

To: Oregon PUC Hearings Division
Re: PUC rate case #UW 189

01/08/2022

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Dear Commission,

Thank you for this opportunity to comment on the regulated water rates for our local water utility serving the Aspen Lakes residential community.

I would like to comment on two aspects of this current filing by the Aspen Lakes utility. Specifically, the history of these multiple filings along with the terms of settlement leading to this current filing. Secondly, concerns about expenses from other business interests owned by the Utility which are allocated to this rate making and the residential customer class.

This filing is, in my view, really a continuation of rates imposed by the Utility in 2017 and which ultimately resulted in PUC regulation for rate purposes.

In a formal rate case started in 2019, it was determined that there was not adequate accounting records to support the proposed and existing water rates. The parties (including PUC staff) therefor agreed that rates would be set using an assumed "revenue requirement" from the prior unregulated rates. This was approximately \$200,000 per year.

A very important condition however is that a test year, from October 2020 to September 2021 would be used to validate actual expenses. The Utility was ordered to properly account for and document all appropriate costs incurred and which were proposed to be included in the rate requirement.

That leads us to the current rate case, four months past the end of the test year.

The current rate filing from the Utility essentially uses the same revenue requirement that was previously assumed for settlement purposes.

I am concerned that there is no reconciliation in this current filing between the assumed costs and the documented, actual costs as required and ordered by the PUC.

I also wonder if it wouldn't be appropriate to use the pre-2017 rates if we are put in a position to make assumptions about the rate base, if in fact we are not able to use properly documented expenses.

My other concern is the inherent conflict of interest that the Utility has due to the number of other business interests that may have expenses charged to the Utility, (some of which may be entirely appropriate). This applies especially to the Aspen Lakes Golf Course, which uses about 80% of the water consumed from the Utility.

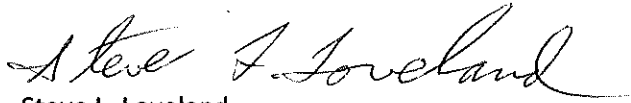
I would hope that the PUC staff could apply tests to such expenses as to their reasonableness,

fairness, and appropriateness.

In closing, let me say that for my part, and I believe that most Aspen Lakes residents would agree, that I want the Utility to succeed and with a reasonable rate of return. We simply want fair, cost based rates as part of our relationship with the Utility.

Thank you for your attention to these comments and for your public service.

Yours Truly,

A handwritten signature in cursive script that reads "Steve L. Loveland". The signature is written in black ink and is positioned above the printed name.

Steve L. Loveland

Former water utility manager in Oregon for 32 years.