BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UW 209

In the Matter of SALMON VALLEY WATER COMPANY; SUNSTONE WATER, LLC; LAKESHORE WATER COMPANY, LLC; SEAVEY LOOP WATER COMPANY, LLC; and SOUTH COAST WATER COMPANY, LLC Request for a General Rate Revision.	TESTIMONY

OPENING TESTIMONY OF TODD ELLIS

July 22, 2026

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I. INTRODUCTION AND SUMMARY

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Todd Ellis. My qualifications are provided in **Exhibit Ellis/101**.

Q. PLEASE IDENTIFY THE PARTY ON WHOSE BEHALF YOU ARE TESTIFYING.

A. I am testifying on behalf of myself as an intervenor.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain from a customer perspective why the proposed Salmon Valley rate increase appears unusually high and why customers should receive more project-specific information before the Commission approves the requested increase.

II. TESTIMONY

Q. IS THE PROPOSED BASE RATE OF $100 FOR SALMON VALLEY COMPETITIVE WITH OTHER WATER SYSTEMS?

A. No. From information I found on city and municipal water system webpages, the proposed $100 base rate is two to five times the base rate of public water systems in the Willamette Valley, north of Eugene and west of the Cascades. This information is attached as **Exhibit Ellis/102**. There did not appear to be any correlation between the base rate and number of households served.

Q. ARE THE PUBLIC WATER SYSTEMS COMPARABLE TO PRIVATE WATER SYSTEMS?

A. Yes, for a couple reasons. First, aging infrastructure is widely recognized as a problem throughout the country, not just for private systems. In Sunstone's application, Mr. Rowell states that the need to repair and upgrade small water systems is a national problem.[1] Several references about aging infrastructure and how to pay for it are listed at the bottom of the page.

[1] Consolidated Sunstone Utilities/100, Rowell/5 n. 1.

A Google search also produces numerous documents related to the same. Second, Sunstone is a self-sustaining system, meaning the base rate and water usage rate pay for the operation of the system. As part of my research, I contacted others with expertise in this field, including Heath Cokeley, program manager, Circuit Rider and Programs Manager of Oregon Association of Water Utilities. This information is attached as **Exhibit Ellis/103.** Through that research, I have come to understand that most public water systems are also self-sustaining, as opposed to prior times when those systems may have been operated as part of a municipality's general fund.[2] Comparing costs between those facilities is therefore useful in understanding the reasonableness of Sunstone's request here.

Q. WHAT IS THE SIGNIFICANCE OF THE WATER SYSTEMS BEING SIMILAR?

A. Both public and private water systems face the same issues, the same types of water sources, delivery systems, and controls. As such, one could reasonably expect similar expenditures and base rates. If you have a system that is an outlier, it is reasonable to question why, and they should be required to provide a detailed application to justify the cost.

Q. **WHAT COULD BE THE REASONS FOR VARIATIONS?**

A. From this and the prior applications for Salmon Valley, capital expenditures appear to be a significant driver for base rate increases. In the current application, Mr. Olson's testimony states there has been an investment of $4,350,632 since 2018, of which $1,400,000 was spent since 2021.[3] It's unclear what projects this current application cover and how much of the $1,400,000 was spent, since a base rate application was also submitted in 2023.

[3] Consolidated Sunstone Utilities 200, Olson/Page 16:17-19.

Q. DID THE APPLICATION IDENTIFY WHAT UPGRADES HAVE BEEN MADE?

A. For Salmon Valley, the application includes only summaries of amounts were spent since 2021. I did not find specific information on any of the projects in the filing. For example, Mr. Olson testified that investments included extensive distribution main replacement and improvements. No additional details were given.[4]

Q. ARE THERE CURRENT SERVICE PROBLEMS THAT NECESSITATE INFRASTRUCTURE REPLACEMENT?

A. Sunstone points to replacing aging infrastructure to reduce unscheduled outages.[5] However, in response to Data Request Ellis DR5, Sunstone listed 11 main failures that have occurred since 2018, with five occurring between 2018-2021, three of which were human caused. This information is attached as **Exhibit Ellis /104.** Sunstone stated that the Arrah Wanna mainline replacement project was identified in the 2021 master plan. No response to the request for the location was provided so it is unclear if there were any mainline breaks during that time. Sunstone also stated that broader system planning considerations necessitated the project, inconsistent with their testimony and provided no explanation as to what those planning considerations were.

Q. WHAT DO YOU NEED TO HAVE AN EFFECTIVE PUBLIC PARTICIPATION PROCESS?

A. In my opinion, Sunstone's application does not provide enough project-specific information for customers to meaningfully evaluate the requested increase. It lacks details about projects and explanations for the necessity of the projects. Such information is necessary for the PUC and the public to evaluate and comment on the requested rate increase.

Q. ARE THERE OTHER ISSUES YOU WOULD LIKE TO HIGHLIGHT BETWEEN SUNSTONE'S SALMON VALLEY SYSTEM AND OTHER SYSTEMS?

[4] Consolidated Sunstone Utilities/200, Olson/Page 16:19-17:4.
[5] Consolidated Sunstone Utilities/208, Olson/Page 1.

A. Yes, there are several. While Sun River has more customers, 4,355, their management costs are $179,459 as opposed to $249,596 for Salmon Valley. There are other glaring differences. For example, Sun River's itemized five-year total expenses were $3,676,620, which included digging two wells. The well project for Salmon Valley was $2.6 million. Sun River's proposed base rate is $19.50 and Sun River includes 17 pages of itemized expenditures in the last 5 years. Sunstone's application does not include itemized expenditures for Salmon Valley and yet they are seeking a base rate increase five times higher than Sun River's rate.

Q. IS THIS PROOF OF ANYTHING?

A. Yes, it highlights the incomplete nature of the filing and why an application needs to include detailed information and justifications for the money being spent. It is the company's burden, not the customers', to provide that information. The customers of Sunstone are being asked to pay considerably more than most other customers in Oregon. We deserve an explanation and documentation of where and why our money is being spent since this increase would constitute a 400% increase in the last six years.

Q. CAN YOU GIVE AN EXAMPLE OF WHAT KIND OF JUSTIFICATION YOU ARE LOOKING FOR?

A. Yes. An illustrative example is that Salmon Valley bought two emergency generators for $175,000 each. Historically, an emergency generator has been rented. An analysis should have been conducted showing the breakeven point between renting and buying the generators. Some examples of factors that should have been included are historical length and number power outages, daily water consumption versus storage capacity, and cost of maintenance and fuel usage for monthly operational checks. This would give both the PUC and the public an opportunity to intelligently comment or challenge the expenditure.

Q. WHAT IS YOUR POSITION ON THE COMPANY'S PROPOSAL TO COMBINE RATE BASES OF MULTIPLE UTILITES?

A. While I understand the company's stated benefits of having a larger rate base to smooth costs over time, the filing simply contains no analysis to demonstrate that the customers of one system are not subsidizing the costs for customers of the other system. The Commission should require some basic analysis to compare the rate increase of each system to the actual cost drivers that are associated with each system.

Q. WHAT IS YOUR RECOMMENDATION FOR THE COMMISSION?

A. I recommend that the Commission require Sunstone to provide more detailed, project-specific support before approving Sunstone's requested increase for Salmon Valley. At a minimum, Sunstone should be required to identify its main projects included in rates, along with the cost of each project, why the project was necessary, what alternatives were considered, and how each project benefits Salmon Valley customers. Alternatively, I recommend that the Commission consider whether any increase could be reduced or phased in to lessen the rate impact on customers.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

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EXHIBIT Ellis / 101

Resume

Todd Ellis

Welches, Oregon

Executive Summary

Air Quality Compliance and Enforcement Section Supervisor with nearly 30 years of experience within the environmental quality field. Technical expert with extensive experience establishing partnerships to develop strategies and implement solutions related to complex regulatory policies.

Air Quality Compliance and Enforcement Section Supervisor **September 2001 to Present**
Nebraska Department of Environmental Quality (NDEQ)

- Manage the Compliance and Enforcement Unit, Emission Inventory Unit, and Ambient Air Monitoring Unit, and ambient air monitoring and emission inventory data management
- Case development for civil and criminal enforcement actions.

Air Quality Program Specialist **July 1988 – September 2001**
NDEQ

- State Acid Rain coordinator
- State coordinator for continuous emission monitoring (CEM) program
- Conducted inspections at regulated industry and responded to citizen complaints

Surface Water Intern **June 1986 - July 1988**
NDEQ

- Collected fish and macroinvertebrates from streams across the state
- Identified fish and macroinvertebrates used to develop water quality indicators

Professional Development

- Criminal Investigation – Federal Law Enforcement Training Center (FLETC)
- PSD and Title V Permitting courses – Western States Air Resources Council & Gary McCutchen
- interviewing and Interrogation Techniques – Wicklander & Zulawski & Associates

Professional Accolades

- NDEQ Manager of the Year 2010
- State of Nebraska Manager of the Year 2010

Education

B.S., Natural Resources
University of Nebraska – Lincoln, NE

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EXHIBIT Ellis / 102

City Rate Comparison

Town	base rate		households from 2023 census
Sheridan	$0.00		1,650
Warren	$0.84		820
Detroit	$8.37		100
Salem	$14.09		67,500
Keizer	$14.40		14,800
Mollala	$15.94		3,600
McMinnville	$16.30		12,800
Tillamook	$17.75		12,000
woodburn	$19.61		8,800
Sweet Home	$20.59		4,260
Fairview	$21.37		4,500
Hillsboro	$21.94		42,150
Cherry Grove	$21.94		141
Toledo	$22.00		800
Newburg	$22.22		9,800
estacada	$22.35		1,870
Glenwood	$23.00		1,340
Monroe	$23.75		300
Lebanon	$24.08		7,600
Corvallis	$24.60		24,000
Eugene	$26.00		76,140
forest grove	$27.23		8,800
New Port	$27.46		5,000
Alsea	$29.00		72
Gates	$30.00		240
Lake Oswego	$30.56		18,140
West Linn	$30.75		10,000
Colton	$31.22		1,891
Gladstone	$32.30		5,100
Oregon City	$32.60		14,000
Yamhill	$35.82		523
Dallas	$37.10		6,800
Milwaukie	$37.95		9,500
Johnson City	$37.95		268
Gaston	$40.00	*	254
Scappoose	$40.29		3,176
Boring	$41.25		700
Hood River	$42.69		3,600
Astoria	$45.92		4,500
Columbia City	$48.22		800
Halsey	$49.50	*	305
The Dalles	$53.21		6,800
Donald	$56.29	*	421
Happy Valley	$57.12		9,500

Pittsburg	$57.38		Ellis/102
Carlton	$64.63	1,043	Ellis/2

* base rate includes some water usage

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EXHIBIT Ellis / 103

Heath Cokeley Correspondence

Heath Cokeley

From:hcokeley@oawu.net

To:robnhod1

Tue, Apr 21 at 7:27 PM

It is my belief that most city water systems are self sustaining or at least are intended to be. Unfortunately, large capital improvements sometimes require additional revenue from elsewhere to fund a big project but that is frequently required to be built into the rate structure for repayment of that debt moving forward. I wish I had a study I could point you to but unfortunately I don't, it's just a general practice I have observed.

Heath Cokeley

Programs Manager, Circuit Rider

Oregon Association of Water Utilities

(503) 837-1212

On Apr 21, 2026, at 10:21 AM, robnhod1 <robnhod1@aol.com> wrote:

Hi Heath, I have one question for you. Are most city water systems self sustaining or do local taxes subsidize them.

Thank you,

Todd Ellis, Welches Oregon

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EXHIBIT Ellis / 104

DR#5 question/answer

NW Natural®

Rates & Regulatory Affairs
UW 209
Sunstone Water et al Request for a General Rate Revision
Data Request Response

Request No.: UW 209 INT-Ellis DR 5

Since NW Natural bought Salmon Valley Water, how many transmission/distribution main failures have occurred. What date did any failure(s) occur, the exact location, and were those failures corrected with repairs or replacements. If replacements, how many feet of replacement was made and the invoices for those replacements.

Response:

Available records of main failures are reflected in the table below. These records identify documented events, but do not capture every historical main failure.

The Arrah Wanna mainline replacement project was identified in the 2021 master plan and is occurring this year. Although documented main failures were one factor considered in evaluating the need for the project, broader system planning considerations necessitated the project, including the condition of the existing Class 200 pipe, its installation over boulders, and its inadequate size to meet current service demands in the area, particularly with respect to fire flow.

Month/Year	Notes	Repair or Replace
Aug-19	Loss of service to grade school and fire station. No tracer line, contractor damaged pipe	Repair
Apr-19	6" mainline break under pavement. Appears related to traffic weight.	Repair
Feb-19	6" mainline break. Appears related to rock wear of mainline.	Repair
Feb-21	4" mainline feeding 2 condo complexes and resort interrupted. (Cause unknown).	Repair
Apr-21	Contractor damaged line for 74 customers during excavation of non-live pipe.	Repair
Jun-22	Port injection valve blown off on mainline feeding 2 condos (64 unites) and 8 SFDs.	Repair
Feb-23	Lateral service line break affecting 4 SFDs	Repair

Nov-23	6" mainline repair. Rock wore a hole near a major roadway with heavy traffic.	Repair
Nov-23	4" mainline repair. Joint failure on abandoned service line.	Repair
Sep-23	Mainline leak caused low pressure for 50+ customers. Repair was completed.	Repair
18-Aug-25	2.5" mainline break on Arrah Wanna. Most likely rock rubbing on the pipe.	Repair