of Rate Case			\$ -	\$ -	\$ -
667	Gross Revenue Fee (PUC)	\$ 100		\$ 100	\$ 73	\$ 173
670	Bad Debt Expense			\$ -	\$ -	\$ -
671	Cross Connection Control Program			\$ -	\$ -	\$ -
673	Training and Certification			\$ -	\$ -	\$ -
674	Consumer Confidence Report	\$ 256		\$ 256	\$ -	\$ 256
675	Miscellaneous Expense			\$ -	\$ 175	\$ 175
TOTAL OPERATING EXPENSE		\$ 21,428	\$ -	\$ 21,428	\$ (67)	\$ 21,361

Test Year	Company Adjustments	Company Proposed Totals	Adjustments to Company Totals	Stipulated Totals
-----------	---------------------	-------------------------	-------------------------------	-------------------

OTHER REVENUE DEDUCTIONS

403	Depreciation Expense	4,182	\$	4,182	\$	1,618	\$	5,800
406	Amort of Plant Acquisition Adjustment		\$	-	\$	-	\$	-
407	Amortization Expense		\$	-	\$	-	\$	-
408.11	Property Tax	386	\$	386	\$	-	\$	386
408.12	Payroll Tax		\$	-	\$	-	\$	-
408.13	Other		\$	-	\$	-	\$	-
409.10	Federal Income Tax	2,293	\$	2,293	\$	(588)	\$	1,705
409.11	Oregon Income Tax	772	\$	772	\$	(198)	\$	574
409.13	Extraordinary Items Income Tax		\$	-	\$	-	\$	-
	TOTAL REVENUE DEDUCTIONS	\$ 29,061	\$	-	\$ 29,061	\$	765	\$ 29,826
	Net Operating Income	\$ (4,674)	\$	18,750	\$ 14,077	\$	(3,612)	\$ 10,465

UTILITY RATE BASE

101	Utility Plant in Service	186,921	\$	186,921	\$	(38,568)	\$	148,353
105	Construction Work in Progress		\$	-	\$	-	\$	-
108	- Accumulated Depreciation of Plant	7,074	\$	7,074	\$	8,029	\$	15,103
271	- Contributions in Aid of Construction		\$	-	\$	-	\$	-
272	+ Accumulated Amortization of CIAC		\$	-	\$	-	\$	-
281	- Accumulated Deferred Income Tax		\$	-	\$	-	\$	-
	- Excess Capacity		\$	-	\$	-	\$	-
	= NET RATE BASE INVESTMENT	\$ 179,848	\$	-	\$ 179,848	\$	(46,598)	\$ 133,250
	Plus: (working capital)							
151	Materials and Supplies Inventory		\$	-	\$	-	\$	-
	Working Cash (Total Op Exp /12)	1,786	\$	1,786	\$	(6)	\$	1,780
	TOTAL RATE BASE	\$ 181,633	\$	-	\$ 181,633	\$	(46,603)	\$ 135,030
	Rate of Return	-2.57%			7.75%			7.75%

Adjustment Summary

REVENUES

	Company Proposed Totals	Adjustments to Company Totals	Stipulated Totals	Explanation of Adjustment
Unmetered	\$ 43,137	\$ (4,055)	\$ 39,082	Total revenue requirement, minus Misc. Services revenue.
Residential	\$ -	\$ -	\$ -	
Commercial	\$ -	\$ -	\$ -	
Fire Protection Sales	\$ -	\$ -	\$ -	
Irrigation Water Sales	\$ -	\$ -	\$ -	
Water Sales for Resale	\$ -	\$ -	\$ -	
Miscellaneous Services	\$ -	\$ 1,209	\$ 1,209	Included at 3% of revenue requirement.
Cross Connection Control	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
Total Revenue	\$ 43,137	\$ (2,847)	\$ 40,291	

Acct. **OPERATING EXPENSES**

601 Salaries and Wages - Employees	\$ -	\$ -	\$ -	
603 Salaries and Wages - Officers	\$ -	\$ -	\$ -	
604 Employee Pension & Benefits	\$ -	\$ -	\$ -	
610 Purchased Water	\$ -	\$ -	\$ -	
611 Telephone/Communications	\$ 1,513	\$ 503	\$ 2,016	Reflects monthly cost of \$168 per month.
615 Purchased Power	\$ 1,935	\$ -	\$ 1,935	No adjustment.
616 Fuel for Power Production	\$ -	\$ -	\$ -	
617 Other Utilities	\$ -	\$ -	\$ -	
618 Chemical / Treatment Expense	\$ 66	\$ 171	\$ 237	Increased based on provided invoices.
619 Office Supplies	\$ -	\$ -	\$ -	
619.1 Postage	\$ 180	\$ -	\$ 180	No adjustment.
620 O&M Materials/Supplies	\$ 33	\$ -	\$ 33	No adjustment.
621 Repairs to Water Plant	\$ -	\$ -	\$ -	
631 Contract Svcs - Engineering	\$ -	\$ -	\$ -	
632 Contract Svcs - Accounting	\$ -	\$ -	\$ -	
633 Contract Svcs - Legal	\$ -	\$ -	\$ -	
634 Contract Svcs - Management Fees	\$ 2,995	\$ (1,631)	\$ 1,364	Affiliate labor (Puttman Infrastructure).
635 Contract Svcs - Testing	\$ 1,377	\$ 1,227	\$ 2,604	Increased to annual average.
636 Contract Svcs - Labor	\$ 2,467	\$ 4,658	\$ 7,125	OWS services + affiliate labor (Puttman Infrastructure).
637 Contract Svcs - Billing/Collection	\$ 2,165	\$ (254)	\$ 1,911	Affiliate labor (Puttman Infrastructure).
638 Contract Svcs - Meter Reading	\$ 5,613	\$ (5,613)	\$ -	Moved to Account 636.
639 Contract Svcs - Other	\$ -	\$ 983	\$ 983	50 percent of Company's proposed landscaping cost.
641 Rental of Building/Real Property	\$ -	\$ -	\$ -	
642 Rental of Equipment	\$ -	\$ -	\$ -	
643 Small Tools	\$ -	\$ -	\$ -	
648 Computer/Electronic Expenses	\$ -	\$ -	\$ -	

Company	Proposed Totals	Adjustments to Company Totals	Stipulated Totals	Explanation of Adjustment
650 Transportation	\$ -	\$ -	\$ -	
656 Vehicle Insurance	\$ -	\$ -	\$ -	
657 General Liability Insurance	\$ 2,729	\$ (358)	\$ 2,371	Included the amount shown in DR 4 Attachment B.
658 Workers' Comp Insurance	\$ -	\$ -	\$ -	
659 Insurance - Other	\$ -	\$ -	\$ -	
666 Amortz. of Rate Case	\$ -	\$ -	\$ -	
667 Gross Revenue Fee (PUC)	\$ 100	\$ 73	\$ 173	Automatic at 0.43% of revenue.
670 Bad Debt Expense	\$ -	\$ -	\$ -	
671 Cross Connection Control Program	\$ -	\$ -	\$ -	
673 Training and Certification	\$ -	\$ -	\$ -	
674 Consumer Confidence Report	\$ 256	\$ -	\$ 256	No adjustment.
675 Miscellaneous Expense	\$ -	\$ 175	\$ 175	Moved from Account 636.
TOTAL OPERATING EXPENSE	\$ 21,428	\$ (67)	\$ 21,361	

OTHER REVENUE DEDUCTIONS

403 Depreciation Expense	\$ 4,182	\$ 1,618	\$ 5,800	2023 calendar year.
406 Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	
407 Amortization Expense	\$ -	\$ -	\$ -	
408.11 Property Tax	\$ 386	\$ -	\$ 386	No adjustment.
408.12 Payroll Tax	\$ -	\$ -	\$ -	
408.13 Other	\$ -	\$ -	\$ -	
409.10 Federal Income Tax	\$ 2,293	\$ (588)	\$ 1,705	Automatic at 21% of federal taxable income.
409.11 Oregon Income Tax	\$ 772	\$ (198)	\$ 574	Automatic at 6.6% of state taxable income.
409.13 Extraordinary Items Income Tax	\$ -	\$ -	\$ -	
TOTAL REVENUE DEDUCTIONS	\$ 29,061	\$ 765	\$ 29,826	
Net Operating Income	\$ 14,077	\$ (3,612)	\$ 10,465	

UTILITY RATE BASE

101 Utility Plant in Service	\$ 186,921	\$ (38,568)	\$ 148,353	Removed several items; reduced capitalized affiliate labor.
105 Construction Work in Progress	\$ -	\$ -	\$ -	
108 - Accumulated Depreciation of Plant	\$ 7,074	\$ 8,029	\$ 15,103	Through 12/31/23.
271 - Contributions in Aid of Construction	\$ -	\$ -	\$ -	
272 + Accumulated Amortization of CIAC	\$ -	\$ -	\$ -	
281 - Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	
- Excess Capacity	\$ -	\$ -	\$ -	
= NET RATE BASE INVESTMENT	\$ 179,848	\$ (46,598)	\$ 133,250	
Plus: (working capital)				
151 Materials and Supplies Inventory	\$ -	\$ -	\$ -	
Working Cash (Total Op Exp /12)	\$ 1,786	\$ (6)	\$ 1,780	Automatic at 1/12th of operating expenses.
TOTAL RATE BASE	\$ 181,633	\$ (46,603)	\$ 135,030	
Rate of Return	7.75%	0.00%	7.75%	

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 103

Data Request Responses & Attachments

November 9, 2023

Staff DR 01

Please describe the ownership structure of the Company and its affiliates, including the applicable ownership percentages attributable to each affiliate.

Company Response

Seavey Loop Water Company ("SLWC") is 100% owned by Infrastructure Capital Holdings, LLC ("ICH"). ICH is owned by Concentric Equity Partners ("CEP") and Puttman Capital. CEP owns 82.5% of ICH and Puttman Capital owns 17.5%. As such, CEP owns 82.5% of SLWC and Puttman Capital owns 17.5% of SLWC. There are three (3) Managers of the ICH Board, one Manager is from Puttman Capital and two Managers are from CEP.

Puttman Capital is an affiliate of Puttman Infrastructure, Inc. Puttman Infrastructure, Inc. provides services to Seavey Loop Water Company. Both Puttman Capital and Puttman Infrastructure are owned 100% by Thomas J. Puttman.

Staff DR 03

Has there been any change in the provision of goods and/or services since the conclusion of Docket No. UI 432? If so, please describe such changes.

Company Response

No.

Staff DR 05

1. The Company proposes to include operating expenses as summarized in the following table.

Item	Account		2022 (Test Year)	Change	Total
A.	611	Telephone/Communications	\$1,513	\$0	\$1,513
B.	615	Purchased Power	\$1,935	\$0	\$1,935
C.	634	Contract Svcs - Management Fees	\$2,995	\$0	\$2,995
D.	635	Contract Svcs - Testing	\$1,377	\$0	\$1,377
E.	636	Contract Svcs - Labor	\$2,467	\$0	\$2,467
F.	637	Contract Svcs - Billing/Collection	\$2,165	\$0	\$2,165
G.	638	Contract Svcs - Meter Reading	\$5,613	\$0	\$5,613
H.	657	General Liability Insurance	\$2,729	\$0	\$2,729

- a. For each line item (A-H) shown above, please identify the portion of the test year amount that is attributable to goods or services provided to Seavey Loop by affiliates.
- b. Pursuant to OAR 860-036-2230(2)(e), when services or supplies are sold to a water utility by an affiliate, sales must be recorded in the water utility's accounts at the lower of the affiliate's cost or the market price. For each affiliate amount identified in a) above, please demonstrate compliance with this rule. For any amounts identified in a) above that reflect the assignment of affiliate labor costs to Seavey Loop, please identify:
 - i. The specific employee(s) to which the labor is attributable (position titles or other unique identifiers may be used in lieu of names),
 - ii. The affiliate for which the employee works,
 - iii. The employee's base pay (annual salary or hourly rate),
 - iv. The portion of the proposed labor cost associated with base pay vs. benefits or other employer-paid costs,
 - v. The number of hours associated with the labor,
 - vi. The specific [Oregon Employment Department Occupation Profile](#) that most closely aligns with the labor (example: [Occupation Profile 111021](#), General and Operations Managers), and
 - vii. Any other relevant information necessary to assess Seavey Loop's compliance with the "lower of cost or market" requirement in OAR 860-036-2230(2)(e).

Company Response

- a. For Accounts 611, 615, and 657, none of the amount is attributable to affiliates. For Account 637, all of the amount is attributable to affiliates. Note that per Attachment B, accounts 635 and 638 have been consolidated into Account 636. For Account 636, all of the amount is attributable to affiliates, minus invoice line items attributable to Oregon Water Services.

- b.
- i. See Attachment B - Operating Expenses. The referenced Puttman Infrastructure invoices have line items indicating position titles: General Manager, Development Manager, Project Manager, Customer Service, Accounting, Senior Operator, and Operator 1.
 - ii. Puttman Infrastructure.
 - iii.

Affiliate Role	
General Manager	\$195.00/hr
Development Manager	\$131.00/hr
Project Manager	\$91.00/hr
Customer Service	\$56.00/hr
Accounting	\$80.00/hr
Senior Operator	\$94.00/hr
Operator 1	\$57.00/hr
Operator 2	\$55.00/hr

- iv. Please see Attachment C – Labor Rates.
- v. See the invoices referenced within Attachment B - Operating Expenses.
- vi. See Attachment C – Labor Rates.
- vii. Affiliate services were provided without markup.

Staff DR 08

Please provide a list showing all required water testing that the Company expects to perform over the next three calendar years 2023, 2024 and 2025. Please include the estimated cost for each test.

Company Response

Required Test	Interval	Due		Current Cost per Test (2023)
Lead & copper	every 3 years	2023	2026	\$55
DBP	every 3 years	2023	2026	\$320
Arsenic	every 9 years	2026		\$53
IOC	every 9 years	2025		\$2,178
VOC	every 3 years	2025		\$2,178
SOC	every 3 years	2025		\$2,178
RAD	every 6 years	2023		\$325
Nitrate	annual			\$53
Bacteria (dist)	monthly			\$56

Staff DR 06

The Company's response to Question 3 in its rate case application identifies Oregon Water Services as the system operator. Please provide a copy of the agreement between the Company and Oregon Water Services for system operation.

Company Response

Please see Attachment D – Oregon Water Services Agreement.



30086 Federal Lane, Eugene, OR 97402
Phone: (541) 342-1718, Fax: (541) 342-1746
CCB#: 133505 / 7-103 CPI

OPERATIONS AGREEMENT

August 27, 2019

Water System Owner:
Puttman Infrastructure, Inc.
620 SW 5th Ave, Ste 1100
Portland, OR 97204

Water System Location:
Seavey Loop Water Holdings, LLC
PWS #41-00289
Eugene, OR 97405

Under this agreement, the Seavey Loop Water Holdings, LLC (SLWH), would contract with Oregon Water Services, Inc. (OWS) to oversee the operation and maintenance of the above water system. The system would be operated to ensure a potable and reliable supply of water to the users to comply with all Department of Human Services (DHS) requirements. SLWH would be responsible for all costs associated with the system. The following sections cover costs and responsibilities for the system.

Operations & Maintenance

OWS would provide personnel services and supplies for the following:

- Weekly inspection of the system to ensure its proper operation. This would include pumps, alarms, electrical, water production, and any routine checks deemed necessary for the system.
- Collect daily chlorine residuals for Monthly Disinfection report
- Maintain appropriate operation and maintenance records for the system.
- Perform routine maintenance on pumps, valves, alarms and distribution system.
- Collection of all routine samples required by the State for compliance, as required. (Lab costs billed in addition to maintenance cost).
- Provide correspondence and onsite inspections with the State for the systems operations.
- Provide locate services, as needed
- Be available for emergency call out to handle alarms and system problems. (Additional charges on a time and materials basis will be incurred per event. Repairs of up to \$300.00 per event can be made without prior SLWH approval).

*****SEE ATTACHED DOCUMENT FOR MONTHLY FEES*****

Monthly charges and fees are for routine operation and maintenance of the system. It does not include any additional work outside the scope of services listed. Additional charges could include but not be limited to the following:

- Inspection, work or repairs to the distribution system or homeowner connections.
- Supplies, such as Chlorine
- Testing required by the Department of Human Services.
- Any equipment, parts or chemicals required to keep the system operating in compliance.

Agreement

▪ SCOPE

Oregon Water Service, Inc (OWS) agrees to perform the services described in this proposal at the rates included in the fee schedules. Unless modified by the parties involved, the duties of OWS shall not be construed to exceed those services specifically set forth in this agreement.

▪ COMPENSATION

SLWH agrees to pay for the listed services in accordance with the compensation provisions described in this proposal. Payment will be made to OWS within 30 days after the date of billing. Late payments will accrue interest on the unpaid balance at a rate of 1.5 percent per month. SLWH agrees to reimburse OWS on a time-and-expense basis for services related to litigation to which OWS is not a party arising from the performance of services.

▪ WARRANTY

OWS warrants only that it will operate, perform testing, obtain findings, and prepare reports in accordance with generally acceptable principles and practices. Under no circumstance will OWS be liable for any damages or claims except those resulting solely from its own or its employee's negligent performance or its deviation from acceptable protocol.

The exclusive remedy of any breach of this warranty will be, at OWS discretion, a refund of the agreed price or in the case of laboratory services, a rerun of a similar sample. No other remedy is available under this agreement.

▪ INSURANCE

OWS or its contractors shall maintain Commercial general liability insurance for personal injury liability, and property damage liability. Automobile bodily injury and property damage liability insurance covering owned, non-owned, and hired vehicles. Also Workers Compensation Insurance in accordance with State of Oregon law.

▪ TERMINATION OF WORK

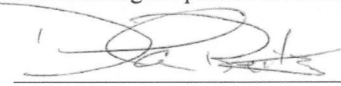
Either party may terminate work in this agreement in the event the other party fails to perform in accordance with the terms. Termination of the work is accomplished by a 30-day prior written notice from the party initiating termination to the other. Notice of termination shall be delivered by certified mail.

OWS shall be compensated for work actually performed prior to the effective date of termination plus any costs which may be necessary for the orderly closing of the project.

▪ INTEGRATION

This proposal, fee schedules and agreement represent the entire understanding of the client and OWS. No prior oral or written understanding shall be of any force or effect with the respect to those matters covered herein. The terms may not be modified except in writing by both parties.

The undersigned parties have read this agreement and are duly authorized agents of the parties involved.



Dan Reitz, Vice President, Oregon Water Services, Inc.

Date 08/27/2019

Thomas J Puttman, Puttman Infrastructure, Inc.

Date _____

Staff DR 04

The Company proposes to include operating expenses as summarized in the following table.

Item	Account		2022 (Test Year)	Change	Total
A.	611	Telephone/Communications	\$1,513	\$0	\$1,513
B.	615	Purchased Power	\$1,935	\$0	\$1,935
C.	634	Contract Svcs - Management Fees	\$2,995	\$0	\$2,995
D.	635	Contract Svcs - Testing	\$1,377	\$0	\$1,377
E.	636	Contract Svcs - Labor	\$2,467	\$0	\$2,467
F.	637	Contract Svcs - Billing/Collection	\$2,165	\$0	\$2,165
G.	638	Contract Svcs - Meter Reading	\$5,613	\$0	\$5,613
H.	657	General Liability Insurance	\$2,729	\$0	\$2,729

For each line item (A-H) shown above, please provide:

- a. A summary showing each item included in the test year amount (for example, this may consist of an account summary generated from the Company's accounting software), and
- b. Documentation (e.g., receipts, invoices) supporting the test year amount. Alternatively, if such documentation was included with the Company's rate case filing, please identify the specific document and page number(s) where such documentation may be found. Please clearly identify the account with which each piece of documentation is associated.

Company Response

- a. See Attachment B – Operating Expenses.
- b. See Attachment B – Operating Expenses.

Attachment B - Operating Expenses
UW 196

Account #	Account Name	Invoice #	Date	Vendor/Service	Amount	Description		
611	Telephone/Communications		11/18/22	Comcast Business	\$168	Internet - November		
			10/18/22	Comcast Business	\$168	Internet - October		
			9/18/22	Comcast Business	\$169	Internet - September		
			8/18/22	Comcast Business	\$170	Internet - August		
			7/18/22	Comcast Business	\$337	Internet - June & July		
			5/18/22	Comcast Business	\$168	Internet - May		
			4/18/22	Comcast Business	\$168	Internet - April		
				Comcast Business	\$168	Internet - March (invoice missing)		
			2/18/22	Comcast Business	\$168	Internet - February		
			1/18/22	Comcast Business	\$332	Internet - December '21 & January		
				Subtotal			\$2,016	
		615	Purchased Power		12/14/22	EPUD	\$114	Power - December
	11/9/22			EPUD	\$116	Power - November		
	10/12/22			EPUD	\$131	Power - October		
	9/14/22			EPUD	\$191	Power - September		
	8/10/22			EPUD	\$190	Power - August		
	7/13/22			EPUD	\$157	Power - July		
	6/8/22			EPUD	\$176	Power - June		
	5/11/22			EPUD	\$177	Power - May		
	4/13/22			EPUD	\$182	Power - April		
	3/9/22			EPUD	\$165	Power - March		
	2/9/22			EPUD	\$163	Power - February		
	1/12/22			EPUD	\$173	Power - January		
				Subtotal			\$1,935	
634	Contract Services - Management Fees <i>Cincinnati Insurance line items moved to Account 657.</i>	#4764	11/30/22	Puttman Infrastructure	\$550	Management Services - November		
		#4681	10/31/22	Puttman Infrastructure	\$650	Management Services - October		
		#4592	9/30/22	Puttman Infrastructure	\$496	Management Services - September		
		#4536	8/31/22	Puttman Infrastructure	\$269	Management Services - August		
		#4451	7/31/22	Puttman Infrastructure	\$269	Management Services - July		
		#4426	6/30/22	Puttman Infrastructure	\$269	Management Services - June		
		#4378	5/31/22	Puttman Infrastructure	\$269	Management Services - May		
		#4303	4/30/22	Puttman Infrastructure	\$275	Management Services - April		
		#4264	3/31/22	Puttman Infrastructure	\$275	Management Services - March		
		#4221	2/28/22	Puttman Infrastructure	\$275	Management Services - February		
	#4159	1/31/22	Puttman Infrastructure	\$275	Management Services - January			
		Subtotal			\$3,872			
635	Contract Services - Testing <i>For clarity, testing-related line items have been moved back to Account 638.</i>	n/a	n/a	n/a				
	Subtotal				\$0			
636	Contract Services - Labor <i>AG Landscaping line items moved to Account 639. Comcast Business line items moved to Account 611.</i>	#18741236	12/21/22	Oregon Water Services	\$701	Monthly O&M - December		
		#4767	11/30/22	Puttman Infrastructure	\$543	O&M Services - November		
		#4688	10/31/22	Puttman Infrastructure	\$766	O&M Services - October		
		#4610	9/30/22	Puttman Infrastructure	\$1,197	O&M Services - September		
		#4594	9/30/22	Puttman Infrastructure	\$858	O&M Services - September		
		#4537	8/31/22	Puttman Infrastructure	\$407	O&M Services - August		
		#4455	7/31/22	Puttman Infrastructure	\$984	O&M Services - July		
		#4410	6/30/22	Puttman Infrastructure	\$1,067	O&M Services - June		
		#4374	5/31/22	Puttman Infrastructure	\$901	O&M Services - May		
		#4330	4/30/22	Puttman Infrastructure	\$759	O&M Services - April		
		#4276	3/31/22	Puttman Infrastructure	\$799	O&M Services - March		
		#4230	2/28/22	Puttman Infrastructure	\$726	O&M Services - February		
		#4158	1/31/22	Puttman Infrastructure	\$752	O&M Services - January		
			#36290	1/24/22	Oregon Water Services	\$477	Monthly O&M - August 2021	
				Subtotal			\$10,937	
637	Contract Services - Billing/Collection	#4765	11/30/22	Puttman Infrastructure	\$1,372	Customer Service - Nov - mailings, Dec. billing, collections, Q&A		
		#4685	10/31/22	Puttman Infrastructure	\$176	Customer Service - October		
		#4591	9/30/22	Puttman Infrastructure	\$274	Customer Service - September		
		#4524	8/31/22	Puttman Infrastructure	\$344	Customer Service - August		
		#4457	7/31/22	Puttman Infrastructure	\$176	Customer Service - July		
		#4414	6/30/22	Puttman Infrastructure	\$162	Customer Service - June		
		#4373	5/31/22	Puttman Infrastructure	\$176	Customer Service - May		
		#4331	4/30/22	Puttman Infrastructure	\$190	Customer Service - April		
		#4265	3/31/22	Puttman Infrastructure	\$260	Customer Service - March		
		#4205	2/28/22	Puttman Infrastructure	\$260	Customer Service - February		
			#4160	1/31/22	Puttman Infrastructure	\$162	Customer Service - January	
		Subtotal			\$3,548			
638	Contract Services - Meter Reading							
	Subtotal				\$0			
639	Contract Services - Other <i>For clarity, all landscaping maintenance invoices have been moved from Accounts 304 and 638 to Account 639.</i>	#2501	11/29/22	AG Landscape	\$180	Landscaping - November		
		#2464	10/30/22	AG Landscape	\$180	Landscaping - October		
		#2378	9/29/22	AG Landscape	\$175	Landscaping - September		
		#2314	9/30/22	AG Landscape	\$180	Landscaping - August		
		#2256	7/29/22	AG Landscape	\$200	Landscaping - July		
		#2181	6/29/22	AG Landscape	\$150	Landscaping - June		
		#2086	5/27/22	AG Landscape	\$150	Landscaping - May		
		#2032	4/30/22	AG Landscape	\$150	Landscaping - April		
		#1962	3/30/22	AG Landscape	\$150	Landscaping - March		
		#1886	2/28/22	AG Landscape	\$150	Landscaping - February		
		#1824	1/31/22	AG Landscape	\$150	Landscaping - January		
			#1748	12/30/21	AG Landscape	\$150	Landscaping - December '21	
				Subtotal			\$1,965	
659	General Liability Insurance			Cincinnati Insurance	\$202	P&C insurance - December (invoice missing)		
			11/30/22	Cincinnati Insurance	\$202	P&C insurance - November		
			10/20/22	Cincinnati Insurance	\$202	P&C insurance - October		
			9/20/22	Cincinnati Insurance	\$227	P&C insurance - September		
			8/18/22	Cincinnati Insurance	\$202	P&C insurance - August		
			7/21/22	Cincinnati Insurance	\$227	P&C insurance - July		
			6/20/22	Cincinnati Insurance	\$209	P&C insurance - June		
				Cincinnati Insurance	\$202	P&C insurance - May (invoice missing)		
			4/20/22	Cincinnati Insurance	\$202	P&C insurance - April		
			3/21/22	Cincinnati Insurance	\$202	P&C insurance - March		
			2/17/22	Cincinnati Insurance	\$202	P&C insurance - February		
			1/20/22	Cincinnati Insurance	\$202	P&C insurance - January		
		Subtotal			\$2,481			

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 104

Redacted

**Confidential Data Request Responses &
Attachments**

November 9, 2023

Staff DR 02

Please provide all agreements between the Company and any affiliated interests for the provision of goods and services, including the following as described in Docket No. UI 432:

- a. Management Services – Services provided by Puttman Infrastructure.
- b. Operations and Maintenance Services – Services provided by Puttman Infrastructure.
- c. Customer Services – Services provided by Puttman Infrastructure

Company Response

See Attachment A – Services Agreement.

Attachment A - Services Agreement is Confidential.

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 105

Public Comments

November 9, 2023

Diana Chin Comments to Seavey Loop

This is a request to provide copies of the Utility's application, testimony and exhibits for the rate case for Seavey Loop Water Company. Please email copies to this email address.

Diana M. Chin

[Address redacted for privacy]

Eugene, OR 97405

Rick Borton Comments to Seavey Loop

Re: Not Happy ! The last large water rate increase was due to repairs and maintenance and now again !
Thank !

Carrie Rose Comment to Seavey Loop

Hi,

I'm a Seavey Loop Water Company customer at [address redacted for privacy]. I would appreciate whatever information you can give me about your expenses and reasoning for your requested increase to our water rates.

Thank you,

Carrie Rose

Shannon Hegemann Comment to PUC

This increase would make it difficult to pay for my other bills. I'm all ready having a hard time paying the \$56.99. I'm only getting 20 hours a week and with everything else rising and my health conditions rising this has been hard on my family. My food stamps went from. \$987 to \$208 and now my water bill is almost doubling. Most families over here are all ready living in poverty --

Shannon Hegemann

Carrie Rose Comment to PUC

My name is Carrie Rose, and I am a customer of the Seavey Loop Water Company. I would like to submit written comments about the case. I spoke at the Public Comment Hearing and gave a summary of the points I made in these written comments.

I believe that the Water Company is entitled to collect from customers the reasonable costs of operating and maintaining the well, plus a reasonable profit. My objection to the rate increase comes from my belief that they have departed from the realm of what is reasonable and are trying to charge us for unnecessary expenses.

In 2017, they raised our rates from \$33/month to \$41.99/month. We had been paying \$33/month for years, so I assume that that figure represented the reasonable operating costs of the well. But of course I understand inflation, and I had no objection to the initial rate increase. My concern began when, just a few years after the initial increase, they increased our rate again to \$56.99. That was about 173% of what we had been paying in 2017. Then in 2022, they tried to increase our rate to \$75/month, which was more than double what we had been paying in 2017. They justified this by claiming that certain "capital improvements" were "much needed," which I strongly disagree with. At this point, my neighbors and I wanted to have a third party examine whether these expenses were actually reasonable and necessary, so we filed petitions to have the utility's rates regulated by the Oregon Public Utility Commission. We are not a high-income neighborhood, and we don't have any other company we can turn to for water. We are held hostage to whatever rates the Water Company charges us. They are now trying to raise our rates to \$97.16/month, which is almost triple what we were paying just six years ago.

I requested information from the Company about their expenses and reasons for incurring those expenses. They sent me paperwork with some information about their expenses, but they gave almost no justifications for why these things were supposedly necessary. I'm not an expert on well management, but I have some questions about many of their costs and why our neighborhood should have to pay for them.

One significant question I have is about how the "rate base" is determined. The Water Company seems to be determining appropriate rates by calculating a profit percentage of the rate base. The definition given for "rate base" is "Utility Plant minus accumulated depreciation and other contra plant accounts, plus working cash and materials inventory." They're claiming a rate base of \$181,633. This is very similar to the approximately \$187,000 they're claiming as recent capital improvements. I'm guessing that most of the rate base comes from the cost of recent capital improvements, minus some depreciation.

Since I'm not an expert, I turned to Google about this, and it looks like a utility is allowed to charge for operating expenses plus a profit percentage of its rate base. So if the well had a rate base of \$20,000, and they wanted 7.75% profit, that profit amount would be \$1,500, or about \$40 per customer in our neighborhood. But if the rate base is \$181,633, as the Water Company is claiming, a 7.75% profit would be over \$14,000. Those thousands of dollars would come out of the pockets of the 37 customers in our neighborhood.

I'd like to know, what is a reasonable value of a neighborhood well? I hope the Oregon Public Utility Commission can answer this. We are not a high-income neighborhood. We don't need a fancy well with all the bells and whistles. What we need, and what we were paying for until recently, is a reliable source of safe water. That's what we already had before the Water Company invested \$187,000 in capital improvements. Should we have to pay \$14,000 per year in pure profit for the owner, just because he decided to upgrade the well? Did we even benefit from those upgrades?

The Water Company listed six expenditures that they're using to justify the rate increase, so I want to address those specifically.

One expenditure was "enhanced landscaping." I live next door to the well, so I am aware of the work they did, but I don't feel that it was at all necessary. They removed the grass and replaced it with rocks and shrubbery. I don't see how this improves our water service at all. The rocks also get displaced and cause hazards in the road. I wasn't consulted about this landscaping work, and my neighbors and I don't want to pay for shrubbery.

Another expenditure was "installing gated chain link fencing for security." Again, because I live next door, I feel that I'm in a position to dispute the need for this. The well property was quiet and peaceful. I never observed any security problems. Furthermore, if someone were intent on vandalizing the property or camping, the fence now provides them with privacy in which to do it. I don't see any evidence that the water customers received a benefit from this fence. I thought maybe when I requested more information about their expenses, the Water Company would give an explanation of the supposed need for a security upgrade, but no reasons were given.

A third expenditure was "reroofing and painting the treatment plant and storage tank." Reroofing and painting can be necessary maintenance, but given the previous two expenditures I mentioned, I suspect that the Water Company was just making cosmetic improvements.

Another listed expenditure was "replaced control panel at end-of-life." That actually does sound like necessary maintenance, so I don't object to this.

A fifth expenditure was "new booster pump station to improve distribution system." I question the importance of this. I was satisfied with the services of the well before this upgrade was made. How was our service supposedly improved, and does it justify tripling our water rates? Was the old system inadequate? The customers weren't consulted about this.

The final expenditure was "relining of the concrete storage tank to reduce system leaks." I don't have the expertise to know whether this was justified, but since the tank held clean water, leaks don't seem hazardous. If the purpose was to improve efficiency, I would expect that this would lower costs over time and not require a significant rate increase.

The Water Company claimed that these "capital investments" improved "water quality, system reliability, and efficiency." As I have already mentioned, if they improved efficiency, it seems like that would lower future costs and pay for itself over time, so it wouldn't require a rate increase.

Regarding water quality and system reliability, I had no complaints about those in the past and I don't think it was necessary to try to improve them. However, the neighbors and I have noticed a recent decline in water quality, rather than an improvement. I hope that other neighbors will speak about the specifics of their experiences. I am not particularly sensitive to changes in my water, but my cats are. They started refusing to drink the water in their dish, and I now have to buy filters for my cats' drinking water. I certainly do not consider this to be an improvement in quality.

It appears to me that the primary reason for these "capital investments" was to increase the value of the property, and thus the rate base, so the owner would be entitled to more profit. I'm not generally opposed to businesses trying to increase their profits, but this is an essential utility. My neighbors and I don't have other options for water service. Under these circumstances, I think the Water Company's profit should be based on the reasonable value of a well providing basic service, not the inflated value of a well with unnecessary landscaping, fencing, etc.

I have other questions after reading the Company's provided list of expenses. They are claiming a cost of over \$20,000 for a capital improvement they describe as "Organization." What kind of "organization" costs \$20,000? They also list over \$100,000 in capital improvements for things like "pumping equipment," "collecting and impounding reservoirs," and "water treatment equipment," when the well must have had all this equipment already when they purchased it. Do the customers benefit from these supposed upgrades? Why should we have to pay for it when there has been no noticeable improvement in our service?

I also wonder about some of the annual operating expenses listed. Why did they pay \$5,613 for meter reading? We pay a flat rate for our water service, so the meter readings don't seem crucial. I don't know a lot about this business, but I have a hard time imagining what the meter reader is doing that's so expensive. Another listed expense was thousands of dollars for federal and state income tax. I found this interesting because according to the documents, the Company is claiming that their operating expenses plus depreciation exceeded their income. But if they had a net loss, why are they paying tax on their income? Maybe some of their expenses wouldn't stand up to the scrutiny of the IRS.

It appears to me that the Water Company purchased a fully functioning well that probably wasn't worth much and artificially inflated its value through unnecessary "improvements." Now they want the customers to pay for profits based on the expenses that shouldn't have been incurred in the first place. We shouldn't have to pay more because of landscaping, fencing, and paint! Capital investments for utilities should be based on what is realistically necessary to provide safe, reliable service. If the owner wants to beautify his property so he can sell it for more, that shouldn't justify tripling our rates. I am appealing to the Utility Commission to allow the Water Company to collect profit based only on reasonable, necessary expenses, not extravagant upgrades. I'm also asking them to look carefully at the details of the Water Company's operating expenses, keeping in mind that the Company only has 37 customers. The customers should pay the reasonable costs of essential expenses, but we shouldn't have to pay for extravagant spending or depreciation on landscaping.