

Jean Jewell

From: darrelramus@gmail.com
Sent: Saturday, January 23, 2016 8:48 PM
To: Beverly Barker; Jean Jewell; Gene Fadness
Subject: Case Comment Form: Darrel Ramus

Name: Darrel Ramus
Case Number: DIA-W-15-01
Email: darrelramus@gmail.com
Telephone: 2087622589
Address: 14126 N Rodeo Rd
Rathdrum ID, 83858

Name of Utility Company: DIAMOND BAR WATER

Comment: The nearly 80% rate increase requested by Diamond Bar Estates Water Company is not acceptable and should be revised down to a reasonable rate that is within the range of other local water providers. The Idaho PUC has both the authority and the duty to ensure the investor-owned and privately-owned utilities the Commission regulates are not looking for a short-term rate payer bailout in lieu of a well managed operation with a justifiable fee structure. Here are a few of my concerns:

1. Public Notice - We received a letter in early January notifying us of a nearly 80% fee increase effective February 1 with less than 30 days of notice. This is not only unreasonable but likely illegal in terms of required public notice. It appears the Commission staff comments and recent Order have resolved this issue and I understand the effective date for any rate increase will now be July 1 and subject to a public workshop and public hearing prior to a final decision. Thank you.
2. Percent Increase - Public agencies in Idaho are typically limited to a 3% annual budget increase. While this does not apply to privately-owned utilities I think an 80% increase would be considered far beyond the norm of what is reasonable. It may be acceptable for larger increases to fund system improvements or expansion in the form of a levy or special assessment, but the proposed 80% increase appears to be funding operational losses and not improvements. Please explain how this is reasonable.
3. Comparative Water Rates - One of our neighbors contacted local water companies to request current water rates for comparison. Out of 8 nearby cities and water companies we found that our current rates are already higher than average for annual normalized usage below 50,000 gal/mo and lower than the average for usage above that amount. With the proposed 80% increase we win the race to the top by a LONG SHOT, putting us well above every peer in our sample in every category and often by more than double. Our rate should not exceed the highest rate imposed by other nearby peers which would be limited to a 33% increase instead of the proposed 80% increase. Please explain how the proposed rate can be justified.
4. Comparative Hook-up Fees - While existing customers are expected to pay 80% more for our water, new customers installing a new water meter are only asked to pay 53% more for their hookup. With 3 empty lots in Diamond Bar Estates and 12 empty lots in the Boekel Estates subdivision that Diamond Bar Water now serves, it seems ridiculous and inequitable that these lots are not being asked to pay for the new demands that will be imposed on the system as new homes are built. By comparison, Rathdrum charges over \$3600 for a new water hookup (and the meter?) which is more than 10 times the current \$310 Diamond Bar Water charges. The original water system was built to serve Diamond Bar Estates, so why did Diamond Bar Water raise our rates last time and absorb Boekel Estates without addressing needed improvements, backup systems and future wear and tear to the system that should have been covered by the developer. Beyond the apparent bias in favor of new development, please explain why rate payers need to cover this cost.

5. Pump Failures - I lost count of how many times the pump failed and was repeatedly repaired. Is the current system covered by any warranties or insurance? Was there inferior workmanship, product failures or faulty electrical supply that contributed to the failures? Are other parties liable to cover these costs? Has the pump been replaced or repaired with any warranty or will we be asked to pay another rate increase for a future failure? This is exactly why new development discussed above needs to help pay for the increased failures rates as the demand grows. We have so many questions and no answers on this, so please be prepared to address this during the public workshop and hearing.

6. Labor Increases - The proposed increase in administrative labor appears to enjoy a 38% increase if I understand the application. While I am not retired or living on a fixed income like many of my neighbors, I have not had a raise in 8 years either. A large increase in the administrative labor seems unreasonable by comparison. Please consider how to cut expenses instead.

Recommendation: Please consider a reasonable increase of less than 33% that would still make ours the highest rate in the area and raise the new hook-up fees to match city fees in an effort to recover new development expenses that will stretch this system to the limit. Then save some of the increased rate money to cover future operations and maintenance costs in a more responsible manner. Thank you for your consideration.

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